

Annual Report 2025

UBS AG



UBS

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Corporate information

UBS AG is incorporated and domiciled in Switzerland and operates under Art. 620ff. of the Swiss Code of Obligations as an Aktiengesellschaft, a corporation limited by shares. The addresses and telephone numbers of the two registered offices of UBS AG are: Bahnhofstrasse 45, CH-8001 Zurich, Switzerland, telephone +41-44-234 11 11; and Aeschenvorstadt 1, CH-4051 Basel, Switzerland, telephone +41-61-288 50 50. The corporate identification number is CHE-101.329.561. UBS AG is a bank. The company was formed on 29 June 1998, when Union Bank of Switzerland (founded in 1862) and Swiss Bank Corporation (founded in 1872) merged to form UBS AG.

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Corporate calendar UBS AG

Information about future publication dates is available at
ubs.com/global/en/investor-relations/events/calendar.html

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Our key figures

UBS AG consolidated key figures

USD m, except where indicated	As of or for the year ended		
	31.12.25	31.12.24	31.12.23
Results			
Total revenues	47,688	42,323	33,675
Credit loss expense / (release)	549	544	143
Operating expenses	43,038	39,346	29,011
Operating profit / (loss) before tax	4,101	2,433	4,521
Net profit / (loss) attributable to shareholders	3,541	1,481	3,290
Profitability and growth¹			
Return on equity (%) ²	3.8	1.9	6.0
Return on tangible equity (%) ²	4.0	2.0	6.7
Return on common equity tier 1 capital (%) ²	5.0	2.2	7.6
Revenues over leverage ratio denominator, gross (%) ²	3.0	3.0	3.2
Cost / income ratio (%) ²	90.2	93.0	86.2
Net profit growth (%) ²	139.0	(55.0)	(53.6)
Resources¹			
Total assets	1,617,173	1,568,060	1,156,016
Equity attributable to shareholders	88,845	94,003	55,234
Common equity tier 1 capital ³	70,394	73,792	44,130
Risk-weighted assets ³	489,775	495,110	333,979
Common equity tier 1 capital ratio (%) ³	14.4	14.9	13.2
Going concern capital ratio (%) ³	18.4	18.1	17.0
Total loss-absorbing capacity ratio (%) ³	36.8	36.7	33.3
Leverage ratio denominator ³	1,622,921	1,523,277	1,104,408
Common equity tier 1 leverage ratio (%) ³	4.3	4.8	4.0
Liquidity coverage ratio (%) ⁴	176.2	186.1	189.7
Net stable funding ratio (%)	115.7	124.1	119.6
Other			
Invested assets (USD bn) ^{2,5}	7,005	6,087	4,505
Personnel (full-time equivalents)	61,899	68,982	47,590

¹ Refer to the "Targets, capital guidance and ambitions" section of the UBS Group Annual Report 2025, available under "Annual reporting" at ubs.com/investors, for more information about our performance measurement. ² Refer to "Alternative performance measures" in the appendix to this report for the relevant definition(s) and calculation method(s). Each alternative performance measure (APM) that qualifies as a non-GAAP measure as defined by US Securities and Exchange Commission (SEC) regulations is designated as such in the table of APMs in the appendix to this report. ³ Based on the Swiss systemically relevant bank framework. Refer to the "Capital management" section of this report for more information. ⁴ The disclosed ratios represent averages for the fourth quarter of each year presented, which were calculated based on an average of 64 data points in the fourth quarter of 2025, 64 data points in the fourth quarter of 2024 and 63 data points in the fourth quarter of 2023. Refer to the "Liquidity and funding management" section of this report for more information. ⁵ Consists of invested assets for Global Wealth Management, Asset Management (including invested assets from associates) and Personal & Corporate Banking. Refer to "Note 30 Invested assets and net new money" in the "Consolidated financial statements" section of this report for more information.

Alternative performance measures

An alternative performance measure (an APM) is a financial measure of historical or future financial performance, financial position or cash flows other than a financial measure defined or specified in the applicable recognized accounting standards or in other applicable regulations. We report a number of APMs in the discussion of the financial and operating performance of UBS AG, our business divisions and Group Items. We use APMs to provide a more complete picture of our operating performance and to reflect management's view of the fundamental drivers of our business results. A definition of each APM, the method used to calculate it and the information content are presented under "Alternative performance measures" in the appendix to this report. Each APM that qualifies as a non-GAAP measure as defined by US Securities and Exchange Commission (SEC) regulations is designated as such in the table of APMs in the appendix to this report.

› Refer to "Alternative performance measures" in the appendix to this report for additional information

Terms used in this report, unless the context requires otherwise

"UBS", "UBS Group", "UBS Group AG consolidated", "Group" and "the Group"	UBS Group AG and its consolidated subsidiaries
"UBS AG", "UBS AG consolidated", "we", "us" and "our"	UBS AG and its consolidated subsidiaries
"Credit Suisse AG"	Credit Suisse AG and its consolidated subsidiaries, before the merger with UBS AG
"Credit Suisse Group" and "Credit Suisse"	Credit Suisse Group AG and its consolidated subsidiaries, before the acquisition by UBS
"UBS Group AG"	UBS Group AG on a standalone basis
"Credit Suisse Group AG"	Credit Suisse Group AG on a standalone basis, before the merger with UBS Group AG
"UBS AG standalone"	UBS AG on a standalone basis
"UBS Switzerland AG" and "UBS Switzerland AG standalone»"	UBS Switzerland AG on a standalone basis
"UBS Europe SE" and "UBS Europe SE consolidated"	UBS Europe SE and its consolidated subsidiaries
"UBS Europe SE standalone"	UBS Europe SE on a standalone basis
"UBS Americas Holding LLC"	UBS Americas Holding LLC and its consolidated subsidiaries
"1m"	One million, i.e. 1,000,000
"1bn"	One billion, i.e. 1,000,000,000
"1trn"	One trillion, i.e. 1,000,000,000,000

In this report, unless the context requires otherwise, references to any gender shall apply to all genders.

Comparability

Profit and loss and other flow-based information for the years ended 31 December 2025 is based entirely on consolidated data following the acquisition of the Credit Suisse Group. Comparative information for the year ended 31 December 2024 includes seven months of consolidated data following the merger of UBS AG and Credit Suisse AG (June to December 2024) and five months of pre-merger UBS AG data only (January to May 2024). Comparative information for the year ended 31 December 2023 includes pre-merger UBS AG data only.

Balance sheet information as at 31 December 2025 and as at 31 December 2024 includes post-merger consolidated information. Balance sheet information as at 31 December 2023 reflects pre-merger UBS AG information only.

Our business model and environment

Management report

Integration of Credit Suisse

On 12 June 2023, UBS Group AG acquired Credit Suisse Group AG, succeeding by operation of Swiss law to all assets and liabilities of Credit Suisse Group AG.

Since the acquisition, we have significantly simplified our legal entity structure across key jurisdictions, having merged UBS AG and Credit Suisse AG in May 2024 and having completed the transition to a single US intermediate holding company and the merger of UBS Switzerland AG and Credit Suisse (Schweiz) AG in July 2024.

In 2025, we merged Credit Suisse Holdings (USA), Inc. with UBS Americas Inc, deregistered Credit Suisse Securities (USA) LLC as a broker-dealer and established UBS Europe SE as the single EU intermediate parent undertaking. Moreover, Credit Suisse International transferred substantially all of its residual business and the related products to UBS AG London Branch and UBS Europe SE.

In the first quarter of 2025, we completed the consolidation of our branch network in Switzerland, having merged 95 branches with existing ones since the merger of UBS Switzerland AG and Credit Suisse (Schweiz) AG.

Throughout 2025, we also continued to make excellent progress with respect to client account migrations and infrastructure decommissioning. By the end of the fourth quarter of 2025, 85% of Swiss-booked accounts had been migrated, including substantially all of the targeted Personal & Corporate Banking client accounts. We remain on track to complete the migrations of the Swiss-booked client accounts by the end of the first quarter of 2026.

In March 2025, we completed the sale of Select Portfolio Servicing, the US mortgage servicing business of Credit Suisse, which was managed in Non-core and Legacy. We recognized a loss of USD 11m upon the completion of the transaction, and the completion reduced UBS AG's RWA by around USD 1.3bn and UBS AG's leverage ratio denominator by around USD 1.7bn.

In October 2024, we entered into an agreement to sell to American Express Swiss Holdings GmbH (American Express) our 50% interest in Swisscard AECS GmbH (Swisscard). At the same time, we entered into an agreement with Swisscard to transition the Credit Suisse-branded card portfolios to UBS. The purchase of the card portfolios was completed in January 2025. In January 2026, we completed the sale of our 50% interest in Swisscard to American Express, and we expect to record a gain on sale in the first quarter of 2026. As previously disclosed, this gain is expected to largely offset the effects related to the prior Swisscard transactions recorded in the first quarter of 2025 (an expense of USD 180m and a gain of USD 64m) and the fourth quarter of 2024 (an expense of USD 41m).

› Refer to "Note 28 Changes in organization and acquisitions and disposals of subsidiaries and businesses" in the "Consolidated financial statements" section of this report for more information

We expect to substantially complete the integration of Credit Suisse by the end of 2026.

Remediation of Credit Suisse material weaknesses

In March 2023, prior to the acquisition by UBS Group AG, the Credit Suisse Group and Credit Suisse AG disclosed that their management had identified material weaknesses in internal control over financial reporting as a result of which the Credit Suisse Group and Credit Suisse AG had concluded that, as of 31 December 2022 and 2021, their internal control over financial reporting was not effective. Following the acquisition and merger of Credit Suisse Group AG into UBS Group AG in June 2023, Credit Suisse AG concluded that as of 31 December 2023 its internal control over financial reporting continued to be ineffective.

Since the Credit Suisse acquisition, UBS has executed a remediation program to address the identified material weaknesses and has implemented additional controls and procedures.

As of 31 December 2024, management assessed that the changes to internal controls made to address the material weaknesses relating to the classification and presentation of the consolidated statement of cash flows, as well as assessment and communication of the severity of deficiencies, were designed and operating effectively. The remaining material weakness related to the risk assessment of internal controls. During 2024, UBS integrated the Credit Suisse control framework into the UBS internal control framework and risk assessment and evaluation processes. In addition, UBS reviewed the processes, systems and internal controls in connection with the integration of Credit Suisse into UBS and implemented additional processes and controls to reflect the increase in complexity of the accounting and financial control environment following the acquisition. Management assessed that the risk assessment process was designed effectively.

However, considering the increased complexity of the internal accounting and control environment, the remaining migration efforts still underway and limited time to demonstrate operating effectiveness and sustainability of the post-merger integrated control environment, management concluded that additional evidence of effective operation of the remediated controls was required to conclude that the risk assessment processes were operating effectively on a sustainable basis. In light of the above, management concluded that there was a material weakness in internal control over financial reporting at 31 December 2024.

As of 31 December 2025, UBS AG management has assessed the effectiveness of UBS AG's risk assessment process and concluded that changes made to the risk assessment processes were designed and operating effectively, with significant integration and migration steps completed. UBS AG management has therefore concluded that the risk assessment material weakness has been remediated.

- › **Refer to "Management's report on internal control over financial reporting" in the "Consolidated financial statements" section of this report for more information about management's assessment of internal control over financial reporting as of 31 December 2025 and the remediation of Credit Suisse material weaknesses**

Our businesses

We operate through five business divisions: Global Wealth Management, Personal & Corporate Banking, Asset Management, the Investment Bank and Non-core and Legacy. With significant presences in the largest and fastest-growing markets, our global reach and the breadth and depth of our expertise are major assets that set us apart from our competitors. We see collaboration, both within and between business divisions and regions, as key to delivering on our growth objectives. Our Group functions are support and control functions that provide services to the Group. Virtually all costs incurred by the Group functions are allocated to the business divisions, leaving a residual amount that we refer to as Group Items in our segment reporting.

Global Wealth Management

We are the world's only truly global wealth manager, dedicated to serving high and ultra high net worth individuals, as well as select institutional clients, through trusted advisor and financial intermediary relationships. Our global reach combined with local expertise, Chief Investment Office (CIO)-led investment approach, comprehensive solutions platform and premium brand are key differentiators.

Global Wealth Management is jointly managed by two Co-Presidents and organized into five regional business units covering the US, Latin America, Asia Pacific, EMEA and Switzerland, as well as capability business units, such as the CIO and GWM Solutions, and support units. Altogether, these units help to efficiently deliver research and solutions, tied to the CIO-led value proposition, to our clients – leveraging our global scale and local implementation.

For regional financial reporting purposes, we disclose selected information about the Americas, Asia Pacific, EMEA and Switzerland regions, and Divisional items.

Our business

We help clients to protect and grow their investments and pursue what matters most to them through advice, expertise, and tailored solutions.

We offer clients advice on wealth planning to sustainably increase their wealth over the long term through a broad range of solutions, including discretionary or advisory mandates and investment funds where we have distribution agreements. These solutions represent a subset of total invested assets of USD 4.8trn. The remaining invested assets represent advisory assets or assets generating primarily transaction-based and interest income, mainly from trading, cash, deposits and lending services. With discretionary mandates, clients delegate investment decisions to UBS and benefit from our full investment capabilities, including portfolio management, instrument selection and access to leading external managers across traditional, sustainable and alternative asset classes. With advisory mandates, clients make their own investment decisions, supported by professional advice and portfolio monitoring guided by the *UBS House View*. Our investment offering covers a broad range of instruments, including cash equities, cash bonds, money market instruments, investment funds, structured products and alternative solutions that provide access to private markets, hedge funds and real estate assets. We typically generate recurring net fee income, which is primarily linked to the value of the fee-generating assets. This fee income includes portfolio management fees, asset-based fund fees, custody fees and administrative fees. We also generate transaction-based income, which consists primarily of brokerage revenues, trading revenues, foreign exchange fees and other charges linked to specific client transactions.

- › Refer to “Alternative performance measures” in the appendix to this report for the definition and calculation method of invested assets, fee-generating assets, net new money and net new assets
- › Refer to “Note 30 Invested assets and net new money” in the “Consolidated financial statements” section of this report for more information about invested assets and net new money

Beyond our investment solutions, we offer a comprehensive range of banking services, including lending and deposits. Our lending offering includes securities-based lending, mortgages, structured products and tailored solutions designed to meet more sophisticated borrowing needs of our clients – including select institutional clients – and their businesses. As of 31 December 2025, our lending portfolio amounted to USD 329bn globally and generated revenues primarily through net interest income. In terms of deposits, we provide clients with flexibility and convenient access to their funds. These deposits, which also contribute to net interest income, totaled USD 479bn globally as of 31 December 2025. Our broad-based investment and banking solutions help us attract net new money from new and existing clients. This, combined with dividends and interest, drives net new assets.

Chief Investment Office-led value chain



Our CIO-led value proposition is designed to identify investment opportunities to protect and grow our clients' wealth over the long term, forming the basis of the *UBS House View*. The CIO gathers insights on financial planning, macroeconomics, multi-asset strategies, stocks, bonds, currencies and commodities, as well as structured, sustainable, and alternative investments. GWM Solutions brings all UBS products under one umbrella and efficiently and consistently implements the CIO's guidance, delivering integrated solutions that put the *UBS House View* into action for our clients.

We continue to invest in our platforms to enhance the client experience and deliver the full value of our CIO-led approach. Clients can access research and solutions directly through our digital banking channels, where the *Direct Investment Insights* function enables them to act on CIO-driven ideas seamlessly and efficiently. For clients who prefer a personalized discretionary solution, *UBS My Way* offers a flexible, digital-led platform that enables them, together with their advisor, to tailor portfolios to their individual preferences and objectives. For those seeking professional guidance while remaining actively involved in decision-making, *UBS Advice Compass* equips advisors to work side-by-side with clients, reviewing portfolios in depth and identifying actionable opportunities aligned with the *UBS House View*.

We are embedding advanced artificial intelligence (AI) capabilities across our platforms. AI-powered tools, including chatbots, intelligent search features and multi-media functionalities, are enhancing both client and advisor experiences by making the investment insights delivery more efficient and personalized. In addition, we connect clients with cutting-edge research, innovative solutions and exclusive access to experts in the AI space and beyond, helping them to stay on top of the latest innovations shaping today's industries.

Competition

Our main competitors fall into two categories: competitors with a strong position in the Americas but with more limited global footprints, such as Morgan Stanley, JPMorgan Chase, Bank of America and Wells Fargo, as well as some smaller firms, such as Raymond James; and competitors with international footprints but with a smaller presence than UBS in the US, such as Julius Baer, BNP Paribas, Deutsche Bank and HSBC. We also compete with fintech firms in some regions and products. We have strong positions across all key regions, including the largest wealth region (the US) and the fastest-growing wealth regions (Asia Pacific, the Middle East and Latin America), as well as the more mature markets in Europe, including Switzerland. The scale of our global franchise, our bespoke cross-divisional solutions and our premium brand and reputation differentiate us from our competitors and would be difficult to replicate.

Personal & Corporate Banking

Personal & Corporate Banking is at the core of our operations in Switzerland, the only market in which we operate across all of our business areas, supporting our clients and the Swiss economy with UBS's unparalleled global reach and capabilities.

We are the leading universal bank in Switzerland, and we provide an extensive range of financial products and services to private, corporate and institutional clients. We are a go-to bank for entrepreneurs in Switzerland, providing comprehensive support at every stage of the entrepreneurial journey. With our network of around 190 branches and highly qualified client advisors, complemented by modern digital banking services and customer service centers, we serve more than one-third of Swiss households and more than 90% of large Swiss companies.

In 2025, UBS was again named Best Bank in Switzerland by *Euromoney*, for the eleventh time since 2012. Our role as a trusted partner to the Swiss economy remains central to our strategy. This is underpinned by our pledge to remain a reliable provider of credit to the Swiss economy through a lending volume commitment of around CHF 350bn.

Aligned with the UBS Group's artificial intelligence (AI) strategy and ambition to become an AI-enabled institution, Personal & Corporate Banking is embedding AI into its operations to drive innovation and enhance client experience. In addition, Personal & Corporate Banking is actively shaping the UBS digital assets offering to meet the emerging needs of our clients. For example, we are developing digital money offerings for corporate clients and exploring access to crypto assets for individual clients.

Our business

Personal & Corporate Banking is composed of two business areas: Personal Banking and Corporate & Institutional Clients.

In Personal Banking, we provide clients with a comprehensive suite of life-cycle-oriented products and services. Financing solutions, primarily mortgages, and deposits form the cornerstone of our offering. Additionally, we provide our clients with access to investment products and pension solutions. Our clients also benefit from further services, such as payment solutions, card transactions and foreign exchange operations.

In Corporate & Institutional Clients, we serve corporate and institutional clients with a comprehensive suite of solutions backed by deep expertise. Our financing offering and deposit products are the central pillar of our offering. A second pillar consists of services related to foreign exchange, payments and trade finance. A third pillar includes additional services, such as asset custody and the provision of investment fund products.

On an aggregate Personal & Corporate Banking level, net interest income from our financing and deposit offerings is the primary income contributor, accounting for more than half of total revenues. Transaction-based income generated through payments, card transactions, trade finance and foreign exchange operations is the second-largest contributor, making up approximately one quarter of total revenues. Additional revenues are mainly derived from recurring net fee income linked to our investment products, pension solutions, asset custody services and basic banking offerings.

In Personal & Corporate Banking, we work in close collaboration with other business areas to provide our Swiss clients seamless access to a broad range of capabilities and global reach. In collaboration with Global Wealth Management, we deliver leading wealth management services tailored to clients' individual needs. In partnership with the Investment Bank, we offer capital market and foreign exchange products, hedging strategies, trading capabilities and corporate finance advice. Additionally, through our cooperation with Asset Management, we provide comprehensive fund and portfolio management solutions.

We support our clients in achieving their sustainability goals, as both corporate clients and individuals have been exploring effective strategies for transitioning to a lower-carbon economy. For example, we have enhanced our Swiss real estate services to further support clients with renovating and refurbishing their properties to achieve higher energy efficiency standards. Furthermore, we have introduced CO₂ portfolio reporting capabilities for institutional investors on our *UBS key4* mortgage platform, enhancing transparency and facilitating more informed decision-making regarding their portfolios. These innovations mark important steps in helping our clients improve the energy efficiency and long-term value of their properties.

We consider a strong partner network as essential for UBS's success in Switzerland, enabling us to serve both corporate and individual clients holistically through bank-adjacent services. These partnerships not only foster deeper client relationships, accelerate time to market and offer flexible integration options, but also unlock new market opportunities and revenue streams.

Our partner network includes collaborations with platforms for start-ups, such as Fagoon, Startups.ch, and NewCo, enabling us to actively support clients in taking their first entrepreneurial steps. Partnerships aimed at building stronger relationships with our mortgage clients are another example. Our exclusive partnership with the SMG Swiss Marketplace Group enables us to support potential property buyers in their journey toward owning a home through our integration with Switzerland's largest real estate portals, such as Homegate and Immoscout24.

Competition

In Personal Banking, our main competitors are the Swiss cantonal banks, Raiffeisen, PostFinance and other regional and local Swiss banks; we also face competition from international neobanks and other national digital market participants.

In the corporate and institutional business, the Swiss cantonal banks and foreign banks are our main competitors. We also support the international business activities of our Swiss corporate clients through local hubs in New York, Frankfurt, Singapore and the Hong Kong SAR, where we compete with other foreign banks that have global operations. No other Swiss bank offers its corporate clients local banking capabilities abroad.

Asset Management

We are a global, large-scale and diversified asset manager offering investment capabilities and strategies to institutions, wholesale intermediaries and Global Wealth Management clients. With total invested assets of over USD 2trn, we are one of the leading Europe-based asset managers.

We are focused on meeting the evolving needs of our clients by capitalizing on the products and areas where we have a differentiated and scalable offering and by enhancing our partnerships with the other business divisions across the Group.

In 2025, we have integrated the breadth of our direct public and private markets capabilities within our Investments area, enabling us to leverage the best of our expertise and technology within a single platform.

Following this change, Asset Management is organized into four areas: Client Coverage; Investments, Unified Global Alternatives; and the Chief Operating Officer area.

We cover the main asset management markets globally and have a local presence in 24 locations across four regions: the Americas; Asia Pacific; EMEA; and Switzerland. We also continue to build on our long-standing presence in China, where we have enhanced our onshore presence through the ICBC joint venture.

To support sustainable growth across our business, we are transforming our end-to-end platform and embedding artificial intelligence across our investment, front-to-back and distribution processes to enhance scalability, efficiency and client outcomes. We also remain focused on capturing structural efficiencies and further sharpening our product offering.

Our business

We are committed to delivering investment excellence and to creating value for our clients that endures through cycles. We offer a range of investment products and services across all major traditional and alternative asset classes and investing styles.

We have organized our direct investment capabilities across the following areas.

Active Equities – investment strategies with varying risk and return objectives, including global, region-focused and thematic strategies, as well as high alpha, growth and quantitative styles.

Active Fixed Income – global, regional and local strategies, across sectors, including high yield, emerging market and currencies, as well as money market funds. In addition, our Credit Investments Group specializes in syndicated loans, structured credit and upper-middle-market direct lending.

Active Multi-Asset – global and regional asset allocation and currency investment across the risk / return spectrum, including balanced, growth, income, risk-managed and unconstrained strategies, as well as white label solutions.

Partnership Solutions – we draw on our value chain across the Group to provide customized full-service fiduciary, investments and proprietary technology solutions and also collaborate with other business divisions to serve the needs of our clients. For example, our Separately Managed Accounts (SMA) Advantage initiative with Global Wealth Management in the US continues to gain momentum and reached a record USD 231bn in invested assets at the end of 2025.

Passive – we continue to build on our position as the largest Europe-based manager of indexed investments and our expertise in customization. We offer a wide range of indexed strategies across asset classes, along with exchange-traded funds (ETFs), pooled funds and segregated mandates. In 2025 we expanded our ETF offering with the launch of a new cost-efficient *Core* range, as well as our first active ETFs, leveraging our active fixed-income capabilities.

Real Assets (including real estate and infrastructure) – a comprehensive range of global and regional strategies, from core to value-add and opportunistic.

To capture the growth opportunity in alternatives, and in a transformational move for our clients and our partners, in 2025 we brought together our leading manager selection franchises from across Asset Management and Global Wealth Management to create our *Unified Global Alternatives (UGA)* business. UGA provides an open architecture platform offering clients customized solutions across hedge funds, private equity, private credit, real estate, infrastructure and multi-alternative investment products, as well as access to co-investments and secondary market opportunities for our more sophisticated clients. With a combined USD 330bn in invested assets, UGA is one of the leading limited partners globally.

We support our clients' sustainability objectives with a wide range of products and solutions incorporating a variety of approaches, including impact- and transition-focused strategies.

We charge management fees on our funds and mandates (as a percentage of invested assets) and, to a lesser extent, performance fees on our active investment capabilities. Our revenues therefore depend on both total invested assets and the mix between higher fee strategies, such as active mandates, and lower fee passive strategies.

Competition

Our main competitors are global firms with wide-ranging capabilities and distribution channels, such as AllianceBernstein, Allianz Asset Management, Amundi, BlackRock, DWS, Franklin Templeton, Invesco, J.P. Morgan Asset Management, Morgan Stanley Investment Management, Schroders, State Street Global Advisors and T. Rowe Price, as well as firms with a specific market or asset-class focus.

Investment Bank

The Investment Bank provides services to institutional, corporate, financial sponsor and Global Wealth Management clients, helping them raise capital, invest and manage risks, while targeting attractive and sustainable risk-adjusted returns for the Group's shareholders. Our traditional strengths are in equities, foreign exchange, precious metals, research, advisory and capital markets, complemented by a focused rates and credit platform. We use our data-driven research and technology capabilities to help clients adapt to evolving market structures and changes in regulatory, technological, economic and competitive landscapes.

We aim to deliver market-leading solutions by leveraging our intellectual capital and digital platforms, we work closely with Global Wealth Management, Personal & Corporate Banking and Asset Management to bring the best of the Group's capabilities to our clients. We do so while being disciplined about risk, balance sheet deployment and costs.

Our business is regionally diversified, with a presence in more than 30 countries. We cover the main investment banking markets globally and have major financial hubs across four regions: the Americas; Asia Pacific; EMEA; and Switzerland.

Our business

The Investment Bank is composed of two business areas, Global Banking and Global Markets, both supported by Global Research. Our global coverage model utilizes our international industry expertise and product capabilities to meet clients' emerging needs.

Our Global Banking business area, which consists of Advisory and Global Capital Markets, offers a broad range of investment banking products and services to our clients. Global Banking advises clients on strategic business opportunities, such as mergers, acquisitions and related strategic matters, and helps them raise capital, in both public and private markets, to fund their activities. We position ourselves as trusted advisors via our client coverage and ability to provide access to the wider suite of UBS's capabilities. With teams located across the Americas, Asia Pacific, EMEA and Switzerland regions, our banking coverage offers clients local market expertise coupled with access to a global network. Global Banking primarily generates fee-based revenues from advisory, origination, deal execution, financing and underwriting services provided to clients.

Our Global Markets business helps clients engage with international financial markets, providing fast, innovative and bespoke access to solutions, from market and insight tools to trade strategies and execution. Our capabilities are grouped into three product verticals: Execution Services, Derivatives & Solutions and Financing. Global Markets enables clients to buy, sell and finance securities on capital markets worldwide and to manage their risks and liquidity. We distribute, trade, finance and clear cash equities and equity-linked products, as well as structuring, originating and distributing new equity and equity-linked issues. From origination and distribution to managing risk and providing liquidity in foreign exchange, rates, credit and precious metals, we help clients to realize their financial goals. We generate revenue from fees for trading services (e.g. execution, market making, clearing and providing liquidity) and interest on investment financing.

Our Global Research business delivers data-driven insights to clients across major financial markets and securities worldwide. With analysts based in more than 20 countries and coverage of over 3,800 stocks in 52 markets, we continue to strengthen our research capabilities. Our offering includes fundamental coverage across equities, economics and strategy, as well as market-leading data insights from Quant Research, Evidence Lab and HOLT, which are cornerstones of the UBS Investment Bank's data intelligence offering. UBS HOLT maintains a database of over 20,000 company profiles around the world, providing clients with seamless benchmarking, screening and scoring of companies, eliminating the need to sift through extensive global accounting data.

The Investment Bank also offers an array of sustainability-focused advice, products, research and events. We help meet clients' needs with respect to environmental, social and governance considerations and sustainable finance, helping to reshape business models and investment opportunities and to develop sustainable finance products and solutions. As sustainability priorities and other secular themes, such as AI, continue to shape investor preferences, corporate strategy and actions, we aim to deliver integrated advice that connects these evolving trends to equity stories, financing and investor engagement.

Our global reach presents a catalyst for continued and future profitable growth. In the Americas, the largest investment banking fee pool globally, we continue to focus on increasing market share in our core Global Banking and Global Markets businesses. In Asia Pacific, we plan to capture opportunities arising from expected market internationalization and growth in China and other markets and to strengthen our presence in the region. In EMEA and Switzerland, we plan to leverage our strong base and brand recognition to further gain market share.

Our priority is providing high-quality execution and seamless client service, through an integrated, solutions-led approach, with disciplined growth in the advisory and execution businesses, while accelerating our digital transformation. We seek to develop new products and solutions consistent with our capital-efficient business model, typically related to new technologies or changing market standards.

The Investment Bank strives to be the digital investment bank of the future, focused on delivering innovation-led solutions and efficiencies for our clients. Our digital strategy harnesses technology to provide access to sources of unique, global liquidity, personalized advice and differentiated content.

Our ambition to be the most client-focused, efficient and data-driven investment bank is being realized through the simplification of technology architecture, increased speed and quality of delivery and the attraction of best-in-class talent. As we look forward to the continued evolution of our digital capabilities, we will see increased adoption of technologies, such as generative AI, to scale efficiency and provide actionable insights into client portfolios.

Our capabilities, core products and services enable us to deliver our strategy to an expanded institutional and corporate client base. In addition, we are well positioned to serve Global Wealth Management, offering investment banking capabilities, and to further enhance our connections with wealth management clients. Joint efforts between the Investment Bank and the other business divisions (for example, our work with Global Wealth Management through GWM Solutions coverage) and, externally, strategic partnerships (for example, UBS BB jointly with Banco do Brasil, focused on Latin America) continue to be key strategic priorities. Partnerships with Global Wealth Management and Asset Management enable us to provide clients with broad access to financing, global capital markets and portfolio solutions. We expect these initiatives to continue to lead to growth by delivering global products to each region, leveraging our global connectivity across borders and sharing and strengthening our best client relationships.

Competition

Competing firms operate in many of our markets, but our strategy differentiates us, with our focus on selective leadership in the areas where we have chosen to compete and a business model that leverages talent and technology rather than balance sheet. Our main competitors are major global investment banks, including Morgan Stanley, Goldman Sachs, Bank of America, Barclays, Citigroup, BNP Paribas, Deutsche Bank, Wells Fargo and JPMorgan Chase. In certain products and regions, we also compete with boutique investment banks and fintech firms.

Non-core and Legacy

The Non-core and Legacy division was formed at the end of the second quarter of 2023 to incorporate selected assets and liabilities originating from the former Credit Suisse businesses not aligned with our long-term strategic priorities or risk appetite, including associated financial and non-financial assets, operating expenses, and funding costs. A small part of the division was made up of positions from UBS's former Non-core and Legacy Portfolio and some other legacy UBS assets and liabilities that were assessed as non-strategic in the context of the acquisition of the Credit Suisse Group.

With the aim of exiting its positions over time, the division's portfolio included the following businesses from the former Credit Suisse Investment Bank:

- loans primarily related to corporate clients and emerging markets;
- the residual securitized products businesses;
- the macro trading business, including rates and foreign exchange;
- the legacy life-finance business;
- the equities portfolio, including the remaining equity swaps, share back-lending positions and legacy structured renewables-linked positions; and
- the residual credit business.

Since its inception, Non-core and Legacy has made strong progress in actively reducing its portfolio. In the final year of integration, we aim to continue to reduce Non-core and Legacy's operating costs, with a focus on infrastructure simplification. We also expect to continue to wind down some remaining positions to achieve further reductions in financial resource consumption. Incremental costs or losses may arise in connection with the reduction of such assets and liabilities.

Group functions

Our Group functions are support and control functions that provide services to the Group, focusing on operational effectiveness, risk mitigation and efficiency. The major areas of these functions are Group Services and Group Treasury.

Group Services consists of Group Technology, Group Compliance and Operational Risk Control, Group Finance, Group Risk Control, Group Human Resources and Corporate Services, Group Corporate Communications and Group Brand & Marketing, Group Legal, the Group Integration Office, Group Sustainability and Impact, and the Chief Strategy Office. The vast majority of these support and control functions are fully aligned with, or deliver shared services to, the business divisions.

Group Treasury manages balance sheet structural risk (e.g. interest rate, structural foreign exchange and collateral risks), as well as the risks associated with our liquidity, capital and funding portfolios. Group Treasury serves all five business divisions, and its risk management is integrated into the Group risk governance framework.

Virtually all costs incurred by the Group functions are allocated to the business divisions, leaving a residual amount that we refer to as Group Items in our segment reporting in accordance with IFRS Accounting Standards. These include costs or revenues related to certain activities that are retained centrally, such as group hedging and own debt activities in Group Treasury, as they are not directly related to the business divisions, as well as certain other costs that are mainly related to deferred tax assets.

Most of the employees in the Group functions are employed by UBS Business Solutions AG. The costs of the Group functions employees in UBS Business Solutions AG are reflected as compensation expense in UBS Group reporting and as general and administrative expense in UBS AG reporting.

Our environment

Market environment

Global economic developments in 2025¹

The global economy remained resilient in 2025, with growth accelerating to 3.5% from 3.4% in 2024, supported by heavy investment in artificial intelligence (AI) and healthy demand from consumers across many of the world's regions and markets. Worries raised early in the year over the potential for a global trade conflict faded as the US and key trading partners agreed deals.

US gross domestic product (GDP) grew by 2.2%, moderating after above average growth in 2023 and 2024. Capital spending on AI accounted for about half of US growth for the year. US consumer spending continued to rise, backed by increasing real incomes, and in spite of signs of weakness in the labor market.

China's GDP grew by 5.0%, in line with the 5.0% growth recorded in 2024. This was despite weakness in the property market and consumer demand. New economic drivers, including investment in AI, advanced manufacturing and renewables, gained momentum.

The Eurozone's GDP growth picked up from 0.9% in 2024 to 1.5% in 2025, as the region benefited from an easing of monetary policy, the improving health of the banking system and rising demand for goods. Swiss GDP grew by 1.2%, slightly less than 1.4% recorded in 2024. While consumer spending was solid and the Swiss National Bank (the SNB) cut interest rates to zero, worries over trade relations with the US weighed on business confidence throughout most of the year, until a trade deal was agreed in November 2025.

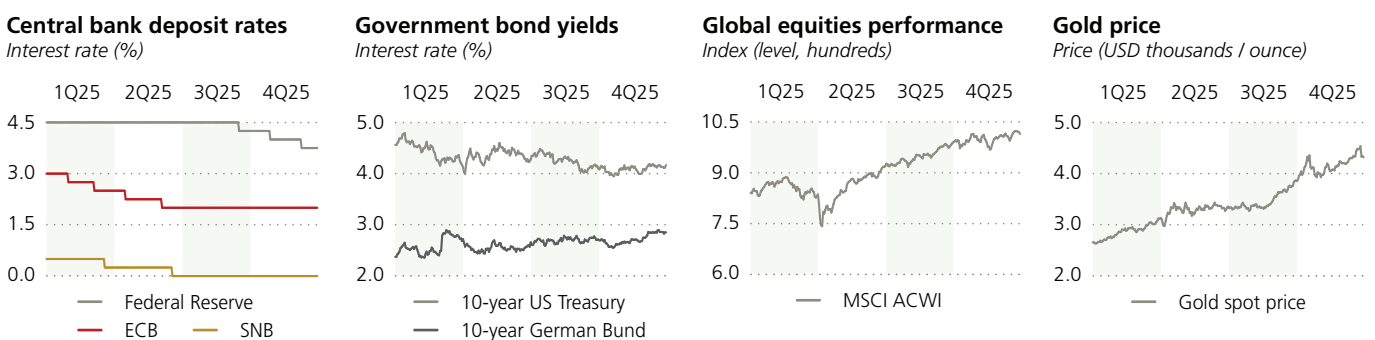
Inflation across most major economies continued to normalize. Consumer prices globally increased by 3.3% in 2025, compared with 5.7% in 2024. The ebbing of inflationary pressure enabled many large central banks to cut interest rates further. The European Central Bank (the ECB) lowered its deposit rate to 2.0%, down from 3.0% at the start of the year, as inflation for the Eurozone moved closer to its 2% target. US inflation remained above the Federal Reserve's 2% target, averaging 2.7% for the year. But slowing inflation (down from 3.0% in 2024) and a cooling labor market led the Federal Reserve to reduce interest rates in each of its last three policy meetings in 2025.

Amid interest rate cuts and solid economic growth, most major asset classes delivered strong gains in 2025 across regions. Global stocks (the MSCI All Country World index) delivered a third straight year of gains in excess of 20%. In the US, enthusiasm over the outlook for AI contributed to broader gains, with the S&P 500 index delivering a total return of 17.9%, while the equal-weighted S&P 500 index, which dilutes the impact of large technology stocks, gained 11.4%. In the Eurozone, the MSCI EMU index of stocks returned 24.7%, helped by expectations of a boost to demand after the German government approved a fiscal expansion. In Asia Pacific, the MSCI China index gained 30.7% and the MSCI Japan index 24.7%.

The US dollar index (DXY), which tracks the US dollar against six major peer currencies, decreased by 9.4%, its worst year since 2017. The depreciation of the US dollar was partly driven by the erosion of the US interest rate advantage over its peers, as the Federal Reserve resumed cutting interest rates later in the year after other large central banks were near or at the end of their easing cycles.

The combination of falling inflation and central bank interest rate reductions contributed to the best annual returns in global fixed income since 2020, based on Bloomberg's Global Bond Aggregate index. Finally, gold delivered a return of 63% in US-dollar terms, its largest gain since 1979, lifted by strong demand as many central banks diversified their reserves into gold, and strong investment demand supported the price.

Economic and market developments in 2025



Source: Bloomberg

Economic and market outlook for 2026¹

We expect the economic factors that supported global growth in 2025 to persist through 2026, including continued investment in AI and generally healthy consumer spending across major regions. Although most major central banks are unlikely to cut interest rates further, we expect low interest rates to persist throughout the year, providing an economic tailwind. Fiscal policy also appears set to stimulate growth in several leading economies, including the US, Germany and Japan. Geopolitical developments have the potential to raise risk premiums, and higher energy prices, if sustained, pose a potential downside risk to the outlook. While uncertainty is significant, our base case view is that energy prices will not stay high enough for long enough to materially weaken the global economy. Our base case projection is for only a slight slowing of global GDP growth in 2026, to a still healthy 3.3%.

We expect US GDP to grow by 2.6%, accelerating from 2.2% in 2025, with fiscal stimulus and the lagged effect of interest rate cuts offsetting the drag from a weaker labor market. Consumer demand should continue to be underpinned by solid salary growth and healthy household balance sheets among middle- and upper-income class groups.

For the Eurozone, we expect GDP growth of just over 1% in 2026, down from 1.5% in 2025. Consumer sentiment remains cautious, higher gas prices could present a headwind, and we expect growth in certain local markets, such as Spain, to decrease to more normal levels after strong growth in 2025. At the same time, we expect Germany's fiscal stimulus and infrastructure spending to provide a boost in 2026. A healthier banking system is now better able to support lending, and we expect an ongoing recovery in demand for goods, supporting the manufacturing sector in the Eurozone. We forecast Swiss GDP growth of 1.3%. Although US tariffs and a strong Swiss franc represent headwinds, growth should pick up in the second half of the year on the back of a rebound in the German economy.

We expect China to deliver GDP growth of 4.5%, with its five-year plan prioritizing technology innovation and industrial upgrades. The rivalry with the US has the potential to create headwinds, but China's ongoing focus on domestic upgrades and supply-chain diversification is expected to help support economic stability, despite external uncertainty.

Regarding inflation, provided energy price rises are not sustained, we expect the global average to slow further to 2.9% in 2026. In the Eurozone, inflation could fall below the central bank's target, to average 1.8%, based on our forecasts. We see consumer prices in Switzerland rising by just 0.3%, after 0.2% in 2025, at the bottom end of the SNB's target rate of between 0% and 2%. However, after interest rate cuts in 2024 and 2025, we are not forecasting further easing from either the ECB or the SNB, although the SNB has signaled its willingness to intervene in currency markets in case of excess Swiss franc strength. We expect prices to rise by 2.7% in the US, reflecting an unchanged inflation rate from 2025. Although this is above the Federal Reserve's goal, we expect the US central bank to respond to a subdued labor market by cutting rates twice in 2026.

A combination of a decent economic backdrop and continued optimism about the potential of AI to boost earnings should lead to another year of gains for global stocks, in our view, albeit with likely volatility driven by concerns about geopolitical developments, AI competition and credit risk. We expect earnings per share growth for the MSCI All Country World index of almost 12% in 2026 to support market upside, despite historically elevated valuations. We also expect another positive year for fixed income, given solid headline yields and the potential for major benchmark yields to fall should inflation slow and central bank rates remain low.

¹ Based on the following sources: Haver Analytics, CEIC Data, Office for National Statistics (UK) and UBS.

Regulation and supervision

As a financial services provider based in Switzerland, the UBS Group is subject to consolidated supervision by the Swiss Financial Market Supervisory Authority (FINMA). The Group's entities are also regulated and supervised by authorities in each country where we conduct business. Through UBS AG and UBS Switzerland AG, which are licensed as banks in Switzerland, UBS may engage in a full range of financial services activities in Switzerland and abroad, including personal banking, commercial banking, investment banking and asset management.

UBS is a global systemically important bank (a G-SIB), as designated by the Financial Stability Board, and a systemically relevant bank (an SRB) in Switzerland. UBS Group entities are subject to stricter regulatory requirements and supervision than other Swiss banks.

- › Refer to the "Integration of Credit Suisse" section of this report for more information
- › Refer to the "Regulatory and legal developments" and "Risk factors" sections of this report for more information

Regulation and supervision in Switzerland

Supervision

UBS Group AG and its subsidiaries, including UBS AG, are subject to consolidated supervision by FINMA under the Swiss Banking Act and related ordinances, which impose standards for matters such as capital adequacy and risk diversification rules, liquidity, internal control systems, business conduct, and corporate governance. FINMA meets its statutory supervisory responsibilities through licensing, regulation, supervision and enforcement. It is responsible for prudential supervision. It undertakes direct inspections and mandates audit firms to perform regulatory audits and other supervisory tasks on its behalf.

Capital adequacy and liquidity regulation

As an internationally active Swiss systemically important bank (an SIB), UBS is subject to capital and total loss-absorbing capacity (TLAC) requirements at both the Group level, for UBS Group AG, and the parent bank level, for UBS AG, that are based on both risk-weighted assets and the leverage ratio denominator, and are among the most stringent in the world. UBS Group AG, UBS AG and UBS Switzerland AG are also subject to liquidity requirements and to minimum long-term funding requirements for Swiss SIBs.

- › Refer to the "Capital management" section of this report for more information about the Swiss SRB framework and the Swiss too-big-to-fail (TBTf) requirements
- › Refer to the "Liquidity and funding management" section of this report for more information about liquidity coverage ratio, net stable funding ratio requirements and the Swiss TBTf liquidity requirements

Regulation and supervision outside Switzerland

Regulation and supervision in the US

In the US, UBS is subject to regulation and supervision by the Board of Governors of the Federal Reserve System (the Federal Reserve Board) under a number of laws. UBS Group AG and UBS AG are subject to the Bank Holding Company Act, pursuant to which the Federal Reserve Board has supervisory authority over our US operations.

In addition to being a financial holding company under the Bank Holding Company Act, UBS AG has US branches, which are authorized and supervised by the Office of the Comptroller of the Currency (the OCC). UBS AG is registered as swap dealer with the Commodity Futures Trading Commission (the CFTC) and as securities-based swap dealer with the Securities and Exchange Commission (the SEC).

UBS Americas Holding LLC is the intermediate holding company for our operations in the US outside of the UBS AG branch network, as required under the Dodd-Frank Act, and is subject to requirements established by the Federal Reserve Board related to risk-based capital, liquidity, the Comprehensive Capital Analysis and Review (CCAR) stress-testing and capital planning process, and resolution planning and governance.

UBS Bank USA, a Federal Deposit Insurance Corporation (FDIC)-insured depository institution subsidiary, is licensed and regulated by state regulators in Utah and is also supervised by the FDIC. It has received conditional approval from the OCC to convert to a national charter and expects to complete the conversion in 2026. Following conversion, the OCC will be the primary banking regulator for UBS Bank USA.

UBS Financial Services Inc., UBS Securities LLC, Credit Suisse Securities (USA) LLC and several other US subsidiaries of UBS are subject to regulation by a number of different government agencies and self-regulatory organizations, including the SEC, the Financial Industry Regulatory Authority, the CFTC, the Municipal Securities Rulemaking Board and national securities exchanges, depending on the nature of their business. Certain of our activities in the US are subject to regulation by the Consumer Financial Protection Bureau.

Regulation and supervision in the UK

Our regulated UK operations are mainly subject to the authority of the Prudential Regulation Authority (the PRA), which is part of the Bank of England (the BoE), and the Financial Conduct Authority (the FCA). We are also subject to the rules of the London Stock Exchange and other securities and commodities exchanges of which UBS AG is a member.

UBS AG has a UK-registered branch, UBS AG London Branch, which serves as a global booking center for our Investment Bank. UBS AG also has regulated subsidiaries in the UK that provide asset management services. Credit Suisse International and Credit Suisse (UK) Limited are authorized and regulated by the FCA and subject to the authority of the PRA.

Regulation and supervision in Europe

UBS Europe SE, headquartered in Germany, is subject to the direct supervision of the European Central Bank (the ECB), as well as to conduct, consumer protection and anti-money-laundering-related supervision by the German Federal Financial Supervisory Authority and by the German Bundesbank. The entity is subject to EU and German laws and regulations. UBS Europe SE maintains branches in Denmark, France, Ireland, Italy, Luxembourg, the Netherlands, Poland, Portugal, Spain, Sweden and Switzerland and is subject to conduct supervision by authorities in all those countries.

In Italy, Credit Suisse (Italy) SpA has been integrated into UBS Europe SE and UBS has relinquished the banking license of Credit Suisse Bank (Europe) SA. In Spain, UBS AG Spain Branch is supervised by the Bank of Spain, the Servicio Ejecutivo de la Comisión de Prevención del Blanqueo de Capitales and the Comisión Nacional del Mercado de Valores.

Regulation and supervision in Asia Pacific

We operate in numerous locations in Asia Pacific, including Singapore, the Hong Kong SAR, mainland China, Australia and Japan. The operations in these locations are subject to regulation and supervision by local financial regulators. Our Asia Pacific regional hubs are in Singapore and the Hong Kong SAR.

In Singapore, UBS AG Singapore Branch and UBS Securities Pte Ltd are supervised by the Monetary Authority of Singapore and the Singapore Exchange. UBS Asset Management (Singapore) Ltd is supervised by the Monetary Authority of Singapore.

In the Hong Kong SAR, UBS AG Hong Kong Branch is supervised by the Hong Kong Monetary Authority and the Hong Kong Securities and Futures Commission. UBS Securities Hong Kong Limited, UBS Securities Asia Limited and UBS Asset Management (Hong Kong) Limited are supervised by the Hong Kong Securities and Futures Commission. In addition, UBS Securities Hong Kong Limited is supervised by Hong Kong Exchanges and Clearing Limited.

In mainland China, we have multiple licenses to operate the business lines of UBS AG, and the various entities are subject to regulation by a number of different government agencies. The People's Bank of China oversees China's macro capital markets policies and ensures coordinated supervisory approaches by the National Financial Regulatory Administration (the China Banking and Insurance Regulatory Commission until May 2023), the China Securities Regulatory Commission and a number of exchanges.

In Australia, UBS AG Australia Branch is supervised by the Australian Prudential Regulation Authority, the Australian Securities and Investments Commission, the Australian Transaction Reports and Analysis Centre, the Reserve Bank of Australia, and the Australian Securities Exchange. UBS Securities Australia Ltd is supervised by the Australian Securities and Investments Commission, the Australian Transaction Reports and Analysis Centre and the Australian Securities Exchange. UBS Asset Management (Australia) Limited is supervised by the Australian Securities and Investments Commission and the Australian Transaction Reports and Analysis Centre.

In Japan, UBS Securities Japan Co., Ltd. is supervised by the Financial Services Agency and the Japan Exchange Group. UBS AG Tokyo Branch is supervised by the Financial Services Agency and the Bank of Japan. UBS SuMi TRUST Wealth Management Co., Ltd. is supervised by the Financial Services Agency and the Japanese Ministry of Finance. UBS Asset Management (Japan) Ltd and UBS Japan Advisors Inc. are supervised by the Financial Services Agency.

Financial crime prevention

Combating money laundering and terrorist financing has been a major focus of many governments in recent years. Laws and regulations require effective policies, procedures and controls to detect, prevent and report money laundering and terrorist financing, and the verification of client identities.

In Switzerland, the introduction of a transparency register will further strengthen the anti-money laundering (AML) framework through increased ownership and control information. At EU level, the AML reform package, including the Regulation establishing the EU Anti-Money-Laundering Authority, is aimed at strengthening EU-wide AML rules, including by harmonizing requirements across EU Member States and imposing stricter due diligence obligations. The US AML regulation is in an active implementation phase, with the Anti-Money-Laundering Act of 2020 driving expanded risk-based obligations, enhanced information sharing and the rollout of new requirements that have not yet been codified. At the same time, regulators are increasing supervisory scrutiny and enforcement expectations, emphasizing effectiveness, data quality and the accountability of senior management rather than mere technical compliance.

Failure to introduce and maintain adequate programs to prevent money laundering and terrorist financing can result in significant legal and reputational risk and fines.

We are also subject to laws and regulations prohibiting corrupt or illegal payments to government officials and other persons, including the US Foreign Corrupt Practices Act and the UK Bribery Act. We maintain policies, procedures and internal controls intended to comply with those regulations.

› Refer to "Non-financial risk" in the "Risk management and control" section of this report for more information

Data protection

We are subject to regulations concerning the use and protection of customer, employee and other personal and confidential information. This includes provisions under Swiss law, the EU General Data Protection Regulation (the GDPR), US laws and laws of other jurisdictions.

In 2025, data protection developments were dominated by new artificial intelligence (AI) rules (including the first enforcement of the EU Artificial Intelligence Act), tighter scrutiny of cross-border data transfers, and the continued spread and toughening of privacy laws, and enforcement globally. As UBS AG is a global bank, these translate into strategic themes around AI and data governance, cross-border data and cloud risk, regulatory fragmentation and rising expectations for data sharing, transparency and customer control.

› Refer to the “Risk factors” section of this report for more information about regulatory change

Recovery and resolution

The existing Swiss regulations require each SRB to establish an emergency plan to maintain systemically important functions in case of impending insolvency. In response to these Swiss requirements and similar ones in other jurisdictions, UBS has developed the Global Recovery Plan (the GRP), the Global Resolution and Restructuring Strategy and the Swiss Emergency Plan (the SEP), as well as other local recovery and resolution plans for its key regions (to the extent required). The plans describe how to restructure and / or wind down businesses if the Group could not otherwise be stabilized. FINMA evaluates the recovery and resolution plans of Swiss SRBs on a regular basis. Similarly, the local recovery and resolution plans are evaluated by the respective local authorities.

Global Recovery Plan

The GRP sets forth measures to restore financial strength if UBS comes under severe capital or liquidity stress. Its objective is to sustainably stabilize the Group in case of a crisis without government intervention. Quantitative and qualitative triggers are monitored and are subject to predefined governance and escalation processes. Recovery options are linked to owners and checklists, with the objectives of preserving capital, raising capital or liquidity, or disposing of or winding down businesses. In September 2025, FINMA announced that a full assessment of UBS’s recovery plan was not possible, due to the ongoing integration of Credit Suisse into UBS and the resulting rapid pace of change. UBS submitted an updated GRP in summer 2025, which is currently under review by FINMA.

Global Resolution and Restructuring Strategy

FINMA produces a global resolution plan for UBS setting out measures that FINMA can take to resolve UBS in an orderly manner. FINMA’s preferred strategy for UBS is a single point of entry (SPE) strategy involving write-down of the Group’s remaining equity and additional tier 1 (AT1) and tier 2 instruments, conversion of senior unsecured bonds of UBS Group AG to equity, if required, and an internal recapitalization of undercapitalized subsidiaries to shift losses to UBS Group AG. Post-resolution restructuring measures could include disposals and / or wind-down of businesses and disposals of assets. Over the years, UBS made structural, financial and operational changes to facilitate these measures and is confident that a resolution of the Group is operationally executable and legally enforceable. FINMA’s September 2025 resolution report on UBS confirms that a bail in remains operationally executable for UBS, and an SPE resolution strategy remains the preferred strategy for UBS.

Alternative Resolution Strategy

Following the Credit Suisse crisis, related parliamentary investigations and lessons learned, FINMA determined that UBS’s resolution planning must be further developed to increase the number of options available to FINMA in case of a resolution. These additional options, which will be documented in the Alternative Resolution Strategy going forward, should include a forced sale of the Group in its entirety and a solvent market exit (either via disposal or wind-down or a combination of both). In case of an insolvency threat, the additional resolution options would allow the authorities to choose the approach with the best prospect of safeguarding financial stability internationally and maintaining systemically important functions in Switzerland, without having recourse to taxpayers’ money. Initial concepts for the Alternative Resolution Strategy were developed by UBS and are under review by FINMA; however, their implementation is subject to the ongoing legislative change process.

Swiss Emergency Plan

The SEP demonstrates how UBS’s systemically important functions and critical operations in Switzerland can continue if the UBS Group cannot be restructured. This is achieved mainly by operating these functions in a separate legal entity, UBS Switzerland AG, and by ensuring its financial and operational self-sufficiency to enable its continued operation throughout a crisis. Although UBS’s SEP was deemed largely compliant with current regulatory requirements, FINMA has determined that it will need to be integrated into the new Alternative Resolution Strategy going forward (which, in turn, is subject to the ongoing legislative change process as noted under “Alternative Resolution Strategy” above).

Other local recovery and resolution plans

The US resolution plan sets out the steps that could be taken to resolve the US intermediate holding company, UBS Americas Holding LLC, and its subsidiaries if it suffered material financial distress and UBS Group was unable or unwilling to provide financial support. As required by US regulations, UBS’s US plan contemplates that UBS Americas Holding LLC will commence US bankruptcy proceedings. Prior to this, the plan envisages UBS Americas Holding LLC downstreaming financial resources to its respective subsidiaries to facilitate an orderly wind-down or disposal of businesses. UBS filed its updated US resolution plan in October 2025.

UBS Europe SE updates a local recovery plan annually based on ECB requirements as well as resolution planning information and capabilities based on Single Resolution Board requirements. On the basis of such information, the Internal Resolution Team, composed of members of the Single Resolution Board, produces a resolution plan for UBS Europe SE.

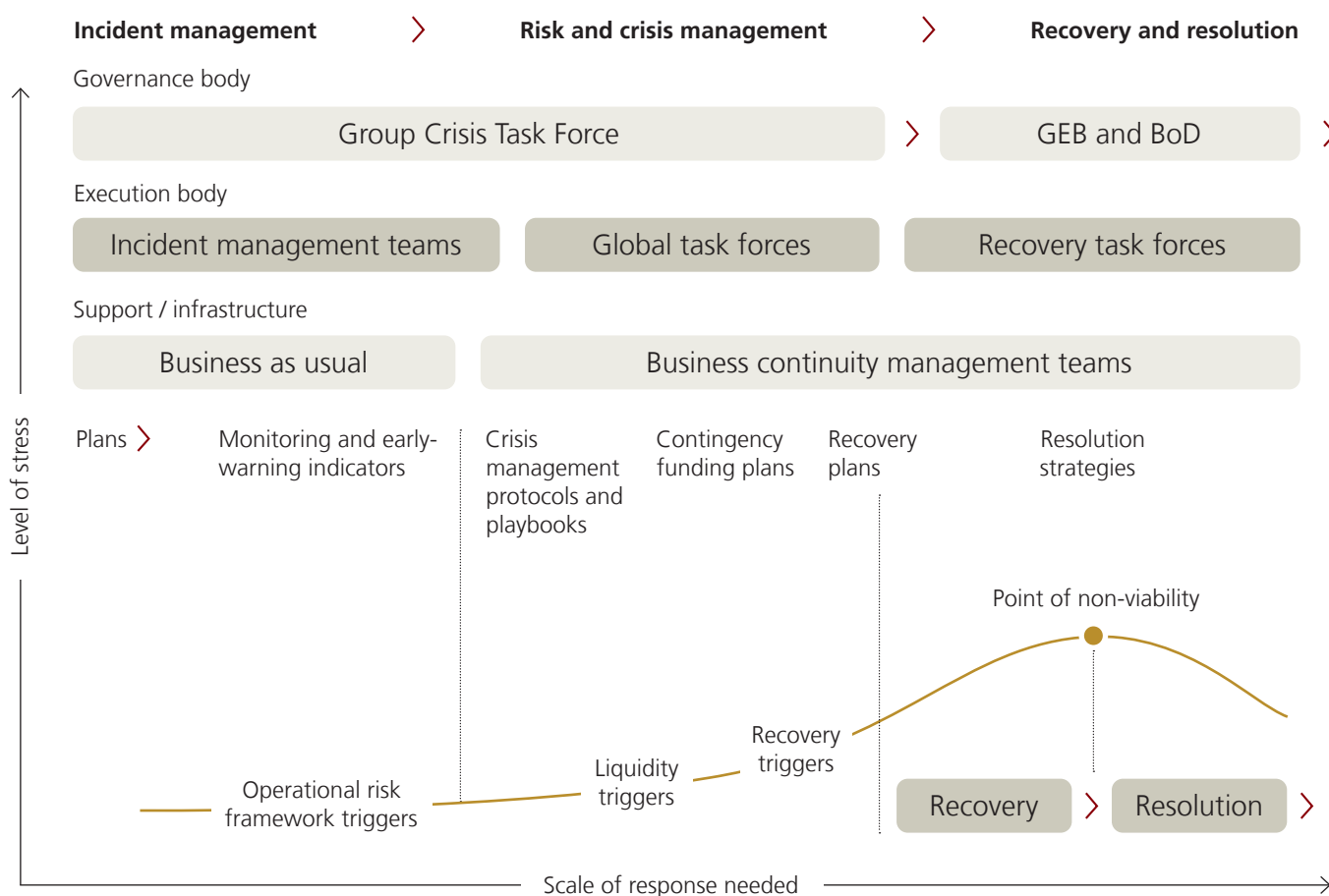
Other local recovery and resolution planning is in place for various UBS AG entities and jurisdictions.

Crisis management framework

The UBS Group’s crisis management framework assigns responsibility and actions depending on the nature of the stress incident and the scale of the response needed. As such, it connects the recovery and resolution planning with the earlier stages of crisis planning.

- For incident, risk and crisis management, the Group Crisis Task Force works with incident management teams that provide monitoring and early-warning indicators at the local / regional level, without needing to activate protocols at the Group level. If a local response is insufficient, global task forces and crisis management teams provide decision-making guidance and coordination, including crisis management plans, protocols and playbooks, and contingency funding plans.
- The Group Executive Board (the GEB) and the Board of Directors (the BoD) would evaluate and decide upon the need to activate the GRP if a stress event has reached a severity requiring activation based on the GRP’s recovery risk indicators.
- FINMA has the authority to determine whether the point of non-viability, as defined by Swiss law, has been reached and, as part of the Global Resolution and Restructuring Plan for UBS, has the power to order the bail in of creditors to recapitalize and stabilize the Group, limit payments of dividends and interest, alter the legal structure of the Group, take actions to reduce business risk, and order a restructuring of the Group.

UBS crisis management framework



Regulatory trends

The regulatory environment continues to evolve, with some policymakers aiming to simplify and / or reduce regulatory constraints, while others remain focused on addressing vulnerabilities revealed by the March 2023 banking turmoil. In Switzerland, for example, authorities are advancing reforms to the TBTF regime aimed at further strengthening financial stability. Following the consultations on stricter capital and liquidity requirements, the focus is now shifting to implementation through legislation and ordinances. This includes finalizing the Capital Adequacy Ordinance and foreign subsidiary capital rules, as well as advancing consultation drafts on other regulatory areas, such as enhanced governance and strengthened recovery and resolution planning.

In contrast, other major jurisdictions, such as the EU, the UK and the US, are increasingly shifting their policy and regulatory approaches toward promoting a pro-growth and competitiveness agenda. The US administration's deregulatory stance has prompted reviews of supervisory standards for banks and caused delays in major regulatory initiatives, including the implementation of Basel III, while the EU and the UK have postponed or streamlined regulatory initiatives to reduce administrative burdens on companies and mobilize private capital. These divergent approaches are contributing to concerns over regulatory fragmentation, with differences in timelines and content posing challenges for globally active banks.

Digitalization and digital asset regulations continue to progress, with global policy responses adapting to rapid technical developments. The EU Markets in Crypto-Assets Act and the US GENIUS Act are establishing new frameworks for stablecoins and digital assets, and Switzerland is consulting on new stablecoin and crypto service provider licenses. The Basel Committee on Banking Supervision (the BCBS) announced a targeted review of its prudential standards for banks' crypto asset exposures. AI has also attracted heightened supervisory and regulatory attention, with the EU's expansive AI Act entering into force, while other jurisdictions opt for sector-specific or incremental approaches. However, as an expression of strategic technology competition, the focus in many countries has shifted from strict safety to supporting responsible AI innovation. Cybersecurity and third-party risk management concerns also remain prominent, with expanded incident reporting and critical third-party regimes under development in many jurisdictions. At the international level, the BCBS has approved its final principles for the sound management of third-party risk, and the Financial Stability Board has finalized the common Format for Incident Reporting Exchange.

Sustainable finance was marked by important revisions of regulations in certain jurisdictions, driven by competitiveness and growth considerations, but with very different approaches leading to further fragmentation. The EU is seeking to simplify and refine its framework to reduce the regulatory and reporting burden on businesses, while the US is pursuing a path of deregulation. In this context, Switzerland has paused its work on sustainability reporting and sustainability due diligence pending the finalization of the EU review, while the UK is cautiously developing its own framework with a focus on international alignment and interoperability. In contrast, with the growing frequency of climate-related disasters, supervisory attention to improve the management of climate and nature-related financial risks continues to increase, especially in Europe. In addition, nature-related topics, transition finance and carbon markets are increasingly gaining policy traction globally, with significant efforts underway to support their global convergence through standardized frameworks and regulations.

Financial stability risks in the non-bank financial intermediation (NBFIs) sector are an increasing concern, with global work aiming to improve NBFIs data availability to make risk assessments more credible, starting with initial work in the areas of leverage and private credit, due to their high expected materiality with regard to financial stability. In the UK, a system-wide stress test has been launched to further assess the systemic risk, mainly by private markets, in the event of stress. Anti-money-laundering reforms in Switzerland will impact our due diligence processes, while the global sanctions environment remains complex, including the continued implementation of additional sanctions measures against Russia by the EU, the US and Switzerland. In addition, market structure reforms, such as shortening the standard settlement cycle for financial trades to one business day after the trade date (T+1), from two business days after the trade date (T+2), are progressing in Europe.

Looking ahead to an environment marked by geopolitical uncertainties, shifting global dynamics and the risk of increasing regulatory fragmentation, we are convinced that our prudent adaptations in a dynamic environment and our diversified business model put us in a solid position to absorb upcoming changes to the regulatory framework.

› Refer to the "Regulatory and legal developments" section of this report for more information

Regulatory and legal developments

Developments in Switzerland

In June 2025, the Swiss Federal Council published regulatory proposals that aim to further strengthen banking stability in Switzerland. Proposed measures to be submitted to the Swiss Parliament for enactment would exclude from common equity tier 1 (CET1) capital investments in foreign subsidiaries of systemically important banks (SIBs), include additional requirements for the recovery and resolution of SIBs, add measures to increase the potential for obtaining liquidity via the Swiss National Bank (the SNB), introduce a Senior Managers Regime for banks, and provide additional powers for the Swiss Financial Market Supervisory Authority (FINMA).

Proposed measures at the ordinance level would exclude capitalized software and deferred tax assets (DTAs) on temporary differences from CET1 capital, add stricter requirements for prudential valuation adjustments (PVAs) of assets and liabilities, require suspension of interest payments for additional tier 1 (AT1) capital instruments in the event of a cumulative loss over four quarters, and introduce measures that aim to enable FINMA and other authorities to better assess the situation of banks in a liquidity crisis. The Swiss Federal Council has proceeded towards implementation of these recommendations through several legislative and regulatory packages.

A public consultation on proposed measures at the ordinance level ended in September 2025. The Swiss Federal Council is expected to publish final amendments to the ordinance in the first half of 2026, with entry into force not expected before January 2027.

A separate public consultation on proposed legislative amendments to capital requirements related to foreign subsidiaries ended in January 2026. The proposed changes would require the deduction of investments in foreign subsidiaries of SIBs from CET1 capital. The proposal states that the amendments would enter into force in 2028, at the earliest, starting with a 65% deduction requirement in the first year and increasing to 100% by 5-percentage-point increments each year over seven years. The Swiss Federal Council is expected to submit its proposal to the Swiss Parliament in the first half of 2026.

The Swiss Federal Council is also expected to launch consultations on additional legislative measures in the summer of 2026, including incremental requirements for the recovery and resolution plans of SIBs, measures aimed at increasing the potential for obtaining liquidity via the SNB, the introduction of an enhanced accountability framework for senior managers of banks, and the provision of additional powers for FINMA. Following the consultation, these measures are expected to be submitted to the Parliament in the first half of 2027, with entry into force expected in 2028 or 2029. In addition, a public consultation on amendments to the Liquidity Ordinance is expected to be launched in the summer of 2026. The proposals are expected to set minimum requirements for maintaining borrowing capacity for emergency liquidity assistance.

Estimated incremental capital from proposed changes to the capital framework

We currently estimate that UBS AG would be required to hold additional CET1 capital of around USD 22bn if all capital measures were implemented as proposed by the Swiss Federal Council. This estimate includes around USD 20bn related to the full deduction of UBS AG's investments in foreign subsidiaries, of which approximately USD 6bn would be required at the start of the proposed phase-in period, and around USD 3bn from the potential deduction of DTAs on temporary differences, capitalized software and PVAs.

The incremental CET1 capital of USD 22bn at UBS AG would increase UBS Group AG's CET1 capital ratio to around 18.5%, calculated from its target ratio of around 14%. The proposed measures related to DTAs on temporary differences, capitalized software and PVAs would eliminate around USD 11bn of net CET1 capital at UBS Group AG, which, as a result of this elimination, would reduce the estimated CET1 capital ratio for the Group from 18.5% to 16.5%.

This current estimated incremental capital of USD 22bn resulting from the proposed changes in Swiss capital requirements would be on top of the additional capital UBS is required to hold as a result of the acquisition of the Credit Suisse Group. This includes around USD 9bn to remove the regulatory concessions granted to Credit Suisse and around USD 6bn to meet the progressive add-on due to the increased leverage ratio denominator (LRD) and higher market share of the combined business. The phase-in of the capital requirements relating to the increases in LRD and market share commenced on 1 January 2026 and will be completed by 1 January 2030.

Altogether, if the proposed changes by the Swiss Federal Council were adopted as proposed, UBS would be required to hold around USD 37bn in additional CET1 capital.

These estimates have been calculated based on our balance sheet at 31 December 2025, assume that all capital measures are adopted as currently proposed and use an assumed CET1 capital ratio of 12.5% for UBS AG, the lower end of our target range of 12.5–13.0%, and 14.0% for UBS Group overall. The estimates also reflect capital repatriations of USD 3bn from UK subsidiaries planned for 2026.

The estimate of UBS AG's incremental capital requirements at 31 December 2025 is around USD 2bn lower than the estimate of USD 24bn we published on 6 June 2025 in response to the Swiss Federal Council proposal, which was based on our first quarter 2025 balance sheet, (and USD 4bn lower than the estimate of USD 26bn based on UBS AG's target capital ratio of 12.5%). The reduction primarily results from accelerated repatriation of capital from UBS AG subsidiaries enabled by the rapid wind-down of Non-core and Legacy, timely and successful execution of our integration plans, and, in the case of the US, improving profitability expectations and improvements in our most recent Internal Capital Adequacy Assessment Process (ICAAP) and Dodd-Frank Act Stress Test (DFAST) results.

UBS AG's CET1 capital ratio of 14.2% at 31 December 2025 reflects these accelerated capital repatriations. As previously communicated, we expect UBS AG's CET1 capital ratio to remain above our target levels in the near term, mainly due to leverage ratio considerations driven by the weakening of the US dollar.

UBS's position

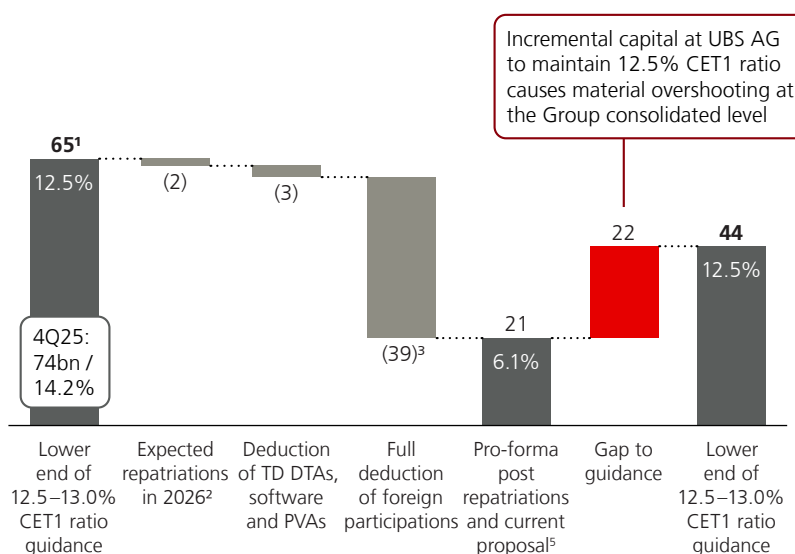
UBS has submitted responses to the consultations on the proposed measures at the ordinance level and on legislative amendments. UBS overall supports the Swiss Federal Council's objective of drawing lessons from the Credit Suisse crisis and strengthening the regulatory framework with targeted, proportionate and internationally aligned measures. However, the proposed full deduction of foreign subsidiaries from CET1 capital clearly does not meet these criteria and is excessive. In addition, UBS has outlined that the proposed regulatory treatment of capitalized software, DTAs on temporary differences and PVAs is a combination of the maximum requirements of various jurisdictions and does not give due consideration to the ultimate impact of the overall package, comparisons to the capital regimes in peer countries or the cost of such extreme measures. Switzerland already has one of the strictest regulatory capital regimes, with substantial progressive capital surcharges and a conservative and early implementation of the final Basel III rules. The Swiss Federal Council's proposals would significantly increase the requirements and would contrast sharply with developments across Europe, and in the US, which have proposed, or are expected to implement, less restrictive capital regimes.

Updated assessment of proposed changes to the Swiss capital framework

CET1, USD bn; % is CET1 capital ratio

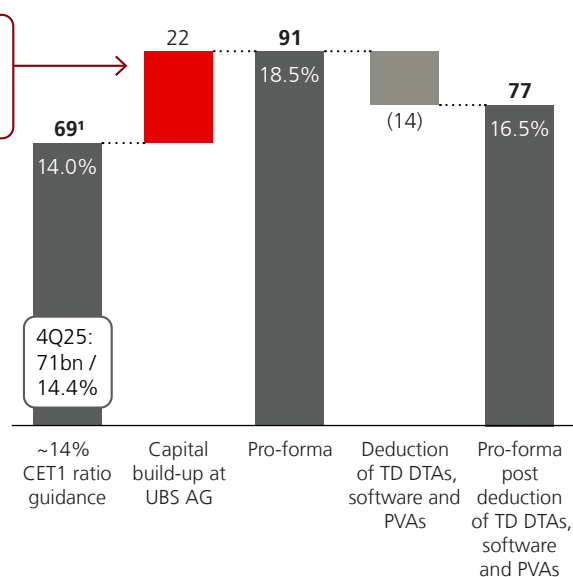
UBS AG, standalone

4Q25



UBS Group AG, consolidated

4Q25



RWA, USD bn

523	(12)	(3)	(158) ⁴	351	351	493	493	(23)	470
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Net CET1 capital impact, USD bn

	(3)	(20)						(11)	
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Pro-forma figures based on UBS Group AG consolidated and UBS AG standalone CET1 capital ratio guidance and assume proposed measures are fully applied. **1** Implied CET1 capital to operate at CET1 capital ratio guidance levels based on 4Q25 RWA. **2** USD ~3bn of currently expected capital repatriations from UK subsidiaries in 2026, subject to customary regulatory approval, freeing up USD ~1.5bn of CET1 capital at the UBS AG standalone level under the current capital regime, which could be upstreamed to UBS Group AG. **3** Reflects USD 42.4bn of CET1 from foreign participations as of 4Q25, adjusted for USD ~3bn of currently expected repatriations from UK subsidiaries in 2026. **4** Reflects USD 169.6bn of RWA from foreign participations as of 4Q25, adjusted for USD ~3bn of currently expected repatriations from UK subsidiaries in 2026, reducing RWA by USD ~12bn. **5** Excludes USD ~1bn knock-on impact from UBS Switzerland AG due to the deduction of capitalized software and PVAs from CET1 capital, reducing its dividend-paying capacity.

FINMA resolution report on UBS

In September 2025, FINMA published its 2025 resolution report on UBS related to the 2024 fiscal year. FINMA concluded that UBS remains resolvable under UBS's existing preferred resolution strategy, which includes a recapitalization via a bail-in at the Group holding company level.

› Refer to "Recovery and resolution" in the "Regulation and supervision" section of this report for more information

Developments related to the implementation of the final Basel III standards

In Switzerland, the amendments to the Capital Adequacy Ordinance (the CAO) that incorporate the final Basel III standards into Swiss law entered into force on 1 January 2025. The adoption of the final Basel III standards led to a similar impact on UBS AG consolidated as on UBS Group, with a USD 8.6bn reduction in UBS AG's RWA. A USD 6.5bn increase in market risk RWA resulting from the implementation of the Fundamental Review of the Trading Book (the FRTB) framework was more than offset by a USD 9.0bn reduction in operational risk RWA and a USD 6.1bn reduction in credit and counterparty credit risk RWA. The output floor, which is being phased in until 2028, is currently not binding for the UBS AG. The final Basel III implementation in Switzerland had a cumulative net impact on UBS AG of adding around USD 60bn of RWA since UBS started preparing for its adoption with a series of model updates and methodology changes over the last ten years.

In January 2026, the Prudential Regulation Authority (the PRA) published its final policy statements implementing the Basel 3.1 standards in the UK. Implementation remains set for 1 January 2027, with full phase-in by 1 January 2030, except for the implementation of the internal model approach for market risk (the FRTB Internal Model Approach), which has been postponed to 1 January 2028. The FRTB regulation for standardized and advanced standardized approaches will apply from 1 January 2027. The impact of the UK Basel 3.1 regulations on UBS is expected to be immaterial.

In the EU, the final Basel III requirements became applicable as of 1 January 2025, except for the FRTB regulation, the implementation of which has been delayed until 1 January 2027, as confirmed by the European Commission (the EC) in September 2025. In addition, the EC conducted a public consultation, concluded in January 2026, on policy options to temporarily mitigate negative impacts stemming from the absence of a level playing field with regard to the implementation of FRTB rules. UBS Europe SE is subject to Basel III regulations in the EU. The impact on UBS can only be determined once the EC publishes its final decision.

In the US, banking agencies, including the Federal Reserve Board, have been discussing amendments to their original proposals regarding the implementation of the final Basel III standards. We expect that a re-proposal will be issued in the first half of 2026. UBS Americas Holding LLC is subject to the US requirements. The impact on UBS can only be determined once the US publishes its final rules.

US supervisory changes

In August 2025, the Federal Reserve Board reduced the stress capital buffer (the SCB) of UBS Americas Holding LLC, our US-based intermediate holding company, to 5.2%, from 9.3%, applicable from 1 October 2025 under the Federal Reserve Board's SCB rule, resulting in a total CET1 capital requirement of 9.7%. The SCB for UBS Americas Holding LLC is derived from the results of the Federal Reserve Board's 2025 DFAST released in June 2025.

Earlier in 2025, the Federal Reserve Board proposed measures to reduce the volatility of the SCB requirements by averaging the capital stress test results from the past two years, with the aim of making capital planning more predictable for banks. In addition, the Federal Reserve Board proposed moving the effective date for the annual SCB updates from 1 October to 1 January to allow more time to meet the new requirements. We expect the final rules to be published in the first half of 2026.

US federal banking agencies have undertaken several initiatives to reform supervisory standards with the stated objective of prioritizing material financial risks. In October 2025, the Federal Deposit Insurance Corporation (the FDIC) and the Office of the Comptroller of the Currency (the OCC) issued two proposals. The first proposal aims to clarify supervisory standards regarding the circumstances under which a deficiency would rise to the level of a supervisory finding or enforcement action. The second proposal would prohibit examiners from criticizing or taking adverse action on the basis of reputational risk. In November 2025, the Federal Reserve Board released a statement of supervisory operating principles that outlines objectives for supervision, expressing its focus on material financial risks over process-based concerns. The Federal Reserve Board has also finalized a rule to amend its supervisory rating framework for large bank holding companies. Under the rule, which became effective on 16 January 2026, the Federal Reserve Board will take a more holistic approach in determining whether it considers covered companies to be well managed. The impact of these will depend on the implementation by examination staff at these agencies.

In addition, in August 2025, a presidential executive order directed the US federal banking agencies to identify supervised institutions that have previously engaged or are currently engaged in "politicized or unlawful debanking", which the order defined as restrictions on access to financial services based on a customer's political or religious beliefs or lawful business activities. In December 2025, the OCC released preliminary findings from its supervisory review of debanking activities at the nine largest national banks that it supervises. The OCC determined that the banks had policies or practices that limited access to banking services for certain customers and has recommended documentation of individualized, objective, risk-based analyses for any decision to restrict access to banking services. The full impact of this issue will be dependent on the outcome of ongoing debanking reviews of the OCC and other federal banking agencies.

In January 2026, the OCC issued a conditional approval for UBS Bank USA's application to become a national bank.

Developments related to environmental, social and governance matters, and sustainable finance

Developments in the EU to simplify regulations regarding environmental, social and governance matters

In February 2025, the EC published proposals to simplify the requirements of the Corporate Sustainability Reporting Directive (the CSRD), the reporting requirements under the Taxonomy Regulation and the Corporate Sustainability Due Diligence Directive (the CSDDD), with a view to reducing the reporting and regulatory burden, in particular for small and medium-sized enterprises, and to enhancing the EU's competitiveness. In April 2025, EU legislators approved the directive, delaying certain application dates of the CSRD and the CSDDD, with that directive entering into force on 17 April 2025.

In July 2025, the EC adopted amendments to the European Sustainability Reporting Standards (the ESRS) to allow wave one companies subject to CSRD reporting to omit certain of the ESRS disclosures for the 2025 and 2026 financial years. Also in July 2025, the EC adopted final measures to simplify the disclosure requirements under Art. 8 of the EU Taxonomy Regulation.

In July 2025, Germany's Federal Ministry of Justice and Consumer Protection published a new draft bill to implement the CSRD. While legislative steps were taken, full enactment before 31 December 2025, for application to the 2025 financial year, has not taken place. As a result, CSRD reporting was not made mandatory in Germany for the 2025 financial year for large companies that are subject to wave one reporting requirements of the CSRD, which would have included UBS AG (having selected Germany as its EU home member state under the EU Transparency directive).

In December 2025, EU legislators reached a final agreement on proposals to simplify the requirements of the CSRD and the CSDDD. The agreement provides for a significantly reduced scope of application of both the CSRD and the CSDDD, while maintaining their extra-territorial application. Companies within the scope of the CSDDD will be required to take a risk-based approach when conducting due diligence and will no longer have to adopt a transition plan for climate change mitigation. EU Member States will have to transpose the revised CSRD into national law within the 12 months following its entry into force, which is expected in the first quarter of 2026. With regard to the CSDDD, the transposition deadline has been further postponed until July 2028, with compliance to be achieved by July 2029. UBS AG and UBS Europe SE, would remain within the scope of the revised CSRD and become subject to CSRD reporting once Germany has transposed this directive. We are assessing the expected impact of scope changes of the revised CSDDD.

On 1 January 2026, simplification measures to the reporting requirements under Art. 8 of the EU Taxonomy Regulation became effective. Companies have the option of implementing the changes for the 2025 financial year or the 2026 financial year. The measures aim to reduce the burden and costs of taxonomy reporting for companies pending the completion of the comprehensive review of the EU Taxonomy Regulation and related reporting rules in 2026. UBS is applying the changes to the taxonomy reporting of UBS AG standalone and UBS Europe SE consolidated for the 2025 financial year.

› Refer to the “Sustainability statement” section of the **UBS AG Annual Report 2025 (for filing in the EU)**, available under “Annual reporting” at ubs.com/investors, for more information

US climate disclosure requirements

In March 2025, the US Securities and Exchange Commission (the SEC) announced that it would end its legal defense of its 2024 climate disclosure regulation. The implementation of the regulation had previously been suspended by the SEC as a result of legal challenges. Certain US states have adopted or intend to adopt specific state-level climate risk disclosure requirements for companies operating in their respective states. UBS will monitor these developments to assess impact as rules are finalized.

The Swiss Federal Council pauses the revision of the Ordinance on Climate Disclosures

In June 2025, the Swiss Federal Council decided to pause the revision of the Ordinance on Climate Disclosures until the approval of the ongoing revision of the overarching legislation on sustainability reporting in the Swiss Code of Obligations or until 1 January 2027, at the latest.

Changes to the UK senior management function and material risk taker compensation schemes

In October 2025, the Prudential Regulation Authority and Financial Conduct Authority adopted changes to their regulations on the compensation of senior managers and material risk takers. The revised regulations generally reduce the portion of incentive compensation subject to mandatory deferral, reduce the mandatory deferral periods for incentive compensation to a uniform four years, eliminate post-vesting blocked periods and permit awards to accrue interest and dividends. Changes are generally effective immediately and companies may elect to apply certain elements of the revised requirements to awards in the current compensation year, as well as to outstanding deferred incentive compensation plans. UBS is assessing the changes and the related impacts.

Mutual recognition agreement with the UK approved by the Swiss Parliament

In March 2025, the Swiss Parliament approved the Berne Financial Services Agreement (the BFSA) with the UK, which facilitates cross-border financial activities based on a new model for regulatory cooperation and outcomes-based mutual recognition of domestic rules. The BFSA is supplemented by an enhanced and closer supervisory process and additional supervisory arrangements where new market access is granted. Regulations to implement the BFSA in the UK were submitted to UK Parliament in July 2025 and entered into force on 1 January 2026.

Digital assets and artificial intelligence

Developments related to digital assets

In October 2025, the Swiss Federal Council launched a consultation on proposed amendments to the Financial Institutions Act aimed at improving the framework conditions for market development, the attractiveness of the Swiss financial center and the integration of innovative financial technologies into the existing financial system. The proposal introduces two new license categories: a payment instrument institution (PII) license, which would allow the holder to issue a 1:1-backed, single currency regulated stablecoin; and a crypto-institution (CI) license to provide cryptocurrency services, including staking, custody and trading. Under the proposal, banks would need to have a separate PII-licensed entity to issue a regulated stablecoin. However, existing banking licenses would allow banks to conduct CI services. The Swiss Federal Council plans to submit a draft bill to the Swiss Parliament, likely by the end of 2026. Separately, the Swiss Parliament decided in November 2025 to postpone debate on the national implementation of the Crypto Asset Reporting Framework, issued by the Organisation for Economic Co-operation and Development, pushing implementation beyond 2026. In September 2025, FINMA issued guidance on the disclosure of crypto-based assets in the annual financial statements of banks and securities firms.

In the US, the Guiding and Establishing National Innovation for US Stablecoins Act (the GENIUS Act) was signed into law in July 2025, establishing a federal framework for stablecoin issuers. The banking agencies and the US Treasury are now working to implement the law. In January 2025, a presidential executive order (an EO) was issued to promote the growth and use of US digital assets. Federal agencies have taken some actions in response to the EO and the final report issued following the EO, including the SEC rescinding its Staff Accounting Bulletin 121.

The Bank of England (the BoE) published a consultation in November 2025 on a regulatory framework for sterling-denominated systemic stablecoins. The BoE sets out a proposed prudential and supervisory regime for non-bank issuers of stablecoins deemed "systemic". The final rules and supervisory approach are expected in the second half of 2026.

Developments related to artificial intelligence

In February 2025, the Swiss Federal Council decided on its approach to regulating artificial intelligence (AI) in Switzerland, formally clarifying that a general cross-sector AI law will not be adopted. Under this approach, the Council of Europe's Framework Convention on Artificial Intelligence will be incorporated into Swiss law, and adjustments to existing laws should be sector specific. Only key areas relevant to fundamental rights, such as data protection, will be subject to general, cross-sectoral regulation. The government will draft a bill for consultation to implement the Framework Convention on Artificial Intelligence by the end of 2026. Separately, non-legally binding measures will be proposed by the end of 2026.

Risk factors

Certain risks, including those described below, may affect our ability to execute our strategy or our business activities, financial condition, results of operations and prospects. We are inherently exposed to multiple risks, many of which may become apparent only with the benefit of hindsight. As a result, risks that we do not consider to be material, or of which we are not currently aware, could also adversely affect us. Within each category, the risks that we consider to be most material are presented first.

Strategy, management and operational risks

Substantial changes in regulation may adversely affect our businesses and our ability to execute our strategic plans

We are subject to significant regulatory requirements, including capital and liquidity, legal structure requirements, recovery and resolution planning, new and revised market standards and fiduciary duties, as well as new and developing environmental, social and governance (ESG) standards and requirements. In addition, measures adopted or proposed for banking and other regulation differ significantly across the major jurisdictions, making it increasingly difficult to manage a global institution. Regulatory reviews of the events leading to the failures of US banks and the acquisition of Credit Suisse by UBS Group AG in 2023, as well as regulatory measures to complete the implementation of the Basel III standards, may increase capital, liquidity and other requirements applicable to banks, including UBS AG. Swiss regulatory changes with regard to such matters as capital and liquidity have often proceeded more quickly than those in other major jurisdictions, and Switzerland's requirements for major international banks are among the strictest of the major financial centers. Switzerland has implemented the final Basel III requirements effective 1 January 2025, while implementation in other jurisdictions, including the United States, the EU and the UK, remains uncertain.

In June 2025, the Swiss Federal Council published for consultation proposed amendments to the Swiss Capital Adequacy Ordinance. As currently proposed, such amendments would become effective in January 2027. In September 2025, the Swiss Federal Council began a second public consultation on legislative amendments to capital requirements related to foreign subsidiaries, which are intended to become effective in 2028, at the earliest, and are expected to be phased in over a period of six to eight years. The Swiss Federal Council is expected to publish for consultation, in the first half of 2026, the remainder of the legislative changes implementing the recommendations from the review. The capital measures proposed by the Swiss Federal Council, if adopted as proposed, would require significant additional capital at UBS AG. Increased capital or liquidity requirements would put us at a disadvantage when competing with peer financial institutions subject to lower capital or liquidity requirements.

Our implementation of additional regulatory requirements and changes in supervisory standards, as well as our compliance with existing laws and regulations, has entailed significant implementation and ongoing costs and continues to receive heightened scrutiny from supervisors. If we do not meet supervisory expectations in relation to these or other matters, or if additional supervisory or regulatory issues arise, we would likely be subject to further regulatory scrutiny, as well as measures that may constrain our strategic flexibility.

Resolvability and resolution and recovery planning: We have moved significant operations into subsidiaries to improve resolvability and meet other regulatory requirements, and this has resulted in substantial implementation costs, increased our capital and funding costs and reduced operational flexibility. For example, we have transferred all of our US subsidiaries under a US intermediate holding company to meet US regulatory requirements and have transferred substantially all the operations of Personal & Corporate Banking booked in Switzerland to UBS Switzerland AG to improve resolvability.

These changes create operational, capital, liquidity, funding and tax inefficiencies. Our operations in subsidiaries are subject to local capital, liquidity, stable funding, capital planning and stress testing requirements. These requirements have resulted in increased capital and liquidity requirements in affected subsidiaries, which limit our operational flexibility and negatively affect our ability to benefit from synergies between business units and to distribute earnings to the Group.

Under the Swiss too-big-to-fail (TBTF) framework, we are required to put in place a viable emergency plan to preserve the operation of systemically important functions in the event of a failure. Moreover, under this framework and similar regulations in the US, the UK, the EU and other jurisdictions in which we operate, we are required to prepare credible recovery and resolution plans detailing the measures that would be taken to recover in a significant adverse event or in the event of winding down the Group, UBS AG or the operations in a host country through resolution or insolvency proceedings. If a recovery or resolution plan that we produce is determined by the relevant authority to be inadequate or not credible, relevant regulation may permit the authority to place limitations on the scope or size of our business in that jurisdiction, or oblige us to hold higher amounts of capital or liquidity or to change our legal structure or business in order to remove the relevant impediments to resolution.

The authorities in Switzerland and internationally have published lessons learned from the Credit Suisse and the US regional bank failures, which are expected to result in additional requirements regarding recovery and resolution planning as well as early intervention tools for authorities. In September 2025, FINMA published its 2025 resolution report on UBS related to the 2024 fiscal year and FINMA concluded that UBS remains resolvable under UBS's existing preferred resolution strategy. However, given the lessons learned from the Credit Suisse crisis, FINMA also determined that the Swiss emergency plan of UBS – although largely compliant with the current legal requirements – requires further development, in particular better integration into UBS's global resolution plan, to meet the objective of maintaining systemically important functions while also safeguarding financial stability at the international level. Due to the ongoing integration of Credit Suisse into UBS, FINMA has refrained from assessing UBS's recovery plan, which outlines measures that aim to restore financial strength if UBS should come under severe capital or liquidity stress. We expect to make adjustments to our resolution plans to reflect additional guidance from FINMA and may be required to make further adjustments to reflect any changes to law that are enacted.

Increases in capital and changes in liquidity requirements may, in the aggregate require us to maintain significantly higher levels of capital, which may have an effect on our ability to achieve our strategic plans, to meet ambitions for return on capital, and to achieve our ambitions for capital returns to shareholders. Significantly higher capital or liquidity requirements applied to the UBS Group or UBS AG relative to competitors in Switzerland or abroad may affect UBS's ability to compete with firms subject to less stringent capital requirements and increase UBS's costs to serve customers.

Market regulation and fiduciary standards: Our businesses operate in an environment of increasing regulatory scrutiny and changing standards with respect to fiduciary and other standards of care and the focus on mitigating or eliminating conflicts of interest between a manager or advisor and the client, which require effective implementation across the global systems and processes of investment managers and other industry participants. Future changes in the regulation of our duties to customers, including any potential changes to banking examination and oversight practices and standards as a result of interpretations of law, may require us to make further changes to our businesses, which would result in additional expense and may adversely affect our business. We may also become subject to other similar regulations substantively limiting the types of activities in which we may engage or the way we conduct our operations.

In many instances, we provide services on a cross-border basis, and we are therefore sensitive to barriers restricting market access for third-country firms. In particular, efforts in the EU to harmonize the regime for third-country firms to access the European market may have the effect of creating new barriers that adversely affect our ability to conduct business in these jurisdictions from Switzerland. In addition, a number of jurisdictions are increasingly regulating cross-border activities based on determinations of equivalence of home country regulation, substituted compliance or similar principles of comity. A negative determination with respect to Swiss equivalence could limit our access to the market in those jurisdictions and may negatively influence our ability to act as a global firm.

UBS's acquisition of Credit Suisse Group AG exposes UBS AG to heightened litigation risk and regulatory scrutiny and entails significant additional costs, liabilities and business integration risks

UBS Group AG acquired Credit Suisse Group AG under exceptional circumstances and the continued outflows and deteriorating overall financial position of Credit Suisse, in order to avert a failure of Credit Suisse and thus damage to the Swiss financial center and to global financial stability. The acquisition was effected through a merger of Credit Suisse Group AG with and into UBS Group AG, with UBS Group AG succeeding to all assets and all liabilities of Credit Suisse Group AG, becoming the direct or indirect shareholder of the former Credit Suisse Group AG's direct and indirect subsidiaries. Therefore, on a consolidated basis, all assets, risks and liabilities of the Credit Suisse Group became a part of UBS. This includes all ongoing and future litigation, regulatory and similar matters arising out of the business of the Credit Suisse Group, thereby materially increasing UBS's exposure to litigation and regulatory risks. UBS, including UBS AG, has, and expects to continue to, incur substantial costs to manage and resolve litigation, regulatory and other issues arising from Credit Suisse. In addition to the litigation and regulatory risks inherited from Credit Suisse Group AG, various legal challenges to the acquisition transaction have been brought by former securityholders of Credit Suisse Group AG. Former Credit Suisse shareholders have brought claims challenging the amount of merger consideration received and seeking a valuation under the Swiss Merger Act. Former holders of Credit Suisse additional tier 1 capital instruments have brought claims seeking a determination that FINMA's order directing Credit Suisse Group AG to write down such instruments was unauthorized and unlawful. In a partial ruling, the Swiss Federal Administrative Court has ruled that FINMA's order was unlawful without addressing any potential remedy. This ruling has been appealed by FINMA and by UBS to the Swiss Federal Supreme Court. Although UBS believes these claims are without merit, a final adverse decision in any of these matters could be material to UBS AG.

UBS AG has also incurred and expects to continue to incur costs to manage other issues arising from Credit Suisse. This includes substantial resources in connection with our voluntary review of historical records relating to Credit Suisse's World War II-era conduct.

We have incurred and will continue to incur, substantial integration and restructuring costs as we combine the operations of UBS and Credit Suisse. In addition, we may not realize all of the expected cost reductions and other benefits of the transaction. We may not be able to successfully execute our strategic plans or to achieve the expected benefits of the acquisition of the Credit Suisse Group. The success of the transaction, including anticipated benefits and cost savings, will depend, in part, on the ability to successfully complete the integration of the operations of both firms rapidly and effectively, while maintaining stability of operations and high levels of service to customers of the combined franchise.

Our ability to complete the integration of Credit Suisse will depend on a number of factors, some of which are outside of our control, including our ability to:

- combine the operations of the two firms in a manner that preserves client service, simplifies infrastructure and results in operating cost savings, including successful completion of the transfer of clients from legacy Credit Suisse platforms to UBS platforms in Switzerland, our largest booking center;
- maintain deposits and client invested assets in our Global Wealth Management division and in Switzerland, and to attract additional deposits and invested assets to the combined firm;
- achieve cost reductions at the levels and in the timeframe we plan;
- enhance, integrate and, where necessary, remediate risk management and financial control and other systems and frameworks;
- complete the simplification of the legal structure of the combined firm in an expedited manner, including obtaining regulatory approvals and licenses required to implement these changes;
- complete the wind-down of the assets and liabilities in our Non-core and Legacy division and release capital and resources for other purposes;
- decommission the information technology and other legacy Credit Suisse operational infrastructure to simplify our infrastructure, reduce operational complexity and lower our operating expenses; and
- resolve outstanding litigation, regulatory and similar matters, including matters relating to Credit Suisse, on terms that are not significantly adverse to us, as well as to successfully remediate outstanding regulatory and supervisory matters and meet other regulatory commitments.

The level of success in the absorption of Credit Suisse, in the integration of the two groups and their businesses, the execution of cost reductions and divestment of non-core assets, as well as resulting impairments and write-downs, may impact the operational results, share price and the credit rating of UBS entities. The combined Group will be required to devote significant management attention and resources to integrating its business practices and support functions. The diversion of management's attention and any delays or difficulties encountered in connection with the transaction and the coordination of the two companies' operations could have an adverse effect on the business, financial results, financial condition or the share price of the combined Group following the transaction.

Our reputation is critical to our success

Our reputation is critical to the success of our strategic plans, business and prospects. Reputational damage is difficult to reverse, and improvements tend to be slow and difficult to measure. In the past, our reputation has been adversely affected by our losses during the 2008 financial crisis, investigations into our cross-border private banking services, criminal resolutions of London Interbank Offered Rates (LIBOR)-related and foreign exchange matters, as well as other matters. We believe that reputational damage as a result of these events was an important factor in our loss of clients and client assets across our asset-gathering businesses. The Credit Suisse Group was more recently subject to significant litigation and regulatory matters and to financial losses that adversely affected its reputation and the confidence of clients, which played a significant role in the events leading to the acquisition of the Credit Suisse Group in March 2023. These events, or new events that cause reputational damage, could have a material adverse effect on our results of operation and financial condition, as well as our ability to achieve our strategic goals and financial targets.

Operational risks affect our business

Our businesses depend on our ability to process a large number of transactions, many of which are complex, across multiple and diverse markets in different currencies, to comply with requirements of many different legal and regulatory regimes to which we are subject and to prevent, or promptly detect and stop, unauthorized, fictitious or fraudulent transactions. We also rely on access to, and on the functioning of, systems maintained by third parties, including clearing systems, exchanges, information processors and central counterparties. Any failure of our or third-party systems could have an adverse effect on us. These risks may be greater as we deploy newer technologies, such as blockchain, or processes, platforms or products that rely on these technologies. Our operational risk management and control systems and processes are designed to help ensure that the risks associated with our activities – including those arising from process error, failed execution, misconduct, unauthorized trading, fraud, system failures, financial crime, cyberattacks, breaches of information security, inadequate or ineffective access controls and failure of security and physical protection – are appropriately controlled. If our internal controls fail or prove ineffective in identifying and remedying these risks, we could suffer operational failures that might result in material losses. The acquisition of the Credit Suisse Group may elevate these risks, particularly during the first phases of integration, as the firms have historically operated under different procedures, IT systems, risk policies and structures of governance.

We use automation as part of our efforts to improve efficiency, reduce the risk of error and improve our client experience. We intend to expand the use of robotic processing, machine learning and artificial intelligence (AI) to further these goals. Use of these tools presents their own risks, including the need for effective design and testing; the quality of the data used for development and operation of machine learning and AI tools may adversely affect their functioning and result in errors and other operational risks.

Financial services firms have increasingly been subject to breaches of security and to cyber- and other forms of attack, some of which are sophisticated and targeted attacks intended to gain access to confidential information or systems, disrupt service or steal or destroy data, which may result in business disruption or the corruption or loss of data at UBS AG's locations or those of third parties. Cyberattacks by hackers, terrorists, criminal organizations, nation states and extremists have also increased in frequency and sophistication. Current geopolitical tensions have also led to increased risk of cyberattack from foreign state actors. In particular, the Russia-Ukraine war and the imposition of significant sanctions on Russia by Switzerland, the US, the EU, the UK and others has resulted and may continue to result in an increase in the risk of cyberattacks. Such attacks may occur on our own systems or on the systems that are operated by external service providers, may be attempted through the introduction of ransomware, viruses or malware, phishing and other forms of social engineering, distributed denial of service attacks and other means. These attempts may occur directly or using equipment or security passwords of our employees, third-party service providers or other users. Cybersecurity risks also have increased due to the widespread use of digital technologies, cloud computing and mobile devices to conduct financial business and transactions, as well as due to generative AI, which increases the capabilities of adversaries to mount sophisticated phishing attacks, for example, through the use of deepfake technologies, and presents new challenges to the protection of our systems and networks and the confidentiality and integrity of our data. In addition to external attacks, we have experienced loss of client data from failure by employees and others to follow internal policies and procedures and from misappropriation of our data by employees and others.

We may not be able to anticipate, detect or recognize threats to our systems or data and our preventative measures may not be effective to prevent an attack or a security breach. In the event of a security breach, notwithstanding our preventative measures, we may not immediately detect a particular breach or attack. The acquisition of the Credit Suisse Group may elevate and intensify these risks, as would-be attackers have a larger potential target in the combined bank and differences in systems, policies, and platforms could make threat detection more difficult. In addition, the implementation of the large-scale technological change program that is necessary to integrate the combined bank's systems at pace may also result in increased risks. Once a particular attack is detected, time may be required to investigate and assess the nature and extent of the attack, and to restore and test systems and data. If a successful attack occurs at a service provider, as we have recently experienced, we may be dependent on the service provider's ability to detect the attack, investigate and assess the attack and successfully restore the relevant systems and data. A successful breach or circumvention of security of our or a service provider's systems or data could have significant negative consequences for us, including disruption of our operations, misappropriation of confidential information concerning us or our clients, damage to our systems, financial losses for us or our clients, violations of data privacy and similar laws, litigation exposure, and damage to our reputation. We may be subject to enforcement actions as regulatory focus on cybersecurity increases and regulators have announced new rules, guidance and initiatives on ransomware and other cybersecurity-related issues.

We are subject to complex and frequently changing laws and regulations governing the protection of client and personal data, such as the EU General Data Protection Regulation. Ensuring that we comply with applicable laws and regulations when we collect, use and transfer personal information requires substantial resources and may affect the ways in which we conduct our business. In the event that we fail to comply with applicable laws, we may be exposed to regulatory fines and penalties and other sanctions. We may also incur such penalties if our vendors or other service providers or clients or counterparties fail to comply with these laws or to maintain appropriate controls over protected data. In addition, any loss or exposure of client or other data may adversely damage our reputation and adversely affect our business.

A major focus of US and other countries' governmental policies relating to financial institutions in recent years has been on fighting money laundering and terrorist financing. We are required to maintain effective policies, procedures and controls to detect, prevent and report money laundering and terrorist financing, and to verify the identity of our clients under the laws of many of the countries in which we operate. We are also subject to laws and regulations related to corrupt and illegal payments to government officials by others, such as the US Foreign Corrupt Practices Act and the UK Bribery Act. We have implemented policies, procedures and internal controls that are designed to comply with such laws and regulations. Failure to maintain and implement adequate programs to combat money laundering, terrorist financing or corruption, or any failure of our programs in these areas, could have serious consequences both from legal enforcement action and from damage to our reputation. Frequent changes in sanctions imposed and increasingly complex sanctions imposed on countries, entities and individuals, as exemplified by the breadth and scope of the sanctions imposed in relation to the war in Ukraine, increase our cost of monitoring and complying with sanctions requirements and increase the risk that we will not identify in a timely manner client activity that is subject to a sanction.

As a result of new and changed regulatory requirements and the changes we have made in our legal structure, the volume, frequency and complexity of our regulatory and other reporting has remained elevated. Regulators have also significantly increased expectations regarding our internal reporting and data aggregation, as well as management reporting. We have incurred, and continue to incur, significant costs to implement infrastructure to meet these requirements. Failure to meet external reporting requirements accurately and in a timely manner or failure to meet regulatory expectations of internal reporting, data aggregation and management reporting could result in enforcement action or other adverse consequences for us.

In addition, despite the contingency plans that we have in place, our ability to conduct business may be adversely affected by a disruption in the infrastructure that supports our businesses and the communities in which we operate. This may include a disruption due to natural disasters, pandemics, civil unrest, war or terrorism and involve electrical, communications, transportation or other services that we use or that are used by third parties with whom we conduct business.

We depend on our risk management and control processes to avoid or limit potential losses in our businesses

Controlled risk-taking is a major part of the business of a financial services firm. Some losses from risk-taking activities are inevitable, but, to be successful over time, we must balance the risks we take against the returns generated. Therefore, we must diligently identify, assess, manage and control our risks, not only in normal market conditions but also as they might develop under more extreme, stressed conditions, when concentrations of exposures can lead to severe losses.

We have not always been able to prevent serious losses arising from risk management failures and extreme or sudden market events. We recorded substantial losses on fixed-income trading positions in the 2008 financial crisis, in the unauthorized trading incident in 2011 and, more recently, positions resulting from the default of a US prime brokerage client. Credit Suisse has suffered very significant losses from the default of the US prime brokerage client and losses in supply chain finance funds managed by it, as well as other matters.

We regularly revise and strengthen our risk management and control frameworks to seek to address identified shortcomings. Nonetheless, we could suffer further losses in the future if, for example:

- we do not fully identify the risks in our portfolio, in particular risk concentrations and correlated risks;
- our assessment of the risks identified, or our response to negative trends, proves to be untimely, inadequate, insufficient or incorrect;
- our risk models prove insufficient to predict the scale of financial risks the bank faces;
- markets move in ways that we do not expect – in terms of their speed, direction, severity or correlation – and our ability to manage risks in the resulting environment is, therefore, affected;
- third parties to whom we have credit exposure or whose securities we hold are severely affected by events and we suffer defaults and impairments beyond the level implied by our risk assessment; or
- collateral or other security provided by our counterparties and clients proves inadequate to cover their obligations at the time of default.

We also hold legacy risk positions, primarily in Non-core and Legacy, that, in many cases, are illiquid and may deteriorate in value. The acquisition of the Credit Suisse Group and the integration of UBS AG with Credit Suisse AG have increased, materially, the portfolio of business that is outside of our risk appetite and subject to exit in the Non-core and Legacy segment.

We also manage risk on behalf of our clients. The performance of assets we hold for our clients may be adversely affected by the aforementioned factors. If clients suffer losses or the performance of their assets held with us is not in line with relevant benchmarks against which clients assess investment performance, we may suffer reduced fee income and a decline in assets under management, or withdrawal of mandates.

Investment positions, such as equity investments made as part of strategic initiatives and seed investments made at the inception of funds that we manage, may also be affected by market risk factors. These investments are often not liquid and generally are intended or required to be held beyond a normal trading horizon. Deteriorations in the fair value of these positions would have a negative effect on our earnings.

We may be unable to identify or capture revenue or competitive opportunities, or retain and attract qualified employees

The financial services industry is characterized by intense competition, continuous innovation, restrictive, detailed and sometimes fragmented regulation and ongoing consolidation. We face competition at the level of local markets and individual business lines and from global financial institutions that are comparable to us in their size and breadth, as well as competition from new technology-based market entrants, which may not be subject to the same level of regulation. Barriers to entry in individual markets and pricing levels are being eroded by new technology. We expect these trends to continue and competition to increase. Our competitive strength and market position could be eroded if we are unable to identify market trends and developments, do not respond to such trends and developments by devising and implementing adequate business strategies, do not adequately develop or update our technology, including our digital channels and tools and deployment of artificial intelligence, or are unable to attract or retain the qualified people needed.

The amount and structure of our employee compensation is affected not only by our business results but also by competitive factors and regulatory considerations.

In response to the demands of various stakeholders, including regulatory authorities and shareholders, and in order to better align the interests of our staff with other stakeholders, our compensation framework includes deferral periods for stock awards, forfeiture provisions and clawback provisions for certain awards linked to business performance. We also have individual caps on the proportion of fixed to variable pay for the members of the Executive Board (EB), as well as certain other employees. UBS is also required to maintain and enforce provisions requiring UBS to recover from EB members a portion of performance-based incentive compensation in the event that the UBS Group and UBS AG, or another entity with securities listed on a US national securities exchange, is required to restate its financial statements as a result of a material error.

Constraints on the amount or structure of employee compensation, high levels of deferral, performance conditions and other circumstances triggering the forfeiture of unvested awards may adversely affect our ability to retain and attract key employees, particularly where we compete with companies that are not subject to these constraints. The loss of key staff and the inability to attract qualified replacements could seriously compromise our ability to execute our strategy and to successfully improve our operating and control environment, and could affect our business performance. Swiss law requires that shareholders approve the compensation of the Board of Directors of UBS Group AG (the Group BoD) and the Group Executive Board (GEB) each year. If UBS Group AG's shareholders fail to approve the compensation for the GEB or the Group BoD, this could have an adverse effect on our ability to retain experienced directors and our senior management.

Our operating results, financial condition and ability to pay our obligations in the future may be affected by funding, dividends and other distributions received directly or indirectly from subsidiaries, which may be subject to restrictions

UBS AG's ability to pay its obligations in the future will depend on the level of funding, dividends and other distributions, if any, received from UBS Switzerland AG and other subsidiaries. The ability of such subsidiaries to make loans or distributions, directly or indirectly, to UBS AG may be restricted as a result of several factors, including restrictions in financing agreements and the requirements of applicable law and regulatory, fiscal or other restrictions. In particular, UBS AG's direct and indirect subsidiaries, including UBS Switzerland AG, UBS Americas Holding LLC, UBS Europe SE and Credit Suisse International, are subject to laws and regulations that require the entities to maintain minimum levels of capital and liquidity, that restrict dividend payments, that authorize regulatory bodies to block or reduce the flow of funds from those subsidiaries to UBS AG or that could affect their ability to repay any loans made to, or other investments in, such subsidiary by UBS AG or another member of the Group. Restrictions and regulatory actions could impede access to funds that UBS AG may need to meet its obligations, to pay dividends to shareholders or to repurchase our shares. In addition, UBS AG's right to participate in a distribution of assets upon a subsidiary's liquidation or reorganization is subject to all prior claims of the subsidiary's creditors.

Furthermore, UBS AG may guarantee some of the payment obligations of certain of the Group's subsidiaries from time to time. These guarantees may require UBS AG to provide substantial funds or assets to subsidiaries or their creditors or counterparties at a time when UBS AG is in need of liquidity to fund its own obligations.

Market, credit and macroeconomic risks

Performance in the financial services industry is affected by market conditions and the macroeconomic climate

Our businesses are materially affected by market and macroeconomic conditions. A market downturn and weak macroeconomic conditions can be precipitated by a number of factors, including geopolitical events, such as international armed conflicts, war, or acts of terrorism, the imposition of sanctions, global trade or global supply chain disruptions, including energy shortages and food insecurity, changes in monetary or fiscal policy, changes in trade policies or international trade disputes, significant inflationary or deflationary price changes, disruptions in one or more concentrated economic sectors, natural disasters, pandemics or local and regional civil unrest. Such developments can have unpredictable and destabilizing effects.

Adverse changes in interest rates, credit spreads, securities prices, market volatility and liquidity, foreign exchange rates, commodity prices, and other market fluctuations, as well as changes in investor sentiment, can affect our earnings and ultimately our financial and capital positions. As financial markets are global and highly interconnected, local and regional events can have widespread effects well beyond the countries in which they occur. Any of these developments may adversely affect our business or financial results.

In periods of significant market volatility, our businesses may experience a decrease in client activity levels and market volumes, which would adversely affect our ability to generate transaction fees and commissions, particularly in Global Wealth Management and the Investment Bank. A market downturn would likely reduce the volume and valuation of assets that we manage on behalf of clients, which would reduce recurring fee income that is charged based on invested assets, primarily in Global Wealth Management and Asset Management. Such a downturn could also cause a decline in the value of assets that we own and account for as investments or trading positions. In addition, reduced market liquidity or volatility may limit trading opportunities and therefore may reduce transaction-based income and may also impede our ability to manage risks.

Health emergencies, including pandemics and measures taken by governmental authorities to manage them, may have effects such as labor market displacements, supply chain disruptions, and inflationary pressures, and adversely affect global and regional economic conditions, resulting in contraction in the global economy, substantial volatility in the financial markets, crises in markets for goods and services, disruptions in real estate markets, increased unemployment, increased credit and counterparty risk, and operational challenges, as we saw with the COVID-19 pandemic. Such economic or market disruptions, including inflationary pressures, may lead to reduced levels of client activity and demand for our products and services, increased utilization of lending commitments, significantly increased client defaults, continued and increasing credit and valuation losses in our loan portfolios, loan commitments and other assets, and impairments of other financial assets.

Geopolitical events: US – China tensions, conflict in the Middle East, the continuing Russia–Ukraine war, as well as other geopolitical events may have significant impacts on global markets, exacerbate global inflationary pressures and slow global growth. In addition, the ongoing conflicts and other events may continue to cause significant population displacement, and lead to shortages of vital commodities, including energy shortages or significantly higher energy prices and food insecurity outside the areas immediately involved in armed conflict. Governmental responses to armed conflicts, including, with respect to the Russia–Ukraine war, coordinated successive sets of sanctions on Russia and Belarus, and Russian and Belarusian entities and nationals, and the uncertainty as to whether the ongoing conflicts will widen and intensify, may continue to have significant adverse effects on the market and macroeconomic conditions, including in ways that cannot be anticipated. If individual countries impose restrictions on cross-border payments or trade, or other exchange or capital controls, or change their currency, we could suffer adverse effects on our business, losses from enforced default by counterparties, be unable to access our own assets or be unable to effectively manage our risks.

We could be materially affected if a crisis develops, regionally or globally, as a result of disruptions in markets due to macroeconomic or political developments, trade restrictions, or the failure of a major market participant. Over time, our strategic plans have become more heavily dependent on our ability to generate growth and revenue in emerging markets, including China, causing us to be more exposed to the risks associated with such markets.

Global Wealth Management derives revenues from all the principal regions but has a greater concentration in Asia than many peers and a substantial presence in the US, unlike many European peers. The Investment Bank's business is more heavily weighted to Europe and Asia than our peers, while its derivatives business is more heavily weighted to structured products for wealth management clients, in particular with European and Asian underlyings. Our performance may therefore be more affected by political, economic and market developments in these regions and businesses than some other financial service providers.

The extent to which ongoing conflicts, current inflationary pressures and related adverse economic conditions affect our businesses, results of operations and financial condition, as well as our regulatory capital and liquidity ratios, will depend on future developments, including the effects of the current conditions on our clients, counterparties, employees and third-party service providers.

Our credit risk exposure to clients, trading counterparties and other financial institutions would increase under adverse or other economic conditions

Credit risk is an integral part of many of our activities, including lending, underwriting and derivatives activities. Adverse economic or market conditions, or the imposition of sanctions or other restrictions on clients, counterparties or financial institutions, may lead to impairments and defaults on these credit exposures. Losses may be exacerbated by declines in the value of collateral securing loans and other exposures. In our prime brokerage, securities finance and Lombard lending businesses, we extend substantial amounts of credit against securities collateral the value or liquidity of which may decline rapidly. Market closures and the imposition of exchange controls, sanctions or other measures may limit our ability to settle existing transactions or to realize on collateral, which may result in unexpected increases in exposures. Our Swiss mortgage and corporate lending portfolios are a large part of our overall lending. We are therefore exposed to the risk of adverse economic developments in Switzerland, including property valuations in the housing market, the strength of the Swiss franc and its effect on Swiss exports, low or negative interest rates applied by the Swiss National Bank, economic conditions within the Eurozone or the EU, and the evolution of agreements between Switzerland and the EU or European Economic Area, which represent Switzerland's largest export market. Although we believe this portfolio is prudently managed, we could nevertheless be exposed to losses if a substantial deterioration in the Swiss real estate market were to occur.

As we experienced in 2020, under the IFRS 9 expected credit loss (ECL) regime, credit loss expenses may increase rapidly at the onset of an economic downturn as a result of higher levels of credit impairments (stage 3), as well as higher ECL from stages 1 and 2. Substantial increases in ECL could exceed expected loss for regulatory capital purposes and adversely affect our common equity tier 1 (CET1) capital and regulatory capital ratios.

Interest rate trends and changes could negatively affect our financial results

UBS's businesses are sensitive to changes in interest rate trends. A prolonged period of low or negative interest rates, particularly in Switzerland and the Eurozone, adversely affected the net interest income generated by UBS's Personal & Corporate Banking and Global Wealth Management businesses prior to 2022. The return to a zero policy rate by the Swiss National Bank in 2025 has and, UBS AG expects, will continue to adversely affect our net interest income. Actions that UBS took in the 2022 period to mitigate adverse effects on income, such as the introduction of selective deposit fees or minimum lending rates, contributed to outflows of customer deposits, net new money outflows and a declining market share in its Swiss lending business.

Higher interest rates generally benefit UBS AG's net interest income. When interest rates increase substantially, returns on alternatives to deposits, such as returns on money market funds, may increase relative to deposit rates, leading to outflows of customer deposits and shifts of deposits from lower-interest account types to higher interest products, such as savings and certificates of deposit. Customer deposit outflows could require UBS AG to obtain alternative funding, which would likely be more costly than customer deposits.

Currency fluctuation may have an adverse effect on our profits, balance sheet and regulatory capital

We are subject to currency fluctuation risks as a substantial portion of our assets and liabilities are denominated in currencies other than UBS AG's presentation currency, the US dollar. In order to hedge our CET1 capital ratio, our CET1 capital must have foreign currency exposure, which leads to currency sensitivity. As a consequence, it is not possible to simultaneously fully hedge both CET1 capital and the CET1 capital ratio. Accordingly, changes in foreign exchange rates may adversely affect our profits, balance sheet, and capital, leverage and liquidity coverage ratios. During 2025, the US dollar materially depreciated against other major currencies, including the Swiss franc and the euro. This depreciation resulted in an increase of the US dollar value of assets denominated in other currencies reflected on our balance sheet, increasing our leverage ratio denominator.

Regulatory and legal risks

Material legal and regulatory risks arise in the conduct of our business

As a global financial services firm operating in more than 50 countries, we are subject to many different legal, tax and regulatory regimes, including extensive regulatory oversight, and are exposed to significant liability risk. We are subject to a large number of claims, disputes, legal proceedings and government investigations, and we expect that our ongoing business activities will continue to give rise to such matters in the future. In addition, UBS inherited claims against Credit Suisse entities as part of the acquisition, including matters that may be material to the operating results of the combined Group. The extent of our financial exposure to these and other matters is material and could substantially exceed the level of provisions that we have established. We are not able to predict the financial and non-financial consequences these matters may have when resolved.

We may be subject to adverse preliminary determinations or court decisions that may negatively affect public perception and our reputation, result in prudential actions from regulators, and cause us to record additional provisions for such matters even when we believe we have substantial defenses and expect to ultimately achieve a more favorable outcome. This risk is illustrated by the award of aggregate penalties and damages of EUR 4.5bn against UBS by the court of first instance in France. This award was reduced to an aggregate of EUR 1.8bn by the Court of Appeal, and, in a further appeal, the French Supreme Court referred the case back to the Paris Court of Appeal to reconsider the amount after a new trial. Ultimately, the case was resolved in September 2025 and UBS AG agreed to pay a fine of EUR 730m and EUR 105m in civil damages to the French State.

Litigation, regulatory and similar matters may also result in non-monetary penalties and consequences. Among other things, a guilty plea to, or conviction of, a crime (including as a result of termination of the Deferred Prosecution Agreement Credit Suisse entered into with the US Department of Justice in 2021 to resolve its Mozambique matter) could have material consequences for UBS.

Resolution of regulatory proceedings has required us to obtain waivers of regulatory disqualifications to maintain certain operations, may entitle regulatory authorities to limit, suspend or terminate licenses and regulatory authorizations, and may permit financial market utilities to limit, suspend or terminate our participation in them. UBS and Credit Suisse have each required waivers or exemptions in order to continue to act as investment manager to pension plans and registered investment companies in the US, among other things; failure to obtain such waivers, or any limitation, suspension or termination of licenses, authorizations or participations arising from a disqualifying event, could have material adverse consequences for us.

Our settlements with governmental authorities in connection with foreign exchange, LIBOR and other benchmark interest rates starkly illustrate the significantly increased level of financial and reputational risk now associated with regulatory matters in major jurisdictions. In connection with investigations related to LIBOR and other benchmark rates, and to foreign exchange and precious metals, very large fines and disgorgement amounts were assessed against us, and we were required to enter guilty pleas despite our full cooperation with the authorities in the investigations and despite our receipt of conditional leniency or conditional immunity from anti-trust authorities in a number of jurisdictions, including the US and Switzerland.

For a number of years, we have been, and we continue to be, subject to a very high level of regulatory scrutiny. We believe we have remediated the deficiencies that led to significant losses in the past and made substantial changes in our controls and conduct risk frameworks to address the issues highlighted by past regulatory resolutions. We have also undertaken extensive efforts to implement new regulatory requirements and meet heightened supervisory expectations. Prior to its acquisition by UBS, Credit Suisse was also subject to a high level of regulatory scrutiny and had significant regulatory and other remediation programs to address identified issues, including as a result of the Archegos, Mozambique, supply chain finance and cross-border tax matters. As part of the integration of Credit Suisse, UBS is addressing these matters and will likely remain under additional regulatory scrutiny until the integration is substantially completed.

We continue to be in active dialogue with regulators concerning the actions we are taking to improve our operational risk management, risk control, anti-money-laundering, data management and other frameworks, and otherwise seek to meet supervisory expectations, but there can be no assurance that our efforts will have the desired effects. As a result of this history, our level of risk with respect to regulatory enforcement may be greater than that of some of our peers.

If we experience severe financial difficulties, FINMA has the power to open restructuring or liquidation proceedings or impose protective measures in relation to UBS Group AG, UBS AG or UBS Switzerland AG, and such proceedings or measures may have a material adverse effect on our creditors

Under the Swiss Banking Act, FINMA is able to exercise broad statutory powers with respect to Swiss banks and Swiss parent companies of financial groups, such as UBS Group AG, UBS AG and UBS Switzerland AG, if there is justified concern that an entity is over-indebted, has serious liquidity problems or, after the expiration of any relevant deadline, no longer fulfills capital adequacy requirements. Such powers include ordering protective measures, instituting restructuring proceedings (and exercising any Swiss resolution powers in connection therewith), and instituting liquidation proceedings, all of which may have a material adverse effect on shareholders and creditors or may prevent UBS AG or UBS Switzerland AG from paying dividends or making payments on debt obligations.

UBS would have limited ability to challenge any such protective measures, and creditors and shareholders would also have limited ability under Swiss law or in Swiss courts to reject them, seek their suspension, or challenge their imposition, including measures that require or result in the deferment of payments.

If restructuring proceedings are opened with respect to UBS Group AG, UBS AG or UBS Switzerland AG the resolution powers that FINMA may exercise include the power to: (i) transfer all or some of the assets, debt and other liabilities, and contracts of the entity subject to proceedings to another entity; (ii) stay for a maximum of two business days (a) the termination of, or the exercise of rights to terminate, netting rights, (b) rights to enforce or dispose of certain types of collateral or (c) rights to transfer claims, liabilities or certain collateral, under contracts to which the entity subject to proceedings is a party; and (iii) partially or fully write down the equity capital and regulatory capital instruments, including UBS Group senior debt and additional tier 1 capital instruments, and, if such regulatory capital is fully written down, write down or convert into equity the other debt instruments of the entity subject to proceedings. Creditors would have no right to reject, or to seek the suspension of, any restructuring plan pursuant to which such resolution powers are exercised. They would have only limited rights to challenge any decision to exercise resolution powers or to have that decision reviewed by a judicial or administrative process or otherwise.

Upon full or partial write-down of the equity and regulatory capital instruments of the entity subject to restructuring proceedings, the relevant creditors would receive no payment in respect of the equity and debt that is written down, the write-down would be permanent, and the investors would likely not, at such time or at any time thereafter, receive any shares or other participation rights, or be entitled to any write-up or any other compensation in the event of a potential subsequent recovery of the debtor. If FINMA orders the conversion of debt of the entity subject to restructuring proceedings into equity, the securities received by the investors may be worth significantly less than the original debt and may have a significantly different risk profile. In addition, creditors receiving equity would be effectively subordinated to all creditors of the restructured entity in the event of a subsequent winding up, liquidation or dissolution of the restructured entity, which would increase the risk that investors would lose all or some of their investment.

FINMA has significant discretion in the exercise of its powers in connection with restructuring proceedings. Furthermore, certain categories of debt obligations, such as certain types of deposits, are subject to preferential treatment. As a result, holders of obligations of an entity subject to a Swiss restructuring proceeding may have their obligations written down or converted into equity even though obligations ranking on par with such obligations are not written down or converted.

Developments in sustainability, climate, environmental and social standards and regulations may affect our business and impact our ability to fully realize our goals

We are subject to separate, and sometimes conflicting, ESG regulations and regulator expectations in the various jurisdictions in which UBS AG operates. For example, in certain jurisdictions, we are required to set diversity targets or other ESG-related goals that are considered illegal or contrary to regulatory expectations in other jurisdictions. In addition, with respect to decarbonization mandates, there is substantial uncertainty as to the scope of actions that may be required of us, governments and others to achieve the goals we have set, and many of our goals and objectives are only achievable with a combination of government and private action. National and international standards and expectations, industry and scientific practices, regulatory taxonomies, and disclosure obligations addressing these matters are relatively immature and are rapidly evolving. In addition, there are significant limitations in the data available to measure our climate and other goals. Although we have defined and disclosed our goals based on the standards existing at the time of disclosure, there can be no assurance (i) that the various ESG regulatory and disclosure regimes under which we operate will not come into further conflict with one another, (ii) that the current standards will not be interpreted differently than our understanding or change in a manner that substantially increases the cost or effort for us to achieve such goals or (iii) that additional data or methods, whether voluntary or required by regulation, may substantially change our calculation of our goals and ambitions. It is possible that such goals may prove to be considerably more difficult or even impossible to achieve. The evolving standards may also require us to substantially change the stated goals and ambitions. If we are not able to achieve the goals we have set, or can only do so at significant expense to our business, we may fail to meet regulatory expectations, incur damage to our reputation or be exposed to an increased risk of litigation or other adverse action.

While ESG regulatory regimes and international standards are being developed, including to require consideration of ESG risks in investment decisions, some jurisdictions, notably in the US, have developed rules restricting the consideration of ESG factors in investment and business decisions. Under these anti-ESG rules, companies that are perceived as boycotting or discriminating against certain industries may be restricted from doing business with certain governmental entities. Our businesses may be adversely affected if we are considered as discriminating against companies based on ESG considerations, or if further anti-ESG rules are developed or broadened.

Our financial results may be negatively affected by changes to assumptions and valuations, as well as changes to accounting standards

We prepare our consolidated financial statements in accordance with IFRS Accounting Standards. The application of these accounting standards requires the use of judgment based on estimates and assumptions that may involve significant uncertainty at the time they are made. This is the case, for example, with respect to the measurement of fair value of financial instruments, the recognition of deferred tax assets (DTAs), the assessment of the impairment of goodwill, expected credit losses and estimation of provisions for litigation, regulatory and similar matters. Such judgments, including the underlying estimates and assumptions, which encompass historical experience, expectations of the future and other factors, are regularly evaluated to determine their continuing relevance based on current conditions. Using different assumptions could cause the reported results to differ. Changes in assumptions, or failure to make the changes necessary to reflect evolving market conditions, may have a significant effect on the financial statements in the periods when changes occur. Estimates of provisions may be subject to a wide range of potential outcomes and significant uncertainty. For example, the broad range of potential outcomes in our legal proceedings in France and in a number of Credit Suisse's legal proceedings increase the uncertainty associated with assessing the appropriate provision. If the estimates and assumptions in future periods deviate from the current outlook, our financial results may also be negatively affected.

Changes to IFRS Accounting Standards or interpretations thereof may cause future reported results and financial positions to differ from current expectations, or historical results to differ from those previously reported due to the adoption of accounting standards on a retrospective basis. Such changes may also affect our regulatory capital and ratios. For example, the introduction of the ECL regime under IFRS 9 in 2018 fundamentally changed how credit risk arising from loans, loan commitments, guarantees and certain revocable facilities is accounted for. Under the ECL regime, credit loss expenses may increase rapidly at the onset of an economic downturn as a result of higher levels of credit impairments (stage 3), as well as higher ECL from stages 1 and 2, only gradually diminishing once the economic outlook improves. As we observed in 2020, this effect may be more pronounced in a deteriorating economic environment. Substantial increases in ECL could exceed expected loss for regulatory capital purposes and adversely affect our CET1 capital and regulatory capital ratios.

We may be unable to maintain our capital strength

Capital strength enables us to grow our businesses and absorb increases in regulatory and capital requirements. Our ability to maintain our capital ratios is subject to numerous risks, including the financial results of our businesses, the effect of changes to capital standards, methodologies and interpretations that may adversely affect the calculation of our capital ratios, the imposition of risk add-ons or capital buffers, and the application of additional capital, liquidity and similar requirements to subsidiaries. Our capital and leverage ratios are driven primarily by RWA, LRD and eligible capital, all of which may fluctuate based on a number of factors, some of which are outside of our control. The results of our businesses may be adversely affected by events arising from other risk factors described herein. In some cases, such as litigation and regulatory risk and operational risk events, losses may be sudden and large.

Our eligible capital may be reduced by losses recognized within net profit or other comprehensive income. Eligible capital may also be reduced for other reasons, including acquisitions that change the level of goodwill, changes in temporary differences related to DTAs included in capital, adverse currency movements affecting the value of equity, prudential adjustments that may be required due to the valuation uncertainty associated with certain types of positions, changes in regulatory interpretations on the inclusion or exclusion of items contributing to our shareholders' equity in regulatory capital, and changes in the value of certain pension fund assets and liabilities or in the interest rate and other assumptions used to calculate the changes in our net defined benefit obligation recognized in other comprehensive income.

RWA are driven by our business activities, by changes in the risk profile of our exposures, by changes in our foreign currency exposures and foreign exchange rates, and by regulation. For instance, substantial market volatility, a widening of credit spreads, adverse currency movements, increased counterparty risk, deterioration in the economic environment or increased operational risk could result in an increase in RWA. Changes in the calculation of RWA, the imposition of additional supplemental RWA charges or multipliers applied to certain exposures and other methodology changes, as well as the finalization of the Basel III framework and Fundamental Review of the Trading Book promulgated by the BCBS, which are expected to affect our RWA.

The leverage ratio is a balance sheet-driven measure and therefore limits balance sheet-intensive activities, such as lending, more than activities that are less balance sheet intensive, and it may constrain our business even if we satisfy other risk-based capital requirements. Our LRD is driven by, among other things, the level of client activity, including deposits and loans, foreign exchange rates, interest rates, other market factors and changes in required liquidity. Many of these factors are wholly or partly outside of our control.

The effect of taxes on our financial results is significantly influenced by changes in tax law, or reinterpretations of existing laws by courts or tax authorities, reassessments of our deferred tax assets and operating losses of certain entities with no associated tax benefit

Our effective tax rate is highly sensitive to our performance, our expectation of future profitability and any potential increases or decreases in statutory tax rates, such as any potential increase or decrease in the US federal corporate tax rate, and changes in the interpretation of tax law. Furthermore, based on prior years' tax losses and deductible temporary differences, we have recognized DTAs reflecting the probable recoverable level based on future taxable profit as informed by our business plans. If our performance is expected to produce diminished taxable profit in future years, particularly in the US, we may be required to write down all or a portion of the currently recognized DTAs through the income statement in excess of anticipated amortization. This would have the effect of increasing our effective tax rate in the year in which any write-downs are taken. Conversely, if we expect the performance of entities in which we have unrecognized tax losses to improve, particularly in the US or the UK, we could potentially recognize additional DTAs. The effect of doing so would be to reduce our effective tax rate in years in which additional DTAs are recognized and to increase our effective tax rate in future years. Our effective tax rate is also sensitive to any future reductions in statutory tax rates, particularly in the US, which would cause the expected future tax benefit from items such as tax loss carry-forwards in the affected locations to diminish in value. This, in turn, would cause a write-down of the associated DTAs. Conversely, an increase in US corporate tax rates would result in an increase in the Group's recognized DTAs.

Changes in tax law may materially affect our effective tax rate and, in some cases, may substantially affect the profitability of certain activities. In addition, statutory and regulatory changes, as well as changes to the way in which courts and tax authorities interpret tax laws, including assertions that we are required to pay taxes in a jurisdiction as a result of activities connected to that jurisdiction constituting a permanent establishment or similar theory, and changes in our assessment of uncertain tax positions, could cause the amount of taxes we ultimately pay to materially differ from the amount accrued.

We may incur material future tax liabilities in connection with the combination with Credit Suisse

In the past, the Credit Suisse Group has recorded significant impairments of the tax value of its participations in subsidiaries below their tax acquisition costs. Following the acquisition of the Credit Suisse Group and the subsequent combination of Credit Suisse AG with UBS AG, tax acquisition costs of certain participations held by Credit Suisse Group AG and its subsidiaries have been transferred to the UBS AG Group. UBS Group AG and its subsidiaries may become subject to additional Swiss tax on future reversals of such impairments for Swiss tax purposes. Reversals of prior impairments may occur to the extent that the net asset value of the previously impaired subsidiary increases, e.g. as a result of an increase in retained earnings. Although it is difficult to quantify this additional future tax exposure, as various potential mitigants (e.g. transfers of assets and liabilities, business activities, subsidiary investments, as well as other restructuring measures within the combined Group in the course of the integration) exist, it may be material.

Liquidity and funding risk

Liquidity and funding management are critical to UBS AG's ongoing performance

The viability of our business depends on the availability of funding sources, and our success depends on our ability to obtain funding at times, in amounts, for tenors and at rates that enable us to efficiently support our asset base in all market conditions. Our funding sources have generally been stable, but could change in the future because of, among other things, general market disruptions or widening credit spreads, which could also influence the cost of funding. A substantial part of our liquidity and funding requirements are met using short-term unsecured funding sources, including retail and wholesale deposits and the regular issuance of money market securities. A change in the availability of short-term funding could occur quickly.

Reductions in our credit ratings may adversely affect the market value of the securities and other obligations and increase our funding costs, in particular with regard to funding from wholesale unsecured sources, and could affect the availability of certain kinds of funding. In addition, as experienced in connection with the Moody's Investors Service Ltd. downgrade of UBS AG's long-term debt rating in June 2012, rating downgrades can require us to post additional collateral or make additional cash payments under trading agreements. Our credit ratings, together with our capital strength and reputation, also contribute to maintaining client and counterparty confidence, and it is possible that rating changes could influence the performance of some of our businesses. The acquisition of the Credit Suisse Group has elevated these risks and may cause these risks to intensify. Upon the close of the acquisition in June 2023, Fitch Ratings Ireland Limited downgraded the Long-Term Issuer Default Ratings (IDRs) of UBS AG to "A+" from "AA-". Fitch Ratings Ltd. also upgraded Credit Suisse AG's Long-Term IDR to "A+" from "BBB+".

The requirement to maintain a liquidity coverage ratio of high-quality liquid assets to estimated stressed short-term net cash outflows, and other similar liquidity and funding requirements, oblige us to maintain high levels of overall liquidity, limit our ability to optimize interest income and expense, make certain lines of business less attractive and reduce our overall ability to generate profits. The liquidity coverage ratio and net stable funding ratio requirements are intended to ensure that we are not overly reliant on short-term funding and that we have sufficient long-term funding for illiquid assets. The relevant calculations make assumptions about the relative likelihood and amount of outflows of funding and available sources of additional funding in market-wide and firm-specific stress situations. In an actual stress situation, however, our funding outflows could exceed the assumed amounts.

Financial and operating performance

Management report

Accounting and financial reporting

Critical accounting estimates and judgments

In preparing our financial statements in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board (the IASB), we apply judgment and make estimates and assumptions that may involve significant uncertainty at the time they are made. We regularly reassess those estimates and assumptions, which encompass historical experience, expectations of the future and other pertinent factors, to determine their continuing relevance based on current conditions and update them as necessary. Changes in estimates and assumptions may have significant effects on the financial statements. Furthermore, actual results may differ significantly from our estimates, which could result in significant losses to UBS AG, beyond what we expected or provided for.

Key areas involving a high degree of judgment and areas where estimates and assumptions are significant to the consolidated financial statements include the following (the Notes referred to below are in "Notes to the UBS AG consolidated financial statements" in the "Consolidated financial statements" section of this report):

- determination of carrying amounts of assets and liabilities and treatment of reserves for business combinations under common control (refer to "Note 1 Summary of material accounting policies, item 1 Consolidation and business combinations" and "Note 28 Changes in organization and acquisitions and disposals of subsidiaries and businesses");
- expected credit loss measurement (refer to "Note 1 Summary of material accounting policies, item 2g Allowances and provisions for expected credit losses" and "Note 19 Expected credit loss measurement");
- fair value measurement (refer to "Note 1 Summary of material accounting policies, item 2f Fair value of financial instruments" and "Note 20 Fair value measurement");
- income taxes (refer to "Note 1 Summary of material accounting policies, item 6 Income taxes" and "Note 8 Income taxes");
- provisions and contingent liabilities (refer to "Note 1 Summary of material accounting policies, item 10 Provisions and contingent liabilities" and "Note 17 Provisions and contingent liabilities"); and
- goodwill (refer to "Note 1 Summary of material accounting policies, item 9 Goodwill and other separately identifiable intangible assets" and "Note 12 Goodwill and intangible assets").

› Refer to the "Risk factors" section of this report for more information

Accounting and financial reporting changes in 2025

Disclosures about Uncertainties in the Financial Statements

In November 2025, the IASB issued illustrative examples *Disclosures about Uncertainties in the Financial Statements*, using climate-related examples to illustrate how requirements in IFRS Accounting Standards are applied to report the effects of uncertainties in the financial statements. The guidance provided through these examples is consistent with the manner in which UBS AG prepares its financial statements.

Accounting and financial reporting changes after 2025

IFRS 18, Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued a new standard, IFRS 18, *Presentation and Disclosure in Financial Statements*, which replaces IAS 1, *Presentation of Financial Statements*, and is effective from 1 January 2027. The main changes introduced by IFRS 18 relate to the structure of income statements, new disclosure requirements for management performance measures and enhanced guidance on aggregation and disaggregation of information. UBS AG is assessing the impact of the new requirements on its reporting but expects it to be limited.

Amendments to IFRS 9, Financial Instruments, and IFRS 7, Financial Instruments: Disclosures

In May 2024, the IASB issued *Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7* (the Amendments). The Amendments relate to classification of financial assets and derecognition of financial instruments, including introduction of an accounting policy election to derecognize financial liabilities settled through electronic transfer systems before the settlement date, if certain conditions are met. The Amendments also introduce new disclosure requirements for financial instruments with contractual terms that could change the timing or amount of contractual cash flows. The Amendments are effective from 1 January 2026 and will have limited impact on UBS AG's financial statements.

UBS AG consolidated performance

Income statement

USD m	For the year ended			% change from
	31.12.25	31.12.24	31.12.23	
Net interest income	6,354	4,678	4,566	36
Other net income from financial instruments measured at fair value through profit or loss	13,952	12,959	9,934	8
Net fee and commission income	27,400	23,438	18,610	17
Other income	(17)	1,248	566	
Total revenues	47,688	42,323	33,675	13
Credit loss expense / (release)	549	544	143	1
Personnel expenses	22,702	19,958	15,655	14
General and administrative expenses	17,481	16,548	11,118	6
Depreciation, amortization and impairment of non-financial assets	2,856	2,840	2,238	1
Operating expenses	43,038	39,346	29,011	9
Operating profit / (loss) before tax	4,101	2,433	4,521	69
Tax expense / (benefit)	534	900	1,206	(41)
Net profit / (loss)	3,566	1,533	3,315	133
Net profit / (loss) attributable to non-controlling interests	26	51	25	(50)
Net profit / (loss) attributable to shareholders	3,541	1,481	3,290	139
Comprehensive income				
Total comprehensive income	7,812	749	4,625	943
Total comprehensive income attributable to non-controlling interests	40	3	27	
Total comprehensive income attributable to shareholders	7,772	747	4,598	941

Net integration-related expenses, by business division and Group Items

USD m	For the year ended	
	31.12.25	31.12.24
Global Wealth Management	1,670	1,478
Personal & Corporate Banking	989	551
Asset Management	258	286
Investment Bank	354 ¹	605
Non-core and Legacy	879	831
Group Items	897 ²	37
Net integration-related expenses	5,047	3,788
<i>of which: total revenues</i>	<i>758^{1,2}</i>	<i>51</i>
<i>of which: operating expenses</i>	<i>4,289</i>	<i>3,737</i>
<i>of which: personnel expenses</i>	<i>1,580</i>	<i>1,291</i>
<i>of which: general and administrative expenses</i>	<i>2,434</i>	<i>2,047</i>
<i>of which: depreciation, amortization and impairment of non-financial assets</i>	<i>275</i>	<i>399</i>

¹ Includes a USD 128m gain from the sale of a stake in a subsidiary, Credit Suisse Securities (China) Limited. ² Includes a USD 943m loss from the repurchase of legacy Credit Suisse debt instruments.

2025 compared with 2024

The legal merger of UBS AG and Credit Suisse AG on 31 May 2024 has had a significant impact on the results from June 2024 onward. This discussion and analysis compares the results of the 2025 financial year, which cover twelve full months of post-merger results, with those of the 2024 financial year, which included seven full months of post-merger results. This is a material driver in many of the increases across both revenues and operating expenses.

- › Refer to "Note 28 Changes in organization and acquisitions and disposals of subsidiaries and businesses" in the "Consolidated financial statements" section of this report for more information about the accounting for the merger of UBS AG and Credit Suisse AG

Results 2025 vs 2024

In 2025, net profit attributable to shareholders increased by USD 2,060m, to USD 3,541m, and included a net tax expense of USD 534m.

Operating profit before tax increased by USD 1,668m, or 69%, to USD 4,101m, reflecting higher total revenues, partly offset by higher operating expenses, with credit loss expenses broadly stable. Total revenues increased by USD 5,365m, or 13%, to USD 47,688m and included increases driven by the consolidation of Credit Suisse AG revenues for the full year and from foreign currency effects. The increase in total revenues was driven by increases of USD 3,962m in net fee and commission income and USD 2,669m in total combined net interest income and other net income from financial instruments measured at fair value through profit and loss, partly offset by a USD 1,265m decrease in other income. Operating expenses increased by USD 3,692m, or 9%, to USD 43,038m and included increases driven by the consolidation of Credit Suisse AG expenses for the full year and from foreign currency effects, as well as an increase of USD 552m in integration-related expenses. The overall increase was mainly driven by increases of USD 2,744m in personnel expenses and USD 933m in general and administrative expenses. Net credit loss expenses were USD 549m, compared with USD 544m in 2024.

Integration-related expenses are temporary, incremental and directly related to the integration of Credit Suisse into UBS, including costs of internal staff and contractors substantially dedicated to integration activities, retention awards, redundancy costs, incremental expenses from the shortening of useful lives of property, equipment and software, and impairment charges relating to these assets. Integration-related expenses in general and administrative expenses primarily included shared services costs charged from other companies in the UBS Group reporting scope, consulting fees and outsourcing costs. Classification as integration-related expenses does not affect the timing of recognition and measurement of those expenses or the presentation thereof in the income statement.

Total revenues

Net interest income and other net income from financial instruments measured at fair value through profit or loss

Total combined net interest income and other net income from financial instruments measured at fair value through profit or loss increased by USD 2,669m to USD 20,306m.

The year-on-year variance was mainly driven by a USD 1,415m increase in the Investment Bank's revenues to USD 7,544m, mainly driven by Global Markets. This increase was mostly due to higher volatility and increased levels of client activity in Derivatives & Solutions, as well as higher client balances in Prime Brokerage within Financing. In addition, revenues in Global Wealth Management increased by USD 1,009m to USD 8,382m and revenues in Personal & Corporate Banking increased by USD 604m to USD 5,359m, both mainly driven by the consolidation of Credit Suisse AG revenues for the full year.

The aforementioned increases were partly offset by Non-core and Legacy, which reported negative revenues of USD 202m, compared with positive USD 32m in 2024, reflecting lower net gains from position exits and lower net interest income from securitized product and credit portfolios. Additionally, Group Items revenues were negative USD 760m, compared with negative USD 648m in 2024, mainly driven by higher funding costs, partly offset by lower mark-to-market losses from Group hedging and own debt, including hedge accounting ineffectiveness.

- › Refer to "Note 3 Net interest income and other net income from financial instruments measured at fair value through profit or loss" in the "Consolidated financial statements" section of this report for more information
- › Refer to the relevant business division and Group Items commentary in this section for more information about the specific revenues of each of the business divisions and Group Items

Net interest income and other net income from financial instruments measured at fair value through profit or loss

USD m	For the year ended			% change from
	31.12.25	31.12.24	31.12.23	31.12.24
Net interest income from financial instruments measured at amortized cost and fair value through other comprehensive income	31	(777)	2,801	
Net interest income from financial instruments measured at fair value through profit or loss and other	6,323	5,455	1,765	16
Other net income from financial instruments measured at fair value through profit or loss	13,952	12,959	9,934	8
Total	20,306	17,637	14,500	15
Global Wealth Management	8,382	7,373	6,515	14
<i>of which: net interest income</i>	6,550	5,901	5,345	11
<i>of which: transaction-based income from foreign exchange and other intermediary activity¹</i>	1,833	1,472	1,171	25
Personal & Corporate Banking	5,359	4,755	3,572	13
<i>of which: net interest income</i>	4,508	4,035	3,059	12
<i>of which: transaction-based income from foreign exchange and other intermediary activity¹</i>	851	719	513	18
Asset Management	(17)	(3)	(34)	590
Investment Bank	7,544	6,129	5,023	23
Non-core and Legacy	(202)	32	43	
Group Items	(760)	(648)	(621)	17

¹ Mainly includes spread-related income in connection with client-driven transactions, foreign currency translation effects and income and expenses from precious metals, which are included in the income statement line Other net income from financial instruments measured at fair value through profit or loss. The amounts reported on this line are one component of Transaction-based income in the management discussion and analysis in the "Global Wealth Management" and "Personal & Corporate Banking" sections of this report.

Net fee and commission income

Net fee and commission income increased by USD 3,962m to USD 27,400m.

Fees from portfolio management, investment funds and related services increased by USD 2,558m to USD 19,555m, mainly driven by higher average levels of fee-generating assets in Global Wealth Management, primarily from mandates, reflecting positive market performance and net new fee-generating asset inflows. The increase was also driven by the impact of the consolidation of Credit Suisse AG revenues for the full year, predominantly in Global Wealth Management and Asset Management.

Net brokerage fees increased by USD 1,014m to USD 5,096m, mainly driven by increased volumes in Cash Equities in Execution Services in the Investment Bank and higher levels of client activity in Global Wealth Management, across all regions in both of the aforementioned business divisions. In addition, Global Wealth Management included an increase driven by the consolidation of Credit Suisse AG revenues for the full year.

- › Refer to "Note 4 Net fee and commission income" in the "Consolidated financial statements" section of this report for more information
- › Refer to the relevant business division commentary in this section for further information about how components of fee and commission income are presented within the business division results

Other income

Other income was negative USD 17m, compared with positive USD 1,248m in 2024, and included the consolidation of Credit Suisse AG income for the full year. Included in 2025 were net losses of USD 995m related to the repurchase of UBS AG's own debt instruments, mainly reflecting a net loss of USD 943m from the repurchase of legacy Credit Suisse debt instruments, and a net loss of USD 230m related to an investment in an associate, compared with a loss of USD 80m in 2024. These losses were partly offset by gains of USD 128m gain from the sale of a stake in Credit Suisse Securities (China) Limited and USD 64m from the Swisscard transactions. There was also a release of USD 42m related to other financial liabilities in Global Wealth Management and a gain of USD 33m from the sale of our wealth management business in India. Included in 2024 were USD 125m net gains from the sale of non-strategic businesses in Asset Management and a USD 119m gain related to the sale of an investment in an associate. Income from shared services provided to UBS Group AG, or its subsidiaries, was USD 658m in 2025, compared with USD 733m in 2024.

- › Refer to "Note 5 Other income" in the "Consolidated financial statements" section of this report for more information
- › Refer to "Note 28 Changes in organization and acquisitions and disposals of subsidiaries and businesses" in the "Consolidated financial statements" section of this report for more information about disposals of subsidiaries and businesses

Credit loss expense / release

Total net credit loss expenses were USD 549m, reflecting net expenses of USD 8m related to stage 1 and 2 positions and net expenses of USD 542m related to credit-impaired stage 3 positions. Net credit loss expenses were USD 544m in 2024.

- › Refer to “Note 9 Financial assets at amortized cost and other positions in scope of expected credit loss measurement” and “Note 19 Expected credit loss measurement” in the “Consolidated financial statements” section of this report for more information about credit loss expenses / releases
- › Refer to the “Risk factors” section of this report for more information

Credit loss expense / (release)

<i>USD m</i>	Performing positions		Credit-impaired positions	Total
	Stages 1 and 2		Stage 3	
For the year ended 31.12.25				
Global Wealth Management	(13)		60	47
Personal & Corporate Banking	(2)		351	349
Asset Management	0		1	1
Investment Bank	21		126	147
Non-core and Legacy	(2)		5	3
Group Items	3		0	3
Total	8		542	549
For the year ended 31.12.24				
Global Wealth Management	(49)		48	(1)
Personal & Corporate Banking	(61)		454	393
Asset Management	0		0	0
Investment Bank	52		47	98
Non-core and Legacy	(5)		60	55
Group Items	0		0	0
Total	(63)		608	544
For the year ended 31.12.23				
Global Wealth Management	(2)		27	25
Personal & Corporate Banking	13		37	50
Asset Management	0		(1)	(1)
Investment Bank	11		56	67
Non-core and Legacy	0		1	1
Group Items	1		0	1
Total	23		120	143

Operating expenses

Personnel expenses

Personnel expenses increased by USD 2,744m to USD 22,702m, mainly reflecting the consolidation of Credit Suisse AG expenses for the full year. Additionally, there were increases in financial advisor compensation, resulting from higher compensable revenues, and accruals for variable compensation, reflecting business performance. In addition, there was an increase in expenses for post-employment benefit plans, resulting from a one-time pre-tax loss of USD 147m due to the integration of the Credit Suisse Swiss 1e plan into the Credit Suisse Swiss pension plan as of 1 January 2027, with an offsetting gain in other comprehensive income.

- › Refer to “Note 6 Personnel expenses”, “Note 25 Post-employment benefit plans” and “Note 26 Employee benefits: variable compensation” in the “Consolidated financial statements” section of this report for more information

General and administrative expenses

General and administrative expenses increased by USD 933m to USD 17,481m, mainly driven by the consolidation of Credit Suisse AG expenses for the full year. The overall increase was largely attributable to an increase of USD 1,506m related to shared services costs for technology, finance and risk charged by shared services subsidiaries of the UBS Group. General and administrative expenses included a USD 180m expense related to the Swisscard transactions, compared with an expense of USD 41m in 2024, and an USD 88m increase in technology costs. These increases were partly offset by a USD 906m decrease in expenses for litigation, regulatory and similar matters, mainly due to the costs recognized in 2024 when UBS agreed to fund an offer by the Credit Suisse supply chain finance funds to redeem all of the outstanding units in the respective funds.

- › Refer to “Note 7 General and administrative expenses” and “Note 17 Provisions and contingent liabilities” in the “Consolidated financial statements” section of this report for more information

Operating expenses

USD m	For the year ended			% change from 31.12.24
	31.12.25	31.12.24	31.12.23	
Personnel expenses	22,702	19,958	15,655	14
of which: salaries	8,716	7,884	5,898	11
of which: variable compensation	10,755	9,414	7,669	14
of which: performance awards	4,352	3,511	2,841	24
of which: financial advisors ¹	5,654	5,293	4,549	7
of which: other	748	610	279	23
of which: other personnel expenses ²	3,231	2,660	2,088	21
General and administrative expenses	17,481	16,548	11,118	6
of which: net expenses for litigation, regulatory and similar matters	608	1,514	816	(60)
Depreciation, amortization and impairment of non-financial assets	2,856	2,840	2,238	1
Total operating expenses	43,038	39,346	29,011	9

¹ Financial advisor compensation consists of cash compensation, determined using a formulaic approach based on production, and deferred awards. 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 expenses related to contractors, social security, post-employment benefit plans, and other personnel expenses. Refer to “Note 6 Personnel expenses” in the “Consolidated financial statements” section of this report for more information.

Tax

Income tax expenses of USD 534m were recognized for UBS AG in 2025, representing an effective tax rate of 13.0%, compared with USD 900m for 2024, which represented an effective tax rate of 37.0%.

The income tax expenses for 2025 included a Swiss tax expense of USD 559m, which included current tax expenses of USD 527m in respect of taxable profits of UBS Switzerland AG and other Swiss entities and deferred tax expenses of USD 32m.

Income tax expenses also included a net non-Swiss tax benefit of USD 25m, which reflected current tax expenses of USD 710m, which included USD 145m relating to US corporate alternative minimum tax, with an equivalent deferred tax benefit for deferred tax assets (DTAs) recognized in respect of tax credits carried forward, and USD 565m in respect of other taxable profits of non-Swiss subsidiaries and branches. These were partly offset by a net deferred tax benefit of USD 735m, which included USD 145m related to the aforementioned deferred tax benefit, USD 747m in respect of a net upward revaluation of DTAs, USD 215m in respect of an increase in DTAs that resulted from an increase in the expected value of future tax deductions for deferred compensation awards due to an increase in the Group’s share price during the year and USD 118m in respect of an increase in DTA recognition for UBS AG’s US branch. These benefits were partly offset by an expense of USD 490m that primarily related to the amortization of DTAs previously recognized in relation to tax losses carried forward and deductible temporary differences.

- › Refer to “Note 8 Income taxes” in the “Consolidated financial statements” section of this report for more information
- › Refer to the “Risk factors” section of this report for more information

Total comprehensive income attributable to shareholders

In 2025, total comprehensive income attributable to shareholders was USD 7,772m, reflecting net profit of USD 3,541m and other comprehensive income (OCI), net of tax, of USD 4,231m.

Foreign currency translation OCI was USD 3,381m, mainly due to the weakening of the US dollar against the Swiss franc and the euro.

OCI related to cash flow hedges was USD 1,295m, mainly reflecting net losses on hedging instruments that were reclassified from OCI to the income statement and net unrealized gains on US dollar hedging derivatives resulting from decreases in the relevant US dollar long-term interest rates.

OCI related to own credit on financial liabilities designated at fair value was negative USD 567m, primarily due to a tightening of our own credit spreads.

- › Refer to “Statement of comprehensive income” in the “Consolidated financial statements” section of this report for more information
- › Refer to “Note 20 Fair value measurement” in the “Consolidated financial statements” section of this report for more information about own credit on financial liabilities designated at fair value
- › Refer to “Note 24 Hedge accounting” in the “Consolidated financial statements” section of this report for more information about cash flow hedges of forecast transactions

Sensitivity to interest rate movements

As of 31 December 2025, it is estimated that a parallel shift in yield curves by +100 basis points could lead to a combined increase in annual net interest income from our banking book of approximately USD 1.4bn in the first year after such a shift. Of this increase, approximately USD 1.1bn, USD 0.1bn and USD 0.1bn would result from changes in Swiss franc, US dollar and euro interest rates, respectively.

A parallel shift in yield curves by –100 basis points could lead to a combined increase in annual net interest income of approximately USD 0.9bn. Of this increase, approximately USD 1.2bn would result from changes in Swiss franc interest rates, driven by both contractual and assumed flooring benefits under negative interest rates. US dollar and euro interest rates would lead to a partly offsetting decrease of USD 0.1bn and USD 0.1bn, respectively.

These estimates do not represent net interest income forecasts, as they are based on a hypothetical scenario of an immediate change in interest rates, equal across all currencies and relative to implied forward rates as of 31 December 2025 applied to our banking book. These estimates further assume no change to balance sheet size and product mix, stable foreign exchange rates, and no specific management action.

Seasonal characteristics

Our revenues may show seasonal patterns, notably in the Investment Bank and transaction-based revenues for Global Wealth Management, and typically reflect the highest client activity levels in the first quarter, with lower levels throughout the rest of the year, especially during the summer months and the end-of-year holiday season.

Key figures

Below we provide an overview of selected key figures of UBS AG consolidated. For further information about key figures related to capital management, refer to the “Capital management” section of this report.

Cost / income ratio

The cost / income ratio was 90.2%, compared with 93.0%, reflecting an increase in total revenues, partly offset by an increase in operating expenses.

Return on common equity tier 1 capital

The return on common equity tier 1 (CET1) capital was 5.0%, compared with 2.2%, reflecting an increase in net profit attributable to shareholders, partly offset by an increase in average CET1 capital.

CET1 capital

CET1 capital decreased by USD 3.4bn to USD 70.4bn as of 31 December 2025, mainly as operating profit before tax of USD 4.1bn and foreign currency translation gains of USD 3.2bn were more than offset by dividend accruals of USD 9.0bn and current tax expenses of USD 1.2bn.

Risk-weighted assets

During 2025, RWA decreased by USD 5.3bn to USD 489.8bn, driven by a USD 15.5bn decrease resulting from asset size and other movements, an USD 8.6bn decrease as a result of the implementation of the final Basel III standards and a decrease of USD 4.2bn resulting from model updates and other methodology changes. These decreases were partly offset by a USD 23.1bn increase from currency effects.

CET1 capital ratio

Our CET1 capital ratio decreased to 14.4% from 14.9%, reflecting a USD 3.4bn decrease in CET1 capital, partly offset by a USD 5.3bn decrease in RWA.

Leverage ratio denominator

During 2025, the LRD increased by USD 99.6bn to USD 1,622.9bn, mainly driven by a USD 110.6bn increase from currency effects and a USD 28.8bn increase as a result of the implementation of the final Basel III standards, partly offset by a USD 39.8bn decrease from asset size and other movements.

CET1 leverage ratio

Our CET1 leverage ratio decreased to 4.3% from 4.8%, due to the aforementioned increase in the LRD and the aforementioned decrease in CET1 capital.

Personnel

The number of internal personnel employed as of 31 December 2025 was 61,899 (full-time equivalents), a net decrease of 7,083 compared with 31 December 2024.

Equity, CET1 capital and returns

USD m, except where indicated	As of or for the year ended		
	31.12.25	31.12.24	31.12.23
Net profit			
Net profit attributable to shareholders	3,541	1,481	3,290
Equity			
Equity attributable to shareholders	88,845	94,003	55,234
less: goodwill and intangible assets	6,734	6,661	6,265
Tangible equity attributable to shareholders	82,111	87,343	48,969
less: other CET1 deductions	11,717	13,550	4,839
CET1 capital	70,394	73,792	44,130
Return on equity			
Return on equity (%)	3.8	1.9	6.0
Return on tangible equity (%)	4.0	2.0	6.7
Return on CET1 capital (%)	5.0	2.2	7.6

Global Wealth Management

Global Wealth Management

	As of or for the year ended		% change from
<i>USD m, except where indicated</i>	31.12.25	31.12.24	31.12.24
Results			
Net interest income	6,550	5,901	11
Recurring net fee income	13,671	12,082	13
Transaction-based income ^{1,2}	5,159	4,122	25
Other revenues ^{1,3}	66	43	53
Total revenues	25,446	22,148	15
Credit loss expense / (release)	47	(1)	
Operating expenses	20,776	18,893	10
Business division operating profit / (loss) before tax	4,624	3,255	42
Performance measures and other information			
Pre-tax profit growth (year-on-year, %) ¹	42.0	(9.9)	
Cost / income ratio (%) ¹	81.6	85.3	
Financial advisor compensation ⁴	5,654	5,292	7
Net new money (USD bn) ¹	7.9	13.0	
Invested assets (USD bn) ¹	4,753	4,182	14
Loan volumes (USD bn) ^{1,5}	328.6	302.2	9
Customer deposit volumes (USD bn) ^{1,6}	479.3	470.6	2
Credit-impaired loan portfolio as a percentage of total loan portfolio, gross (%) ^{1,7}	0.5	0.4	
Advisors (full-time equivalents)	9,420	9,803	(4)

¹ Refer to "Alternative performance measures" in the appendix to this report for the definition and calculation method. Each alternative performance measure (APM) that qualifies as a non-GAAP measure as defined by US Securities and Exchange Commission (SEC) regulations is designated as such in the table of APMs in the appendix to this report. ² Is composed of USD 3,355m (2024: USD 2,644m) of net fee and commission income, USD 1,800m (2024: USD 1,497m) of other net income from financial instruments measured at fair value through profit or loss and USD 4m (2024: negative USD 19m) of other income as reflected in the UBS AG financial statements. Income related to certain financial instruments not directly linked to client activity and measured at fair value that was previously presented as transaction-based income is presented as other revenues from the fourth quarter of 2025 onward. This change has been applied prospectively. ³ Are composed of USD 33m (2024: negative USD 25m) of other net income from financial instruments measured at fair value through profit or loss and USD 33m (2024: USD 68m) of other income as reflected in the UBS AG financial statements. Income related to certain financial instruments not directly linked to client activity and measured at fair value that was previously presented as transaction-based income is presented as other revenues from the fourth quarter of 2025 onward. This change has been applied prospectively. The line was renamed "Other revenues" (previously "Other income") in the fourth quarter of 2025. ⁴ Relates to licensed professionals with the ability to provide investment advice to clients in the Americas. Consists of cash compensation, determined using a formulaic approach based on production, and deferred awards. Also includes expenses related to compensation commitments with financial advisors entered into at the time of recruitment that are subject to vesting requirements. Recruitment loans to financial advisors were USD 1,493m as of 31 December 2025. ⁵ Presented gross of expected credit losses. Is composed of USD 323.8bn (31 December 2024: USD 297.6bn) classified as Loans and advances to customers and USD 4.8bn (2024: USD 4.6bn) classified as Brokerage receivables in the UBS AG financial statements. ⁶ Is composed of USD 474.0bn (31 December 2024: USD 464.7bn) classified as Customer deposits and USD 5.3bn (2024: USD 5.9bn) classified as Brokerage payables in the UBS AG financial statements. ⁷ Refer to the "Risk management and control" section of this report for more information about credit-impaired exposures. Excludes loans to financial advisors.

2025 compared with 2024

Results

Profit before tax increased by USD 1,369m, or 42%, to USD 4,624m, largely driven by higher total revenues and the positive impact from the merger of UBS AG and Credit Suisse AG, partly offset by higher operating expenses.

Total revenues

Total revenues increased by USD 3,298m, or 15%, to USD 25,446m, mainly reflecting higher recurring net fee income, transaction-based income and net interest income. The remaining increase was due to the consolidation of Credit Suisse AG revenues for the full year.

Net interest income increased by USD 649m, or 11%, to USD 6,550m, mainly driven by the consolidation of Credit Suisse AG net interest income for the full year. The remaining variance was mainly due to balance sheet optimization measures, lower liquidity and funding costs, positive foreign currency effects, and the effects of favorable changes in deposit mix. These increases were partly offset by the impact of lower central bank interest rates on deposit revenues and by lower loan revenues, which reflected lower margins.

Recurring net fee income increased by USD 1,589m, or 13%, to USD 13,671m, mainly due to higher average levels of fee-generating assets, primarily from mandates, reflecting positive market performance and net new fee-generating asset inflows in 2025. The increase was also due to the consolidation of Credit Suisse AG recurring net fee income for the full year.

Transaction-based income increased by USD 1,037m, or 25%, to USD 5,159m, mainly driven by higher levels of client activity across all regions and also driven by contributions from Structured Solutions, Cash Equities, Investment Funds and Wealth Planning revenues, as well as by the consolidation of Credit Suisse AG transaction-based income for the full year.

Other revenues increased by USD 23m to USD 66m, driven by a release of USD 42m related to other financial liabilities, a USD 34m fair value gain driven from a strategic partnership and a USD 33m gain from the sale of our wealth management business in India and included a net loss of USD 62m related to an investment in an associate. The remaining variance was mainly due to lower shared services costs charged to other subsidiaries of UBS Group AG, largely related to secondments. Other revenues in 2024 included a loss of USD 21m related to an investment in an associate.

Credit loss expense / release

Net credit loss expenses were USD 47m, reflecting net expenses on credit-impaired positions and net releases related to performing positions. Net credit loss releases were USD 1m in 2024.

Operating expenses

Operating expenses increased by USD 1,883m, or 10%, to USD 20,776m, mainly driven by the consolidation of Credit Suisse AG operating expenses for the full year and by an increase in financial advisor compensation that resulted from higher compensable revenues, partly offset by net releases in provisions for litigation, regulatory and similar matters, primarily reflecting USD 284m of releases related to the resolution of a legacy matter concerning cross-border business activities in France.

› Refer to “Note 17 Provisions and contingent liabilities” in the “Consolidated financial statements” section of this report for more information about litigation, regulatory and similar matters

Cost / income ratio

The cost / income ratio decreased to 81.6% from 85.3%, as an increase in total revenues more than offset an increase in operating expenses.

Invested assets

Invested assets increased by USD 571bn, or 14%, to USD 4,753bn, mainly driven by positive market performance of USD 377bn, positive foreign currency effects of USD 126bn and net new asset inflows, partly offset by the effects of USD 27bn as a result of UBS’s strategic decisions to exit certain markets or cease offering certain services.

Loan volumes

Loan volumes increased by USD 26.4bn to USD 328.6bn, mainly driven by positive foreign currency effects and positive net new loan volumes.

› Refer to the “Risk management and control” section of this report for more information

Customer deposit volumes

Customer deposit volumes increased by USD 8.7bn to USD 479.3bn, mainly driven by positive foreign currency effects, partly offset by net new deposit volume outflows.

Personal & Corporate Banking

Personal & Corporate Banking – in Swiss francs

CHF m, except where indicated	As of or for the year ended		% change from
	31.12.25	31.12.24	
Results			
Net interest income	3,731	3,554	5
Recurring net fee income ^{1,2}	1,405	1,190	18
Transaction-based income ^{1,3}	1,736	1,529	14
Other revenues ^{1,4}	(46)	32	
Total revenues	6,826	6,305	8
Credit loss expense / (release)	285	348	(18)
Operating expenses	5,165	4,152	24
Business division operating profit / (loss) before tax	1,376	1,805	(24)
Performance measures and other information			
Pre-tax profit growth (year-on-year, %) ¹	(23.8)	(12.2)	
Cost / income ratio (%) ¹	75.7	65.9	
Net interest margin (bps) ¹	149	168	
Loans, gross (CHF bn)	248.3	245.3	1
Customer deposits (CHF bn)	250.0	255.5	(2)
Credit-impaired loan portfolio as a percentage of total loan portfolio, gross (%) ^{1,5}	1.3	1.5	

¹ Refer to “Alternative performance measures” in the appendix to this report for the definition and calculation method. Each alternative performance measure (APM) that qualifies as a non-GAAP measure as defined by US Securities and Exchange Commission (SEC) regulations is designated as such in the table of APMs in the appendix to this report. ² Is composed of net fee and commission income and other income as reflected in the UBS AG financial statements. For reconciliation information in US dollar amounts, refer to the corresponding footnote in the table below. ³ Is composed of net fee and commission income, other net income from financial instruments measured at fair value through profit or loss and other income as reflected in the UBS AG financial statements. For reconciliation information in US dollar amounts, refer to the corresponding footnote in the table below. Income related to certain financial instruments not directly linked to client activity and measured at fair value that was previously presented as transaction-based income is presented as other revenues from the fourth quarter of 2025 onward. This change has been applied prospectively. ⁴ Are composed of other net income from financial instruments measured at fair value through profit or loss, and other income as reflected in the UBS AG financial statements. For reconciliation information in US dollar amounts, refer to the corresponding footnote in the table below. Income related to certain financial instruments not directly linked to client activity and measured at fair value that was previously presented as transaction-based income is presented as other revenues from the fourth quarter of 2025 onward. This change has been applied prospectively. The line was renamed “Other revenues” (previously “Other income”) in the fourth quarter of 2025. ⁵ Refer to the “Risk management and control” section of this report for more information about credit-impaired exposures.

2025 compared with 2024

Results

Profit before tax decreased by CHF 429m, or 24%, to CHF 1,376m, as higher total revenues and lower net credit loss expenses were more than offset by higher operating expenses.

Total revenues

Total revenues increased by CHF 521m, or 8%, to CHF 6,826m, mainly due to the consolidation of Credit Suisse AG revenues for the full year, and included a net loss of CHF 133m related to an investment in an associate and a gain of CHF 58m related to the Swisscard transactions.

Net interest income increased by CHF 177m, or 5%, to CHF 3,731m, largely reflecting the consolidation of Credit Suisse AG net interest income for the full year.

Recurring net fee income increased by CHF 215m, or 18%, to CHF 1,405m, mostly due to the consolidation of Credit Suisse AG recurring net fee income for the full year, as well as higher custody fees, mainly reflecting net new inflows and positive market performance.

Transaction-based income increased by CHF 207m, or 14%, to CHF 1,736m, largely due to the consolidation of Credit Suisse AG transaction-based income for the full year.

Other revenues were negative CHF 46m, compared with positive CHF 32m, and reflected a net loss of CHF 133m related to an investment in an associate, partly offset by a gain of CHF 58m related to the Swisscard transactions. Other revenues in 2024 included a loss of CHF 54m related to an investment in an associate.

Credit loss expense / release

Net credit loss expenses were CHF 285m, primarily reflecting net expenses on credit-impaired positions, compared with net credit loss expenses of CHF 348m in 2024.

Operating expenses

Operating expenses increased by CHF 1,013m, or 24%, to CHF 5,165m, largely due to the consolidation of Credit Suisse AG operating expenses for the full year, a CHF 164m expense related to the Swisscard transactions, and higher integration-related expenses, partly offset by lower personnel expenses, including lower variable compensation, and by CHF 29m of net releases in provisions for litigation, regulatory and similar matters related to the resolution of a legacy matter concerning cross-border business activities in France.

› Refer to "Note 17 Provisions and contingent liabilities" in the "Consolidated financial statements" section of this report for more information about litigation, regulatory and similar matters

Cost / income ratio

The cost / income ratio increased to 75.7% from 65.9%, as an increase in operating expenses more than offset an increase in total revenues.

Personal & Corporate Banking – in US dollars

<i>USD m, except where indicated</i>	As of or for the year ended		% change from
	31.12.25	31.12.24	31.12.24
Results			
Net interest income	4,508	4,035	12
Recurring net fee income ^{1,2}	1,698	1,350	26
Transaction-based income ^{1,3}	2,099	1,734	21
Other revenues ^{1,4}	(68)	39	
Total revenues	8,238	7,159	15
Credit loss expense / (release)	349	393	(11)
Operating expenses	6,234	4,714	32
Business division operating profit / (loss) before tax	1,654	2,052	(19)
Performance measures and other information			
Pre-tax profit growth (year-on-year, %) ¹	(19.4)	(9.9)	
Cost / income ratio (%) ¹	75.7	65.9	
Net interest margin (bps) ¹	149	168	
Loans, gross (USD bn)	313.1	270.2	16
Customer deposits (USD bn)	315.2	281.4	12
Credit-impaired loan portfolio as a percentage of total loan portfolio, gross (%) ^{1,5}	1.3	1.5	

¹ Refer to "Alternative performance measures" in the appendix to this report for the definition and calculation method. Each alternative performance measure (APM) that qualifies as a non-GAAP measure as defined by US Securities and Exchange Commission (SEC) regulations is designated as such in the table of APMs in the appendix to this report. ² Is composed of USD 1,669m (2024: USD 1,325m) of net fee and commission income and USD 29m (2024: USD 25m) of other income as reflected in the UBS AG financial statements. ³ Is composed of USD 1,200m (2024: USD 995m) of net fee and commission income, USD 891m (2024: USD 719m) of other net income from financial instruments measured at fair value through profit or loss and USD 8m (2024: USD 20m) of other income as reflected in the UBS AG financial statements. Income related to certain financial instruments not directly linked to client activity and measured at fair value that was previously presented as transaction-based income is presented as other revenues from the fourth quarter of 2025 onward. This change has been applied prospectively. ⁴ Are composed of negative USD 40m (2024: Nil) of other net income from financial instruments measured at fair value through profit or loss and negative USD 28m (2024: USD 39m) of other income as reflected in the UBS AG financial statements. Income related to certain financial instruments not directly linked to client activity and measured at fair value that was previously presented as transaction-based income is presented as other revenues from the fourth quarter of 2025 onward. This change has been applied prospectively. The line was renamed "Other revenues" (previously "Other income") in the fourth quarter of 2025. ⁵ Refer to the "Risk management and control" section of this report for more information about credit-impaired exposures.

Asset Management

Asset Management

USD m, except where indicated	As of or for the year ended		% change from
	31.12.25	31.12.24	31.12.24
Results			
Net management fees ^{1,2}	2,986	2,538	18
Performance fees	195	136	43
Net gain / (loss) from disposal	(30)	125	
Total revenues	3,150	2,799	13
Credit loss expense / (release)	1	0	
Operating expenses	2,440	2,334	5
Business division operating profit / (loss) before tax	709	465	52

Performance measures and other information

Pre-tax profit growth (year-on-year, %) ¹	52.4	27.1	
Cost / income ratio (%) ¹	77.5	83.4	
Gross margin on invested assets (bps) ¹	16	18	

Information by business line / asset class

Net new money (USD bn) ¹			
Equities ³	3.0	28.1	
Fixed Income ³	22.7	23.8	
<i>of which: money market</i>	<i>12.7</i>	<i>17.9</i>	
Multi-asset & Solutions ³	1.7	2.9	
Hedge Fund Businesses	1.8	(4.0)	
Real Estate & Private Markets	0.9	1.0	
Total net new money excluding associates	30.1	51.9	
<i>of which: net new money excluding money market</i>	<i>17.5</i>	<i>34.0</i>	
Associates ⁴	0.3	8.8	
Total net new money	30.4	60.6	

Invested assets (USD bn)¹

Equities ³	904	755	20
Fixed Income ³	506	464	9
<i>of which: money market</i>	<i>176</i>	<i>157</i>	<i>12</i>
Multi-asset & Solutions ³	372	268	39
Hedge Fund Businesses	62	58	7
Real Estate & Private Markets	160	143	12
Total invested assets excluding associates	2,005	1,689	19
<i>of which: passive strategies</i>	<i>1,040</i>	<i>807</i>	<i>29</i>
Associates ⁴	93	84	11
Total invested assets	2,098	1,773	18

Information by region

Invested assets (USD bn) ¹			
Americas	489	443	10
Asia Pacific ⁵	256	224	14
EMEA (excluding Switzerland)	540	435	24
Switzerland	813	670	21
Total invested assets	2,098	1,773	18

Information by channel

Invested assets (USD bn) ¹			
Third-party institutional	1,193	1,008	18
Third-party wholesale	212	169	25
UBS's wealth management businesses	601	512	17
Associates ⁴	93	84	11
Total invested assets	2,098	1,773	18

¹ Refer to "Alternative performance measures" in the appendix to this report for the definition and calculation method. Each alternative performance measure (APM) that qualifies as a non-GAAP measure as defined by US Securities and Exchange Commission (SEC) regulations is designated as such in the table of APMs in the appendix to this report. ² Net management fees include transaction fees, fund administration revenues (including net interest and trading income from lending activities and foreign-exchange hedging as part of the fund services offering), distribution fees, incremental fund-related expenses, gains or losses from seed money and co-investments, funding costs, the negative pass-through impact of third-party performance fees, and other items that are not Asset Management's performance fees. Net management fees are composed of USD 69m (2024: USD 54m) of interest expense, USD 2,800m (2024: USD 2,407m) of recurring net fee and commission income, USD 79m (2024: USD 55m) of transaction-based net fee and commission income, USD 53m (2024: USD 52m) of other net income from financial instruments measured at fair value through profit or loss, and USD 123m (2024: USD 78m) of other income as reflected in the UBS AG financial statements. ³ In the third quarter of 2025, certain portfolios were reclassified from Equities and Fixed Income to Multi-asset & Solutions, as a result of aligning Credit Suisse presentation to that of UBS. These changes were applied prospectively. ⁴ The invested assets and net new money amounts reported for associates are prepared in accordance with their local regulatory requirements and practices. ⁵ Includes invested assets from associates.

2025 compared with 2024

Results

Profit before tax increased by USD 244m, or 52%, to USD 709m, reflecting higher total revenues, partly offset by higher operating expenses, and included the impact from the consolidation of Credit Suisse AG for the full year. Profit before tax in 2025 also included a net loss of USD 30m from disposals, predominantly reflecting a net loss of USD 29m related to the sale of our O'Connor business to Cantor Fitzgerald. Profit before tax in 2024 included a net gain of USD 125m from the sale of non-strategic businesses.

Total revenues

Total revenues increased by USD 351m, or 13%, to USD 3,150m, primarily reflecting the consolidation of Credit Suisse AG revenues for the full year and higher performance fees, partly offset by the effects from the aforementioned sales. The gross margin was 16 basis points.

Net management fees increased by USD 448m, or 18%, to USD 2,986m, largely reflecting the consolidation of Credit Suisse AG net management fees for the full year, partly offset by a reduction in revenues related to Hedge Fund Businesses (linked to the increase in performance fees mentioned below), while 2024 included a revaluation of a real-estate fund co-investment.

Performance fees increased by USD 59m, or 43%, to USD 195m, mainly due to a USD 57m increase in revenues in Hedge Fund Businesses.

Operating expenses

Operating expenses increased by USD 106m, or 5%, to USD 2,440m, largely due to the consolidation of Credit Suisse AG operating expenses for the full year, partly offset by lower non-personnel and personnel expenses.

Cost / income ratio

The cost / income ratio decreased to 77.5% from 83.4%, as an increase in total revenues more than offset an increase in operating expenses.

Invested assets

Invested assets increased by USD 325bn, or 18%, to USD 2,098bn, reflecting positive market performance of USD 171bn, positive foreign currency effects of USD 131bn and net new money of USD 30bn, partly offset by a reduction of USD 7bn, which included USD 4bn related to the first stage of the transfer of our O'Connor business. Excluding money market flows and associates, net new money was USD 17bn.

Investment Bank

Investment Bank

<i>USD m, except where indicated</i>	As of or for the year ended		% change from
	31.12.25	31.12.24	31.12.24
Results			
Advisory	1,003	871	15
Capital Markets	1,745	1,511	15
Global Banking	2,748	2,382	15
Execution Services	2,186	1,714	28
Derivatives & Solutions	4,276	3,446	24
Financing	2,701	2,296	18
Global Markets	9,163	7,455	23
<i>of which: Equities</i>	<i>6,668</i>	<i>5,563</i>	<i>20</i>
<i>of which: Foreign Exchange, Rates and Credit</i>	<i>2,494</i>	<i>1,893</i>	<i>32</i>
Total revenues	11,910	9,837	21
Credit loss expense / (release)	147	98	50
Operating expenses	9,476	8,753	8
Business division operating profit / (loss) before tax	2,288	987	132
Performance measures and other information			
Pre-tax profit growth (year-on-year, %) ¹	131.8	658.5	
Cost / income ratio (%) ¹	79.6	89.0	

¹ Refer to "Alternative performance measures" in the appendix to this report for the definition and calculation method. Each alternative performance measure (APM) that qualifies as a non-GAAP measure as defined by US Securities and Exchange Commission (SEC) regulations is designated as such in the table of APMs in the appendix to this report.

2025 compared with 2024

Results

Profit before tax increased by USD 1,301m, or 132%, to USD 2,288m, due to higher total revenues, partly offset by higher operating expenses and net credit loss expenses.

Total revenues

Total revenues increased by USD 2,073m, or 21%, to USD 11,910m, due to higher revenues in Global Markets and Global Banking, and included a USD 128m gain from the sale of a stake in a subsidiary, Credit Suisse Securities (China) Limited (CSS), and a gain on the sale of a strategic investment.

Global Banking

Global Banking revenues increased by USD 366m, or 15%, to USD 2,748m, driven by higher revenues in Capital Markets and Advisory, and included the aforementioned gain from the sale of a stake in CSS.

Advisory revenues increased by USD 132m, or 15%, to USD 1,003m, largely driven by an increase in merger and acquisition transaction revenues.

Capital Markets revenues increased by USD 234m, or 15%, to USD 1,745m, mostly driven by higher revenues in Equity Capital Markets and by the aforementioned gain from the sale of a stake in CSS.

Global Markets

Global Markets revenues increased by USD 1,708m, or 23%, to USD 9,163m, driven by higher Derivatives & Solutions, Execution Services and Financing revenues, and included a gain of USD 102m on a strategic investment, which was split equally across product verticals.

Execution Services revenues increased by USD 472m, or 28%, to USD 2,186m, mainly driven by higher Cash Equities revenues across all regions, reflecting higher volumes.

Derivatives & Solutions revenues increased by USD 830m, or 24%, to USD 4,276m, driven by higher volatility and higher levels of client activity.

Financing revenues increased by USD 405m, or 18%, to USD 2,701m, led by Prime Brokerage revenues, supported by higher client balances. Included in 2024 was a gain of USD 51m on the sale of our investment in an associate.

Equities

Global Markets Equities revenues increased by USD 1,105m, or 20%, to USD 6,668m, mainly driven by higher revenues in Prime Brokerage, Cash Equities and Equity Derivatives. Included in 2024 was a gain of USD 51m on the sale of our investment in an associate.

Foreign Exchange, Rates and Credit

Global Markets Foreign Exchange, Rates and Credit revenues increased by USD 601m, or 32%, to USD 2,494m, mainly driven by increases in Foreign Exchange revenues, and included a gain of USD 102m on a strategic investment.

Credit loss expense / release

Net credit loss expenses were USD 147m, mainly reflecting net expenses on credit-impaired positions, compared with net credit loss expenses of USD 98m in 2024.

Operating expenses

Operating expenses increased by USD 723m, or 8%, to USD 9,476m, reflecting higher personnel expenses, adverse foreign currency effects and higher technology expenses.

Cost / income ratio

The cost / income ratio decreased to 79.6% from 89.0%, as an increase in total revenues more than offset an increase in operating expenses.

Non-core and Legacy

Non-core and Legacy

USD m	As of or for the year ended		% change from
	31.12.25	31.12.24	31.12.24
Results			
Total revenues	(128)	335	
Credit loss expense / (release)	3	55	(95)
Operating expenses	2,873	3,673	(22)
Operating profit / (loss) before tax	(3,003)	(3,392)	(11)

2025 compared with 2024

Results

Loss before tax was USD 3,003m, compared with a loss before tax of USD 3,392m.

Total revenues

Total revenues were negative USD 128m, compared with total revenues of USD 335m, and reflected lower net gains from position exits and lower net interest income from securitized product and credit portfolios. Total revenues in 2025 included a loss of USD 11m from the sale of Select Portfolio Servicing, the US mortgage servicing business of Credit Suisse. Total revenues in 2024 included a USD 67m gain from the sale of our investment in an associate.

Credit loss expense / release

Net credit loss expenses were USD 3m, compared with net credit loss expenses of USD 55m in 2024.

Operating expenses

Operating expenses decreased by USD 800m, or 22%, to USD 2,873m, mainly due to 2024 including litigation expenses of USD 1,338m, largely reflecting expenses related to UBS agreeing in the second quarter of 2024 to fund an offer by the Credit Suisse supply chain finance funds to redeem all the outstanding units of the respective funds. This effect was partly offset by USD 723m of net expenses related to provisions for litigation, regulatory and similar matters in 2025.

Group Items

Group Items

USD m	As of or for the year ended		% change from
	31.12.25	31.12.24	31.12.24
Results			
Total revenues	(928)	45	
Credit loss expense / (release)	3	0	
Operating expenses	1,240	979	27
Operating profit / (loss) before tax	(2,171)	(935)	132

2025 compared with 2024

Results

Loss before tax was USD 2,171m, mainly reflecting a loss of USD 943m from the repurchase of legacy Credit Suisse debt instruments, higher operating expenses, deferred tax asset (DTA) funding costs and mark-to-market losses from Group hedging and own debt, including hedge accounting ineffectiveness. The USD 1,236m, or 132%, change in loss before tax between periods was mainly due to the aforementioned loss from the debt repurchase, an increase in provisions for litigation, regulatory and similar matters, and higher shared services costs charged by other subsidiaries of UBS Group AG. In addition, 2025 included lower mark-to-market losses from Group hedging and own debt, including hedge accounting ineffectiveness, than 2024.

Risk, capital, liquidity and funding, and balance sheet

Management report

Audited information according to IFRS 7 and IAS 1

Risk and capital disclosures provided in line with the requirements of IFRS 7, *Financial Instruments: Disclosures*, and IAS 1, *Presentation of Financial Statements*, form part of the financial statements included in the "Consolidated financial statements" section of this report and are audited by the independent registered public accounting firm Ernst & Young Ltd, Basel. This information is marked as "Audited" within this section of the report.

Signposts

The **Audited** signpost that is displayed at the beginning of a section, table or chart indicates that those items have been audited. A triangle symbol – ▲ – indicates the end of the audited section, table or chart.

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Risk management and control

In the initial phases of the integration of Credit Suisse, the risk management focus was on the alignment of governance structures and frameworks, including the harmonization of Credit Suisse policies with UBS standards. In 2025, with the exposure reductions in Non-core and Legacy and the significant achievements made with respect to client account migrations (as part of the overall integration), we have substantially reduced the proportion of risks managed on legacy Credit Suisse platforms. We also transitioned to a single model risk management framework.

Top and emerging risks

An overview of our top and emerging risks, from a risk management perspective, is disclosed below. Investors should also carefully review all information set out in the “Risk factors” section of this report, where we discuss these and other material risks that could have an effect on our ability to execute our strategy and may affect our business activities, financial condition, results of operations and business prospects.

Top and emerging risk	Description
Geopolitical uncertainty	UBS AG remains watchful of a broad range of geopolitical developments and political changes in a number of countries, including intensifying rivalries among major powers, the re-emergence of regional spheres of influence and continued stress on multi-lateral economic and security institutions. Global trade relations remain fragile, as tariff-related policies persist. In addition, structural challenges in the US–China relationship remain significant. In parallel, the reshaping of international trade relationships is driving significant changes in global supply chains, adding further uncertainty and potential disruption to cross-border trade flows.
Macroeconomic risks	<p>UBS AG is exposed to a number of macroeconomic risks, as well as general market conditions. As noted in “Market, credit and macroeconomic risks” in the “Risk factors” section of this report, these external pressures may have a significant adverse effect on UBS AG’s business activities and related financial results, primarily through reduced margins and revenues, asset impairments and other valuation adjustments. Accordingly, these macroeconomic factors are considered in the development of stress-testing scenarios for UBS AG’s ongoing risk management activities.</p> <p>Inflation has remained broadly stable in major Western economies, though there are still concerns that inflation could return, including upward pressure on interest rates. Central banks’ monetary policies therefore continue to be a key driver of financial market conditions. In parallel, concerns around developed market sovereign debt sustainability have heightened, with fiscal deterioration in several advanced economies contributing to volatility in long-term bond yields. UBS AG is closely monitoring foreign exchange volatility and currency valuations, including the weakening of the US dollar and the appreciation of the Swiss franc against other major currencies.</p> <p>Elevated valuations across various assets classes, alongside accelerated capital flows into artificial intelligence (AI)- and technology-related equities, present the risk of a potential bubble, particularly if adoption trends in these areas slow or macroeconomic conditions weaken.</p>
Non-bank financial institutions and private markets	<p>Non-bank financial institutions (NBFIs) and private markets, in particular, have come further into focus in 2025, expanding their role in credit provision, liquidity transformation and risk transfer across the financial system. We remain watchful of the growing systemic and economic relevance of this sector, especially as its interconnectedness with the financial sector has further deepened through funding relationships, derivatives exposures and the collateral channel, heightening the potential for spillovers under stress.</p> <p>Limited transparency around leverage, asset valuations and liquidity profiles may further obscure underlying risk dynamics and complicate a comprehensive assessment of sector-wide vulnerabilities. These developments reinforce the importance of disciplined monitoring and proactive risk management of exposures and concentrations, and the channels through which stress in NBFIs or private markets could transmit to the broader financial system.</p>
Regulatory and legal risks	<p>UBS AG is exposed to substantial changes in the regulation of its businesses that could have a material adverse effect on its business, as discussed in the “Regulatory and legal developments” section of this report and in “Regulatory and legal risks” in the “Risk factors” section of this report.</p> <p>As a global financial services firm, UBS AG is subject to many different legal, tax and regulatory regimes and extensive regulatory oversight. UBS AG is exposed to the risk that regulatory requirements across different jurisdictions impose inconsistent or conflicting requirements, or may do so in the future. UBS AG is also exposed to significant liability risk, and it is subject to various claims, disputes, legal proceedings and government investigations, as noted in “Regulatory and legal risks” in the “Risk factors” section of this report. Information about litigation, regulatory and similar matters considered significant is disclosed in “Note 17 Provisions and contingent liabilities” in the “Consolidated financial statements” section of this report.</p>
Cyber risks, third-party risks and operational resilience	<p>Global geopolitical trends increase the likelihood of external state-driven cyber activity. Combined with a broader shift toward more sophisticated forms of ransomware and other cyber threats, there is a risk of operational disruption to business activities at UBS AG’s locations and those of third-party suppliers, including potential corruption or loss of data. At the same time, the dynamic and material nature of recent geopolitical and environmental events, combined with the operational complexity of all its businesses, leads to the risk of disruption through operational resilience scenarios such as system failures or loss of third-party services.</p> <p>› Refer to “Non-financial risk” and “Cybersecurity and information security” in this section for more information</p>
Conduct risks	<p>Conduct risks are inherent in UBS AG’s businesses. Achieving fair outcomes for its clients, upholding market integrity and cultivating the highest standards of employee conduct are of critical importance to UBS AG. Management of conduct risks is an integral part of UBS AG’s risk management framework.</p> <p>› Refer to “Non-financial risk” in this section and “Strategy, management and operational risks” in the “Risk factors” section of this report for more information</p>

Top and emerging risk	Description
Financial crime risks	<p>Financial crime (including money laundering, terrorist financing, sanctions violations, fraud, bribery, and corruption) presents significant risk and is subject to heightened regulatory expectations and attention. Emerging technologies and changing geopolitical risks further increase the complexity of identifying and preventing financial crime, in particular managing the continuously evolving sanctions environment, and require investment in people, systems and technology.</p> <p>› Refer to “Non-financial risk” in this section for more information</p>
Sustainability and climate risks	<p>Sustainability and climate risks continue to be in focus for UBS AG, for regulators and for stakeholders. To address these emerging risks, UBS AG has further enhanced its transition and physical risk methodologies, integrated climate-related financial risks into key risk frameworks and updated its sustainability and climate risk policy to align with the requirements of FINMA Circular 2026/1 “Nature-related financial risks”.</p> <p>› Refer to “Sustainability and climate risk” in the “Risk management and control” section of the UBS Group Annual Report 2025, available under “Annual reporting” at ubs.com/investors, for more information</p> <p>› Refer to “Appendix 1 – Governance” to the UBS Group Sustainability Report 2025, available under “Annual reporting” at ubs.com/investors, for a full description of our sustainability and climate risk policy framework</p> <p>Regulatory requirements and industry guidelines are emerging simultaneously in various jurisdictions, leading to an increased risk of divergence, which in turn increases the risk that UBS AG may not comply with all relevant regulations.</p>
New technologies	<p>New risks related to client demand for distributed ledger technology, blockchain-based assets and virtual currencies continue to emerge. UBS AG’s exposure to these risks is still relatively limited, and relevant control frameworks are continuously being enhanced and implemented. Technological developments in the areas of AI and digitalization will have a significant impact in 2026 and create not only opportunities but also heightened operational risks.</p> <p>With the ongoing digitalization and the adoption of new technologies, we continue to emphasize the responsible use of AI and ethical data practices, in line with evolving regulatory requirements and client expectations. With rapidly advancing technology and changing communication preferences, there is heightened focus on electronic communications, including the use of approved channels and appropriate recordkeeping.</p> <p>› Refer to “Non-financial risk” in this section for more information</p>

Risk identification

Risk identification at UBS AG is the process of systematically identifying, assessing and cataloging risks across all business activities and risk categories. It is a fundamental component of UBS AG’s risk management approach, helping to ensure that a comprehensive understanding of its risk exposure is maintained. UBS AG’s structured risk identification framework integrates both bottom-up and top-down risk identification approaches and enhances its ability to capture, measure, monitor and control risks, in alignment with global regulatory expectations. The process involves subject matter experts from both the first and second lines of defense, including senior management across the organization, and is conducted periodically, complementing day-to-day risk identification and risk management frameworks. By anchoring to a common risk taxonomy and risk materiality approach, UBS AG aims to ensure consistent categorization and prioritization of risks across business divisions and significant entities. Additionally, documenting root-cause drivers and early-warning signs strengthens UBS AG’s ability to monitor emerging risks.

Various review and approval steps are embedded throughout the risk identification process to maximize risk transparency, including presentation to senior governance bodies for each business division, applicable significant entities and at the UBS AG level. The output of the process helps ensure that UBS AG’s stress-testing exercises take into account its key vulnerabilities, while also supporting broader risk management activity.

Risk categories

UBS AG categorizes its risk exposures in line with the UBS Group and as outlined in the table below. The risk appetite framework is designed to capture all risk categories.

› Refer to “Risk appetite framework” in this section for more information

	Risk managed by	Independent oversight by
Financial risks		
<p>Audited Credit risk: the risk of loss resulting from the failure of a client or counterparty (including an issuer) to meet its contractual obligations toward UBS AG. This includes loan underwriting risk and settlement risk.</p> <p>Loan underwriting risk: the risk of loss arising during the holding period of financing transactions that are intended for further distribution.</p> <p>Settlement risk: the short-term form of credit risk arising when UBS AG delivers its side of an agreed-upon transaction but does not receive an expected value in return from the counterparty. ▲</p> <p>› Refer to “Credit risk” in this section for more information</p>	Business divisions	Risk Control
<p>Audited Market risk: the risk of loss resulting from adverse movements in market variables. Market risks are actively taken as part of trading activities but can also arise from non-trading activities. Market variables include observable factors, such as interest rates, foreign exchange rates, equity prices, credit spreads and commodity (including precious metal) prices, as well as variables that may be unobservable or only indirectly observable, such as volatilities and correlations. Market risk also includes issuer risk.</p> <p>Issuer risk: the risk of loss that would occur if an issuer to which UBS AG is exposed through tradable securities or derivatives referencing the issuer was subject to a credit-related event. ▲</p> <p>› Refer to “Market risk” in this section for more information</p>	Business divisions and Group Treasury	Risk Control
<p>Investment risk: The risk of losses relative to the expected return on any particular investment (i.e. achieving lower actual returns compared with expected returns).</p> <p>› Refer to “Market risk” in this section for more information</p>	Business divisions and Group Treasury	Risk Control
<p>Treasury risk: the risks associated with asset and liability management and UBS AG’s liquidity and funding positions, as well as structural exposures.</p> <p>Audited Liquidity risk: the risk that UBS AG is unable to meet business-as-usual or stress cash / collateral flows. ▲</p> <p>Audited Funding risk: the risk that UBS AG is unable to borrow funds to support its current business and desired strategy. ▲</p> <p>› Refer to the “Liquidity and funding management” section of this report for more information</p> <p>Interest rate risk in the banking book: the risk to the firm’s capital and earnings arising from the adverse effects of interest rate movements on the firm’s banking book positions. The risk is transferred from the originating business divisions, i.e. Global Wealth Management and Personal & Corporate Banking, to Group Treasury to risk-manage this centrally and benefit from firm-wide netting, while leaving the business divisions with margin management.</p> <p>› Refer to “Market risk” in this section for more information</p> <p>Structural foreign exchange risk: the risk of decreases in UBS AG’s capital or capital ratios due to adverse impacts from changes in foreign exchange rates.</p>	Group Treasury	Risk Control
<p>Pension risk: the risk of a negative impact on UBS AG’s capital as a result of deteriorating funded status from decreases in the fair value of assets held in defined benefit pension funds and / or changes in the value of defined benefit pension obligations due to changes in actuarial assumptions (e.g. discount rate, life expectancy and rate of pension increase) and / or changes to plan designs.</p> <p>› Refer to “Market risk” in this section for more information</p>	Group Treasury and Human Resources	Risk Control and Finance
<p>Country risk: the risk of loss resulting from country-specific events. This includes the risk of sovereign default and also transfer risk, which involves a country’s authorities preventing or restricting the payment of an obligation, as well as systemic risk events arising from country-specific political or macroeconomic developments.</p> <p>› Refer to “Country risk” in this section for more information</p>	Business divisions	Risk Control
<p>Sustainability and climate risk: the risk that UBS AG negatively impacts, or is impacted by, climate change, nature, human rights and other relevant environmental and social matters. Sustainability and climate risks may materialize as credit, market, liquidity, business or non-financial risks for UBS AG, potentially leading to adverse financial, liability or reputational impacts. These risks extend to the value of investments and may also affect the value of collateral (e.g. real estate). Sustainability and climate risk includes transition risk and physical risk.</p> <p>Transition risk: climate-driven transition risks arise from the transition to a sustainable economy, in particular its decarbonization, for example due to changes in policy, case law, technology or in the behavior of market participants. This may contribute to a structural change across economies and consequently affect banks and the stability of the wider financial sector.</p> <p>Physical risk: climate-driven physical risks arise from acute hazards, which are increasing in severity and frequency, and chronic risks that arise from an incrementally changing climate. Climate-driven physical risks may contribute to structural changes across economies and consequently affect banks and the stability of the wider financial sector.</p> <p>› Refer to “Sustainability and climate risk” in the “Risk management and control” section of the UBS Group Annual Report 2025, available under “Annual reporting” at ubs.com/investors, for more information</p>	Business divisions	Risk Control

	Risk managed by	Independent oversight by
Financial risks (continued)		
<p>Capital risk: the risk that UBS AG does not maintain adequate capital to support its activities and maintain the minimum capital requirements.</p> <p>› Refer to the “Capital management” section of this report for more information</p>	Group Treasury	Risk Control and Finance
<p>Business risk: the potential negative impact on earnings from lower-than-expected business volumes and / or margins, to the extent they are not offset by a decrease in expenses. For example, changes in the competitive landscape, client behavior or market conditions can have a negative impact.</p>	Business divisions	Risk Control and Finance
<p>Strategic risk: the idiosyncratic risk arising from the impact of strategic decisions on UBS, which can be driven by exogenous factors, such as changes in the industry or regulatory environments, or by endogenous factors, such as constraints related to or execution of strategic decisions.</p> <p>› Refer to “Strategy, management and operational risks” in the “Risk factors” section of this report for more information</p>	Business divisions and Group functions	Finance, Chief Strategy Office and Risk Control
Non-financial risks		
<p>Compliance risk: the risk of failure to comply with laws, rules and regulations, internal policies and procedures, and the firm’s Code of Conduct and Ethics.</p> <p>› Refer to “Non-financial risk” in this section for more information</p> <p>Employment risk: the risks arising from acts inconsistent with laws, rules and regulations or the firm’s policies governing employment practices, health and well-being, discrimination, performance and compensation, and employee-related taxes and benefits. Also includes risks arising from loss of key staff, excessive turnover, inadequate resourcing and failure to implement comprehensive succession plans for key positions, as well as those arising from failure to perform an appropriate vetting process including stringent due diligence and background checks, in order to ensure on-boarded staff are fit and proper.</p> <p>Conduct risk: the risk that the conduct of the firm or its individuals unfairly impacts clients or counterparties, undermines the integrity of the financial system or impairs effective competition to the detriment of consumers.</p> <p>Market conduct risk: the risk of failure to maintain appropriate standards to ensure fair and effective markets and meet legal / regulatory requirements and expectations governing activities undertaken on or through a market or in pricing- / transaction-related bilateral interactions between counterparties.</p> <p>Client suitability risk: the risk that clients are provided with products or services that do not match their investor profile, including their investment objectives, financial situation, time horizon, risk tolerance, and knowledge and experience, resulting in the client receiving a product or service that is not suitable for their individual circumstances.</p>	Business divisions	GCORC Human Resources GCORC GCORC GCORC
<p>Financial crime risk: the risk of failure to prevent financial crime (including money laundering, terrorist financing, sanctions or embargo violations, internal and external fraud, bribery, and corruption).</p> <p>› Refer to “Non-financial risk” in this section for more information</p>	Business divisions	GCORC
<p>Operational risk: the risk resulting from inadequate or failed internal processes, people or systems, or from external causes (deliberate, accidental or natural).</p> <p>› Refer to “Non-financial risk” in this section for more information</p> <p>Cybersecurity and information-security risk: the risk that a malicious internal or external act, a failure of technology, or human error materially compromises the confidentiality, integrity or availability of UBS AG’s data, systems or services.</p> <p>› Refer to “Non-financial risk” in this section for more information</p> <p>Third-party risk: the risk arising from consuming goods or services from third parties (from an UBS AG consolidated or legal entity perspective) and their subcontractors, including inadequate oversight or non-compliance with policy or regulatory requirements that may lead to operational disruption, data compromise or reputational harm.</p> <p>› Refer to “Non-financial risk” in this section for more information</p> <p>Model risk: the risk of adverse consequences (e.g. financial loss, due to legal matters, operational loss, biased business decisions, or reputational damage) resulting from decisions based on incorrect, inadequate or misused model outputs and reports.</p> <p>› Refer to “Model risk” in this section for more information</p>	Business divisions Business divisions and Group Technology Business divisions and Group functions Business divisions and Group functions	GCORC GCORC GCORC Risk Control
<p>Legal risk: the risk of: (i) being held liable for a breach of applicable laws, rules or regulations; (ii) being held liable for a breach of contractual or other legal obligations; (iii) an inability or failure to enforce or protect contractual rights or non-contractual rights sufficiently to protect UBS AG’s interests; and (iv) being party to a claim or investigated by a regulator or public authority in respect of any of the above (and the risk of loss of attorney–client privilege in the context of any such claim).</p>	Business divisions	Legal
<p>Reputational risk: the risk of an unfavorable perception of UBS AG or a decline in the firm’s reputation from the point of view of clients, shareholders, regulators, employees or society, which may lead to potential financial loss and / or loss of market share.</p> <p>› Refer to “Non-financial risk” in this section for more information</p>	All business divisions and Group functions	All control functions

Overview of risks arising from our business activities

Key risks by business division and Group functions

Business divisions and Group functions	Key financial risks arising from business activities
Global Wealth Management	Credit risk from collateralized lending primarily against securities, residential and commercial real estate, other real assets (such as ships and aircraft), private market and hedge fund interest, and investors' uncalled capital commitments, as well as from collateralized clients' derivatives trading. Also includes unsecured lending, i.e. recourse-based lending and cash-flow-based corporate lending to entities owned and controlled by UBS AG's Global Wealth Management clients. Limited contribution to market risk from municipal securities and taxable fixed-income securities. Interest rate risk in the banking book related to Global Wealth Management is transferred to and managed by Group Treasury.
Personal & Corporate Banking	Credit risk from mortgages (owner-occupied and income-producing), secured and unsecured corporate lending, commodity trade finance, trade and export finance, consumer finance, and lending to banks and other regulated clients, as well as a small amount of derivatives trading activity. Minimal contribution to market risk . Interest rate risk in the banking book related to Personal & Corporate Banking is transferred to and managed by Group Treasury.
Asset Management	Limited exposure to credit risk and market risk from on-balance sheet positions such as seed capital and co-investments in funds managed by Asset Management. Indirect exposure to credit risk and market risk from client assets invested in Asset Management funds, which can adversely impact management and performance fees and cause heightened fund outflows and liquidity risk.
Investment Bank	Credit risk from lending (take-and-hold, as well as temporary loan underwriting activities) and counterparty credit risk from derivatives trading and securities financing. Market risk from secondary trading and primary underwriting activities.
Non-core and Legacy	Credit risk arising from a residual portfolio of less-liquid structured financing transactions, including some with residential and commercial real estate collateral and a small number of trades remaining from a corporate loan portfolio. Market risk is limited and results from a largely hedged portfolio of both complex and simple credit, interest rate and equity derivative transactions.
Group functions	Credit risk, market risk and treasury risk arising from Group Treasury's management of UBS AG's balance sheet (asset and liability management), capital, profit or loss, and liquidity and funding.

All the business divisions and Group functions are exposed to **country risk, sustainability and climate risk** and **non-financial risk**. Non-financial risk is an inevitable consequence of being an operating firm and can arise as a result of UBS AG's past and current business activities.

Risk oversight

Risk governance

The risk governance of UBS AG is modeled on that of the UBS Group, with the same three lines of defense and equal governance structure in terms of key roles and responsibility for risk management.

- › Refer to "Risk governance" in the "Risk management and control" section of the UBS Group Annual Report 2025, available under "Annual reporting" at ubs.com/investors, for more information about our risk governance and the three lines of defense

Internal risk reporting

Comprehensive and transparent reporting of risks is central to our risk governance framework's control and oversight responsibilities and required by our risk management and control principles. Accordingly, risks are reported at a frequency and level of detail commensurate with the extent and variability of the risk and the needs of the various governance bodies, regulators and risk authority holders. Data used to produce risk reports is generally aligned with that used by both the business divisions and control functions for managing and monitoring risks. This alignment ensures consistency in risk assessment and decision-making across the organization.

As UBS AG's risk profile is closely aligned to that of the UBS Group, it relies on the internal risk reporting framework for the Group to cover the reporting for UBS AG.

The Group Risk Report provides a detailed qualitative and quantitative monthly overview of developments in financial and non-financial risks at the firm-wide level, including the status of our risk appetite objectives and the results of firm-wide stress testing. The Group Risk Report is distributed internally to the Board of Directors (BoD), the Executive Board (EB), and senior members of Risk Control, Internal Audit, Finance and Legal. Risk reports are also produced covering significant Group entities and branches (i.e. entities and branches subject to enhanced standards of corporate governance), which also include significant entities and branches of UBS AG.

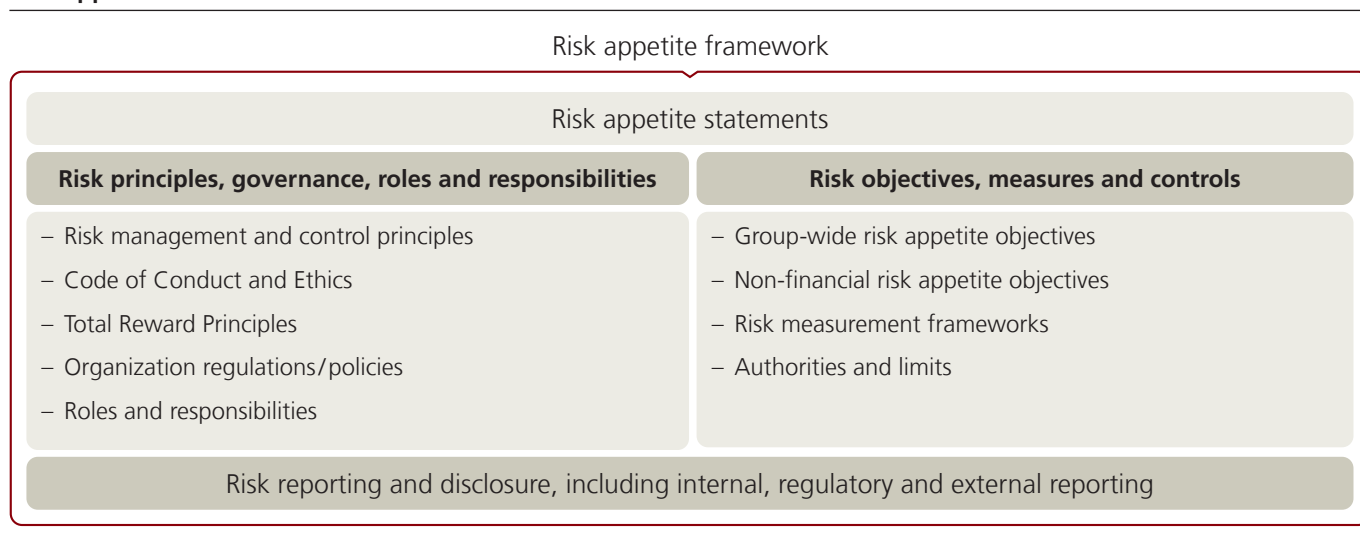
Monthly business division and Group Items risk reports are supplemented with daily or weekly reports, at various levels of granularity, covering market, credit and treasury risks to enable risk officers and senior management to monitor and control the Group’s risk profile.

UBS AG’s internal risk reporting covers financial and non-financial risks and is supported by risk data and measurement systems that are used for risk management and monitoring purposes and also for external disclosure and regulatory reporting. Dedicated units within Risk Control assume responsibility for measurement, analysis and reporting of risk and for overseeing the quality and integrity of risk-related data. The firm’s risk data and measurement systems are subject to periodic review by Internal Audit, which applies a risk-based audit approach.

Risk appetite framework

Our risk appetite is defined at the aggregate Group level and reflects the risk that we are willing to accept or wish to avoid. It is set via complementary qualitative and quantitative risk appetite statements defined at a firm-wide level and is embedded throughout our business divisions and legal entities by Group, business division and legal entity policies, limits and authorities. Our risk appetite is reviewed and recalibrated annually, with the aim of ensuring that risk-taking at every level of the organization is in line with our strategic priorities, our capital and liquidity plans, our *Pillars, Principles and Behaviors*, and minimum regulatory requirements. It is governed by a single overarching policy and conforms to the Financial Stability Board’s Principles for an Effective Risk Appetite Framework. The “Risk appetite framework” chart below shows the key elements of the framework.

Risk appetite framework



Risk principles and risk culture

Qualitative risk appetite statements aim to ensure we maintain the desired risk culture. Maintaining a strong risk culture is a prerequisite for success in today’s highly complex operating environment and a source of sustainable competitive advantage.

Our risk appetite framework combines all the important elements of our risk culture, expressed in our *Pillars, Principles and Behaviors*, our risk management and control principles, our Code of Conduct and Ethics, and our Total Reward Principles. They help to create a solid foundation for promoting risk awareness, leading to appropriate risk-taking and the establishing of robust risk management and control processes.

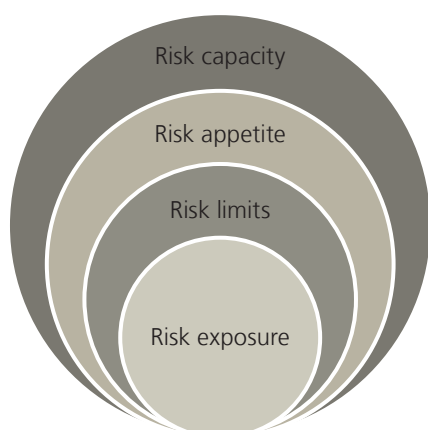
- › Refer to “Employees” in the “Our stakeholders” section of the UBS Group Annual Report 2025, available under “Annual reporting” at ubs.com/investors, for more information about our Pillars, Principles and Behaviors
- › Refer to the Code of Conduct and Ethics of UBS, available at ubs.com/code, for more information

Risk management and control principles

Protection of financial strength	Protecting UBS AG's financial strength by controlling its risk exposure and avoiding potential risk concentrations at individual exposure levels, at specific portfolio levels and at an aggregate firm-wide level across all risk types.
Protection of reputation	Protecting UBS AG's reputation through a sound risk culture characterized by a holistic and integrated view of risk, performance and reward, and through full compliance with its standards and principles, particularly its Code of Conduct and Ethics.
Business management accountability	Maintaining management accountability, whereby business management owns all risks assumed throughout UBS AG and is responsible for the continuous and active management of all risk exposures to provide for balanced risk and return.
Independent controls	Independent control functions that monitor the effectiveness of the businesses' risk management and oversee risk-taking activities.
Risk disclosure	Disclosure of risks to senior management, the BoD, investors, regulators, credit rating agencies and other stakeholders with an appropriate level of comprehensiveness and transparency.

Quantitative risk appetite objectives

Risk appetite objective framework



Our quantitative **risk appetite** objectives aim to ensure that our aggregate **risk exposure** remains within the desired **risk capacity**, based on capital and business plans. The specific definition of risk capacity for each objective is aimed at ensuring we have sufficient capital, earnings, funding and liquidity to protect our businesses and exceed minimum regulatory requirements under a severe stress event. The risk appetite objectives are evaluated during the annual business planning process and approved by the Board of Directors. The quantitative risk appetite objectives are supported by a comprehensive suite of **risk limits**.

These objectives are complemented by a standardized set of quantitative non-financial risk appetite objectives at Group level, expressed as percentages of the monetary impacts from non-financial risk events relative to total revenue and operational risk regulatory capital, respectively. If these percentages are exceeded, a review of key loss drivers and required mitigation measures is triggered.

Risk appetite statements at the business-division level are derived from the firm-wide risk appetite. They may also include business-division-specific strategic goals related to that business division's activities and risks. Risk appetite statements are also set for certain legal entities, which must be consistent with the firm-wide risk appetite framework and approved in accordance with Group and legal entity regulations. Differences may exist that reflect the specific nature, size, complexity and regulations applicable to the relevant legal entity.

Portfolio and position limits

With the risk profile of UBS AG closely aligned to that of the Group, we ensure that UBS AG's risk exposure remains within the desired risk capacity through a comprehensive suite of risk portfolio limits set at Group level.

› Refer to "Credit risk" in this section for more information about counterparty limits

Risk measurement

Audited | We apply a variety of methodologies and measurements to quantify the risks of our portfolios and potential risk concentrations. Risks that are not fully reflected within standard measures are subject to additional controls, which may include preapproval of specific transactions and the application of specific restrictions. Models to quantify risk are generally developed by dedicated units within control functions and are subject to independent validation. ▲

› Refer to "Credit risk", "Market risk" and "Non-financial risk" in this section for more information about model confirmation procedures

Stress testing

We perform stress testing to estimate losses that could result from extreme yet plausible macroeconomic and geopolitical stress events to identify, better understand and manage our potential vulnerabilities and risk concentrations. Stress testing has a key role in our limits framework at the firm-wide, business division, legal entity and portfolio levels. Stress test results are regularly reported to the BoD and the EB. We also provide detailed stress loss analyses to the Swiss Financial Market Supervisory Authority (FINMA) and regulators of our legal entities in accordance with their requirements. As described in "Risk appetite framework", stress testing has a central role in our risk appetite and business planning processes.

The combined stress-testing (CST) framework is scenario based and aims to quantify overall firm-wide impacts that could result from various potential global systemic events. The framework captures all material risks, as covered in "Risk categories", to the extent the risk is consistent with the narrative and main assumptions of the framework.

Scenarios are forward looking and encompass macroeconomic and geopolitical stress events calibrated to different levels of severity. In each scenario, we assume changes in a wide range of macroeconomic and market variables to stress the key risk drivers of our portfolios. We also capture the business risk resulting from lower fee, interest and trading income net of lower expenses. These effects are measured for all businesses and material risk types to calculate the aggregate estimated effect of the given scenario on profit or loss, other comprehensive income, risk-weighted assets, the leverage ratio denominator and, ultimately, capital and leverage ratios. The assumed changes in macroeconomic and market variables are updated periodically to account for changes in the current and possible future market environment.

At least once a year, the Risk Committee approves the most relevant scenario, known as the binding scenario, for use as the main scenario for regular CST reporting and for monitoring risk exposure against our minimum capital, earnings and leverage ratio objectives in our risk appetite framework. In 2025, the binding scenario for CST was the internal *global crisis scenario*. This scenario assumes a fall in global trade, which particularly hits China and leads to a hard landing. Combined with political, solvency and liquidity concerns, this results in a sharp sell-off of emerging markets sovereign debt and some emerging markets default. The macroeconomic and market impacts amplify concerns about peripheral European sovereign debt, causing Greece and Cyprus to default.

From the beginning of 2026 the binding scenario for CST has changed to the global trade war scenario. This scenario assumes heightened geopolitical tensions and explores tail risks concerning US protectionist policies and retaliation by the US's trading partners. US policies solidify Switzerland as a safe-haven country and the US dollar depreciates against the Swiss franc. The scenario assumes that disruptions in global trade contribute to rising inflation and a large economic contraction. Despite rising inflation, the Federal Reserve makes measured interest rate cuts, and other major central banks in advanced economies follow the same course.

With regard to treasury risk, we routinely analyze the effect of movements in interest rates and changes in the structure of yield curves. We also perform stress testing to determine the optimal asset and liability structure, enabling us to maintain an appropriately balanced liquidity and funding position under various scenarios. These scenarios differ from those outlined above, because they focus on specific situations that could generate liquidity and funding stress, as opposed to the scenarios used in the CST framework, which focus on the effect on profit or loss and capital.

- › Refer to "Credit risk" and "Market risk" in this section for more information about stress loss measures
- › Refer to the "Capital management" and "Liquidity and funding management" sections of this report for more information about stress testing
- › Refer to "Note 19 Expected credit loss measurement" in the "Consolidated financial statements" section of this report for more information about scenarios used for expected credit loss measurement

Risk concentrations

Audited | Risk concentrations may exist where one or several positions within or across different risk categories could result in significant losses relative to UBS AG's financial strength. Identifying such risk concentrations and assessing their potential impact is a critical component of our risk management and control process.

For financial risks, we consider a number of elements, such as shared characteristics of positions, the size of the portfolio and the sensitivity of positions to changes in the underlying risk factors. We take into account direct exposure from credit and issuer risk, as well as indirect exposures, such as reliance on collateral. Also important in our assessment is the liquidity of the markets where the positions are traded, as well as the availability and effectiveness of hedges or other potential risk-mitigating factors. Particular attention is given to identification of wrong-way risk and risk on risk. Wrong-way risk is defined as a positive correlation between the size of the exposure and the likelihood of a loss. Risk on risk refers to a situation where a position and its risk mitigation can be impacted by the same event.

For non-financial risks, risk concentrations may result from, for example, a single non-financial risk issue that is large on its own (i.e. it has the potential to produce a single high-impact loss or a number of losses that together are high impact) or related non-financial risk issues that may link together to create a high impact. For example, UBS AG considers the level of risk arising from concentration to a single counterparty, subcontractor or country in connection with the management of third-party risk.

Risk concentrations are subject to increased oversight by Group Risk Control and Group Compliance and Operational Risk Control, and assessed to determine whether they should be reduced or mitigated, depending on the available means to do so. It is possible that material losses could occur on financial or non-financial risks, particularly if the correlations that emerge in a stressed environment differ markedly from those envisaged by risk models. ▲

- › Refer to “Credit risk” and “Market risk” in this section for more information about the composition of our portfolios and how risk concentrations are monitored and mitigated
- › Refer to the “Risk factors” section of this report for more information

Credit risk

Audited | Main sources of credit risk

- In Global Wealth Management, credit risk arises from collateralized lending, primarily against securities, residential and commercial real estate, other real assets (such as ships and aircraft), private market and hedge fund interest, and investors’ uncalled capital commitments, as well as from collateralized clients’ derivatives trading. In addition, credit risk also arises from unsecured lending, i.e. recourse-based lending and cash-flow-based corporate lending to entities owned and controlled by our Global Wealth Management clients.
- A substantial portion of our credit risk arises from Personal & Corporate Banking’s lending exposure, including mortgage loans, secured mainly by owner-occupied properties and income-producing real estate, as well as corporate loans, that depends on the performance of the Swiss economy and real estate market.
- The Investment Bank’s credit risk arises mainly from lending, derivatives trading and securities financing. Derivatives trading and securities financing are mainly investment grade. Loan underwriting activity can be lower rated and gives rise to temporary concentrated exposure.
- Credit risk in Non-core and Legacy relates to a residual portfolio of less-liquid structured financing transactions, including some with residential and commercial real estate collateral and a small number of trades remaining from a corporate loan portfolio. ▲

Audited | Overview of measurement, monitoring and management techniques

- Credit risk from transactions with individual counterparties is based on our estimates of probability of default (PD), exposure at default (EAD) and loss given default (LGD). Limits are established for individual counterparties and groups of related counterparties covering banking and traded products, and for settlement amounts. Risk authorities are approved by the Board of Directors and are delegated to the President of the Executive Board, the Chief Risk Officer (the CRO) and divisional CROs, based on risk exposure amounts, internal credit rating and potential for losses.
- Limits apply not only to the current outstanding amount but also to contingent commitments and the potential future exposure of traded products.
- The Investment Bank monitoring, measurement and limit framework distinguishes between exposures intended to be held to maturity (take-and-hold exposures) and those intended for distribution or risk transfer (temporary exposures).
- We use models to derive portfolio credit risk measures of expected loss, statistical loss and stress loss at firm-wide and business division levels, and to establish portfolio limits.
- Credit risk concentrations can arise if clients are engaged in similar activities, located in the same geographical region or have comparable economic characteristics, e.g. if their ability to meet contractual obligations would be similarly affected by changes in economic, political or other conditions. To avoid credit risk concentrations, we establish limits and operational controls that constrain risk concentrations at portfolio, sub-portfolio or counterparty levels for sector exposure, country risk exposure and specific product exposures. ▲

Credit risk profile of UBS AG

Internally, we classify credit risk exposures into two broad categories: banking products and traded products. Banking products include drawn loans, guarantees and loan commitments, amounts due from banks, balances at central banks, and other financial assets at amortized cost. Traded products include over-the-counter (OTC) derivatives, exchange-traded derivatives (ETD) and securities financing transactions (SFTs), which consist of securities borrowing and lending, and repurchase and reverse repurchase agreements.

The exposures detailed in this section are based on management’s view of credit risk, which differs in certain respects from the requirements of IFRS Accounting Standards.

- › Refer to “Note 1 Summary of material accounting policies” in the “Consolidated financial statements” section of this report for more information about our accounting policy for allowances and provisions for ECL
- › Refer to “Note 9 Financial assets at amortized cost and other positions in scope of expected credit loss measurement” and “Note 19 Expected credit loss measurement” in the “Consolidated financial statements” section of this report for more information about ECL measurement requirements under IFRS Accounting Standards
- › Refer to “Note 13 Other assets” in the “Consolidated financial statements” section of this report for more information about other assets at amortized cost
- › Refer to “Note 21 Offsetting financial assets and financial liabilities” in the “Consolidated financial statements” section of this report for more information about UBS AG’s traded products exposure

Banking products

Banking products exposure in our business divisions and Group Items

	31.12.25							
<i>USD m</i>	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Non-core and Legacy	Group Items	Total	
Banking products exposure, gross^{1,2}	481,579	465,195	2,060	108,676	9,485	24,866	1,091,861	
<i>of which: loans and advances to customers (on-balance sheet)</i>	323,777	313,111	7	21,159	999	2,944	661,997	
<i>of which: guarantees and irrevocable loan commitments (off-balance sheet)</i>	20,400	48,469	2	35,901	674	23,777	129,223	
Committed unconditionally revocable credit lines³	69,537	49,495	0	528	4	3,543	123,107	
Total credit-impaired exposure, gross¹	1,770	4,486	0	642	933	0	7,831	
Total allowances and provisions for expected credit losses	313	2,334	1	485	839	9	3,982	
<i>of which: stage 1</i>	105	344	0	117	0	9	575	
<i>of which: stage 2</i>	53	245	1	129	233	0	661	
<i>of which: stage 3</i>	156	1,745	0	239	606	0	2,746	

	31.12.24							
<i>USD m</i>	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Non-core and Legacy	Group Items	Total	
Banking products exposure, gross^{1,2}	453,812	428,356	1,533	72,987	33,779	19,742	1,010,209	
<i>of which: loans and advances to customers (on-balance sheet)</i>	297,602	270,165	9	17,497	1,660	3,243	590,176	
<i>of which: guarantees and irrevocable loan commitments (off-balance sheet)</i>	18,978	46,986	5	34,516	2,211	17,164	119,859	
Committed unconditionally revocable credit lines³	79,462	65,749	0	452	4	3,233	148,900	
Total credit-impaired exposure, gross¹	1,421	4,187	0	595	1,289	0	7,492	
Total allowances and provisions for expected credit losses	302	1,914	0	382	922	6	3,527	
<i>of which: stage 1</i>	97	269	0	110	4	6	487	
<i>of which: stage 2</i>	68	247	0	142	166	0	623	
<i>of which: stage 3</i>	138	1,398	0	130	751	0	2,417	

¹ IFRS 9 gross exposure for banking products includes the following financial instruments in scope of expected credit loss requirements: balances at central banks, amounts due from banks, loans and advances to customers, other financial assets at amortized cost, guarantees and irrevocable loan commitments. ² Internal management view of credit risk, which differs in certain respects from IFRS Accounting Standards. ³ Commitments that can be canceled by UBS AG at any time but expose UBS AG to credit risk if the client has the ability to draw the facility before UBS AG can take action. These commitments are subject to expected credit loss requirements.

Global Wealth Management, Personal & Corporate Banking, and Investment Bank: banking products exposure, by internal UBS ratings^{1,2}

<i>USD m, except where indicated</i>	31.12.25					31.12.24				
	Investment grade / Rating 1–5	Sub-investment grade Rating 6–9 10–13		Defaulted / Credit-impaired	Banking products exposure, gross	Investment grade / Rating 1–5	Sub-investment grade Rating 6–9 10–13		Defaulted / Credit-impaired	Banking products exposure, gross
Business divisions										
Global Wealth Management	294,141	54,819	4,480	1,770	355,210	278,566	46,912	2,166	1,421	329,065
Personal & Corporate Banking	229,664	124,328	12,193	4,486	370,670	229,372	84,758	8,601	4,187	326,918
Investment Bank	29,632	19,039	16,446	642	65,759	26,357	16,699	15,588	595	59,239

¹ Excluding balances at central banks and Group Treasury reallocations. ² The ratings of the major credit rating agencies, and their mapping to our internal rating scale, are shown in the "Internal UBS rating scale and mapping of external ratings" table in this section.

Global Wealth Management

Gross banking products exposure increased by USD 28bn to USD 482bn as of 31 December 2025, predominantly due to the weakening of the US dollar against other major currencies and also due to net new loans. Our Global Wealth Management loan portfolio is mainly secured by a diversified portfolio of securities (standard Lombard loans) and by residential real estate.

As of 31 December 2025, 94% of our USD 184bn of standard Lombard loans, including traded products collateralized by securities, were rated as investment grade based on our internal ratings. Moreover, standard Lombard loans are typically uncommitted, short-term in nature and can be canceled immediately if the collateral quality deteriorates and margin calls are not met. Lending values in the Lombard book are derived by applying discounts (haircuts) to the pledged collateral's market value in line with a possible adverse change in market value over a given close-out period and confidence level. Less-liquid or more volatile collateral will typically have larger haircuts. In 2025, the standard Lombard book, including traded products, grew by approximately 11%.

The residential real estate portfolio increased by approximately 6% in 2025, mainly driven by our Swiss mortgage book, in line with the weakening of the US dollar against the Swiss franc by 15% over the course of 2025.

Specialized financings as of 31 December 2025 totaled USD 59bn, including traded products. This portfolio mainly consists of non-standard Lombard lending, commercial real estate loans, financing for ships, yachts and aircraft, unsecured lending, and loans collateralized with uncalled capital commitments. These financings decreased by approximately 6% in 2025, largely due to the wind down of non-strategic portfolios.

➤ Refer to "Lending secured by real estate" and "Lombard lending" in this section for further information about these types of lending

Collateralization of Loans and advances to customers¹

	Global Wealth Management		Personal & Corporate Banking	
<i>USD m, except where indicated</i>	31.12.25	31.12.24	31.12.25	31.12.24
Secured by collateral	318,204	291,679	279,809	235,413
<i>Residential real estate</i>	107,188	107,176	223,173	186,137
<i>Commercial / industrial real estate</i>	10,005	9,487	41,038	37,413
<i>Cash</i>	31,398	28,455	4,464	2,631
<i>Equity and debt instruments</i>	141,305	120,376	3,233	2,783
<i>Other collateral²</i>	28,309	26,186	7,901	6,450
Subject to guarantees	272	1,751	5,479	7,032
Uncollateralized and not subject to guarantees	5,300	4,172	27,823	27,720
Total loans and advances to customers, gross	323,777	297,602	313,111	270,165
Allowances	(247)	(231)	(2,066)	(1,660)
Total loans and advances to customers, net of allowances	323,530	297,371	311,045	268,505
Collateralized loans and advances to customers as a percentage of total loans and advances to customers, gross (%)	98.3	98.0	89.4	87.1

¹ Collateral arrangements generally incorporate a range of collateral, including cash, equity and debt instruments, real estate, and other collateral. For the purpose of this disclosure, UBS AG applies a risk-based approach that generally prioritizes collateral according to its liquidity profile. In the case of loan facilities with funded and unfunded elements the collateral is first allocated to the funded element. For legacy Credit Suisse infrastructure a risk-based approach is applied that generally prioritizes real estate collateral and prioritizes other collateral according to its liquidity profile. In the case of loan facilities with funded and unfunded elements the collateral is proportionately allocated. ² Includes but is not limited to life insurance contracts, rights in respect of subscription or capital commitments from fund partners, inventory, gold and other commodities.

Personal & Corporate Banking

Gross banking products exposure increased by USD 37bn to USD 465bn as of 31 December 2025, predominantly due to the weakening of the US dollar against the Swiss franc and net new loans.

The exposure is mainly driven by our Swiss mortgage portfolio, our Swiss corporate banking portfolio and, to a lesser extent, our commodity trade finance portfolio. As of 31 December 2025, the majority of the banking products exposure was rated investment grade, and 90% of loans and advances to customers were secured by collateral, mainly residential and commercial property. The total unsecured amount mainly consists of cash-flow-based lending to corporate counterparties.

Our Swiss corporate banking products take-and-hold portfolio exposure increased by USD 2bn to USD 75bn (CHF 59bn) as of 31 December 2025, primarily reflecting the appreciation of the Swiss franc against the US dollar, partly offset by negative net new loans. The portfolio consists of loans, guarantees and loan commitments to multi-national and domestic counterparties. The small and medium-sized entity portfolio, in particular, is well diversified across industries. However, such companies are reliant on the domestic economy and the economies to which they export, in particular the EU and the US.

Our commodity trade finance portfolio focuses on energy and base-metal trading companies, where the related commodity price risk is hedged to a large extent by the commodity trader. The majority of limits in this business are uncommitted, transactional and short-term in nature. Our portfolio size was USD 9bn (CHF 7bn) as of 31 December 2025, compared with USD 9bn (CHF 8bn) as of 31 December 2024. A considerable part of the exposure correlates with commodity prices.

Swiss mortgage loan portfolio

Our Swiss mortgage loan portfolio secured by residential and commercial real estate in Switzerland continued to be our largest loan portfolio. These mortgage loans (including loans on owner-occupied commercial real estate, also included in the aforementioned Swiss corporate banking products exposure), amounting to USD 362bn (CHF 287bn) as of 31 December 2025, mainly originated from Personal & Corporate Banking, with contributions also from Global Wealth Management Region Switzerland.

Of the aggregate amount of Swiss residential mortgages, 99.9% would continue to be covered by the real estate collateral even if the collateral value were to decrease 20%, and more than 99% would remain covered by the real estate collateral if the collateral value were to decrease 30%.

› Refer to "Credit risk mitigation" in this section for more information about lending secured by real estate

Swiss mortgages: exposure by exposure segments and loan-to-value (LTV) buckets¹

<i>USD bn, except where indicated</i>		31.12.25							31.12.24	
		LTV buckets								
Exposure segment		≤30%	31–50%	51–60%	61–70%	71–80%	81–100%	>100%	Total	Total
Residential mortgages	Exposure	187.2	74.4	16.0	6.1	1.6	0.2	0.1	285.5	237.6
Income-producing real estate	Exposure	36.7	13.5	2.5	0.8	0.2	0.1	0.0	53.9	57.7
Corporates	Exposure	12.2	4.4	1.0	0.5	0.2	0.1	0.1	18.3	15.7
Other segments	Exposure	2.8	1.0	0.2	0.1	0.1	0.0	0.0	4.2	2.2
Mortgage-covered exposure	Exposure	238.8	93.3	19.7	7.5	2.0	0.4	0.2	361.9	313.2
	as a percentage of total	66	26	5	2	1	0	0	100	100
	Exposure	206.0	80.0	17.7	6.9	1.9	0.5	0.3	313.2	
Mortgage-covered exposure 31.12.24	as a percentage of total	66	26	6	2	1	0	0	100	

¹ The amount of each mortgage loan is allocated across the LTV buckets to indicate the portion at risk at the various value levels shown; for example, a loan of 75 with an LTV ratio of 75% (i.e. a collateral value of 100) would result in allocations of 30 in the ≤30% LTV bucket, 20 in the 31–50% bucket, 10 in the 51–60% bucket, 10 in the 61–70% bucket and 5 in the 71–80% bucket.

Investment Bank

The Investment Bank's lending activities are largely associated with corporate and non-bank financial institutions. The business is broadly diversified across industry sectors but concentrated in North America.

Gross banking products exposure increased by USD 36bn to USD 109bn as of 31 December 2025, due to an increase in balances at central banks and, to a lesser extent, due to a rise in all other banking products. The banking products exposure is almost equally distributed between investment grade and sub-investment grade rating, with a slight predominance of the latter.

Mandated loan underwriting commitments on a notional basis were USD 5.9bn as of 31 December 2025 (31 December 2024: USD 4.6bn), reflecting new mandates during the year. As of 31 December 2025, USD 0.4bn of these commitments had not yet been distributed as originally planned. Of the USD 4.6bn loan underwriting commitments reported as of the end of 2024, an amount of USD 4.5bn was syndicated or canceled in 2025.

Loan underwriting exposures are classified as held for trading, with fair values reflecting the market conditions at the end of 2025. Credit hedges are in place to help protect against fair value movements in the portfolio.

› Refer to "Credit risk models" in this section for more information about rating grades and rating agency mappings

Investment Bank: banking products exposure, by geographical region¹

	31.12.25		31.12.24	
	USD m	%	USD m	%
Asia Pacific	7,189	10.9	5,821	9.8
Latin America	732	1.1	778	1.3
Middle East and Africa	759	1.2	392	0.7
North America	39,768	60.5	37,567	63.4
Switzerland	507	0.8	132	0.2
Rest of Europe	16,803	25.6	14,550	24.6
Exposure	65,759	100.0	59,239	100.0

¹ Excluding balances at central banks and Group Treasury reallocations.

Investment Bank: banking products exposure, by industry sector¹

	31.12.25		31.12.24 ²	
	USD m	%	USD m	%
Banks	1,799	2.7	1,419	2.4
Electricity, gas, water supply	499	0.8	634	1.1
Financial institutions, excluding banks ³	33,226	50.5	26,774	45.2
Manufacturing ⁴	7,951	12.1	9,085	15.3
Mining	849	1.3	1,461	2.5
Public authorities	14	0.0	12	0.0
Real estate and construction	2,398	3.6	2,070	3.5
Retail and wholesale	4,722	7.2	3,375	5.7
Technology and communications	7,114	10.8	7,330	12.4
Transport and storage	954	1.5	869	1.5
Other ⁵	6,232	9.5	6,211	10.5
Exposure	65,759	100.0	59,239	100.0

¹ Excluding balances at central banks and Group Treasury reallocations. ² Comparative-period information has been restated to reflect changes in industry classification. ³ Includes central counterparties. ⁴ Includes the chemicals industry. ⁵ Includes other business services, health and social services, as well as other minor industries.

Non-core and Legacy

Gross banking products exposure decreased by USD 24bn to USD 9bn as of 31 December 2025, mainly due to a decrease in high-quality liquid asset requirements, in combination with the ongoing de-risking of the portfolio.

- › Refer to "Balance sheet assets" in the "Balance sheet and off-balance sheet" section of this report for more information
- › Refer to the "Our businesses" section of this report for more information
- › Refer to the "Non-core and Legacy" section of this report for more information

Group Items

Gross banking products exposure, which arises primarily in connection with treasury activities, increased by USD 5bn to USD 25bn as of 31 December 2025, predominantly driven by increases in guarantees and irrevocable loan commitments.

- › Refer to "Balance sheet assets" in the "Balance sheet and off-balance sheet" section of this report for more information
- › Refer to the "Group Items" section of this report for more information

Traded products

Audited I Counterparty credit risk (CCR) arising from traded products, which include OTC derivatives, ETD exposures and SFTs originating in the Investment Bank, Non-core and Legacy, and Group Treasury, is generally managed on a close-out basis, as well as a stressed basis. This takes into account possible effects of market movements on the exposure and any associated collateral over the time it would take to close out our positions. Limits are applied to the potential future and stressed exposure per counterparty, with the size of the limit dependent on the counterparty's creditworthiness (as determined by Risk Control). Limit frameworks are also used to control overall exposure to specific sectors. Such portfolio limits are monitored and reported to senior management.

Trading in OTC derivatives is conducted through central counterparties where practicable or required. Where central counterparties are not used, we have clearly defined policies and processes for trading on a bilateral basis. Trading is typically conducted under bilateral International Swaps and Derivatives Association agreements or similar master netting agreements, which generally permit close-out and netting of transactions in case of default, subject to applicable law. For certain counterparties, initial margin is taken to cover some or all of the calculated close-out and / or stressed exposure. This is in addition to the variation margin taken to settle changes in market value of transactions. For most major market participant counterparties, we use two-way collateral agreements under which either party can be required to provide collateral in the form of cash or marketable securities when the exposure exceeds specified levels. Non-cash collateral typically consists of well-rated government debt or other collateral acceptable to Risk Control and permitted by applicable regulations. ▲

In the tables below, OTC derivatives exposures are generally presented as net positive replacement values after the application of legally enforceable netting agreements and the deduction of cash and marketable securities held as collateral. SFT exposures are reported taking into account collateral received, and ETD exposures take into account collateral margin calls.

- ▶ Refer to "Note 10 Derivative instruments" in the "Consolidated financial statements" section of this report for more information about OTC derivatives settled through central counterparties
- ▶ Refer to "Note 21 Offsetting financial assets and financial liabilities" in the "Consolidated financial statements" section of this report for more information about the effect of netting and collateral arrangements on derivative exposures

Investment Bank, Non-core and Legacy, and Group Treasury: traded products exposure, by internal UBS ratings¹

Product	31.12.25					31.12.24				
	Sub-investment grade				Traded products exposure, net ²	Sub-investment grade				Traded products exposure, net ²
	Investment grade / Rating 1–5	Rating 6–9	Rating 10–13	Defaulted / Credit-impaired		Investment grade / Rating 1–5	Rating 6–9	Rating 10–13	Defaulted / Credit-impaired	
OTC derivatives	7,856	849	16	14	8,735	16,266	841	40	211	17,357
ETD	8,380	147	0	0	8,526	10,245	109	0	0	10,353
SFTs	18,022	463	0	0	18,486	18,063	289	0	0	18,352
Traded products exposure, net²	34,258	1,459	16	14	35,747	44,573	1,239	40	211	46,062

¹ The ratings of the major credit rating agencies, and their mapping to our internal rating scale, are shown in the "Internal UBS rating scale and mapping of external ratings" table in this section. ² After credit valuation adjustments and hedges.

Investment Bank, Non-core and Legacy, and Group Treasury: net OTC derivatives and SFT exposure, by geographical region

	Net OTC derivatives exposure				Net SFT exposure			
	31.12.25		31.12.24		31.12.25		31.12.24	
	USD m	%	USD m	%	USD m	%	USD m	%
Asia Pacific	1,337	15.3	5,126	29.5	2,834	15.3	2,307	12.6
Latin America	46	0.5	88	0.5	59	0.3	27	0.1
Middle East and Africa	248	2.8	111	0.6	958	5.2	511	2.8
North America	3,066	35.1	4,165	24.0	5,009	27.1	4,946	27.0
Switzerland	1,070	12.3	2,522	14.5	570	3.1	494	2.7
Rest of Europe	2,968	34.0	5,345	30.8	9,056	49.0	10,066	54.9
Exposure	8,735	100.0	17,357	100.0	18,486	100.0	18,352	100.0

Investment Bank, Non-core and Legacy, and Group Treasury: net OTC derivatives and SFT exposure, by industry sector

	Net OTC derivatives exposure				Net SFT exposure			
	31.12.25		31.12.24 ¹		31.12.25		31.12.24 ¹	
	USD m	%	USD m	%	USD m	%	USD m	%
Banks	969	11.1	1,914	11.0	4,642	25.1	5,808	31.6
Electricity, gas, water supply	111	1.3	132	0.8	3	0.0	2	0.0
Financial institutions, excluding banks ²	6,940	79.4	14,454	83.3	13,191	71.4	11,883	64.8
Manufacturing ³	65	0.7	34	0.2	0	0.0	1	0.0
Mining	125	1.4	58	0.3	1	0.0	0	0.0
Public authorities	335	3.8	391	2.3	551	3.0	542	3.0
Real estate and construction	8	0.1	144	0.8	0	0.0	0	0.0
Retail and wholesale	35	0.4	9	0.1	0	0.0	0	0.0
Technology and communications	25	0.3	38	0.2	0	0.0	0	0.0
Transport and storage	65	0.7	22	0.1	0	0.0	1	0.0
Other	58	0.7	160	0.9	97	0.5	114	0.6
Exposure	8,735	100.0	17,357	100.0	18,486	100.0	18,352	100.0

¹ Comparative-period information has been restated to reflect changes in industry classification. ² Includes central counterparties. ³ Includes the chemicals industry.

Credit risk mitigation

Audited I UBS AG manages credit risk in its portfolios by taking collateral against exposures and by utilizing credit hedging. ▲

Lending secured by real estate

Audited I UBS AG uses a scoring model as part of a standardized front-to-back process for credit decisions on originating or modifying Swiss mortgage loans. The model's two key factors are the LTV ratio and an affordability calculation. ▲

The calculation of affordability takes into account interest payments, minimum amortization requirements and potential property maintenance costs in relation to gross income or rental income for rental properties. The imputed interest rate is set at 5% per annum, independently of the current interest rate environment.

For residential properties occupied by the borrower, the maximum LTV for the standard approval process is 80%. For income-producing real estate (IPRE), the maximum LTV allowed within the standard approval process ranges from 40% to 80%, depending on the type and age of the property.

Audited I The value UBS AG assigns to each property is an estimate based on model-derived valuations, the purchase price and, depending on the property type and ownership purpose, a valuation at cost. In some cases, an additional external valuation is considered. ▲

To take market developments into account for external valuation models, an external vendor regularly updates the parameters and / or refines the architecture for each model. Model changes and parameter updates are subject to the same validation procedures as our internally developed models.

Audited I UBS AG similarly applies underwriting guidelines for its Global Wealth Management Region Americas mortgage loan portfolio, taking into account loan affordability and collateral sufficiency. LTV standards are defined for the various mortgage types, such as residential mortgages or investment properties, based on associated risk factors, such as property type and loan size and purpose. The maximum LTV allowed within the standard approval process ranges from 45% to 80%. In addition to LTV, other credit risk metrics, such as debt-to-income ratios, credit scores and required client reserves, are also part of our underwriting guidelines.

A risk limit framework is applied to the Global Wealth Management Region Americas mortgage loan portfolio. Limits are set to govern exposures within LTV categories, geographic concentrations, portfolio growth and high-risk mortgage segments, such as interest-only loans. These limits are monitored by a specialized credit risk monitoring team and reported to senior management. Supplementing this limit framework is a real estate lending policy and procedures framework, set up to govern real estate lending activities. Quality assurance and quality control programs monitor compliance with mortgage underwriting and documentation requirements.

For UBS AG's mortgage loan portfolio in the Global Wealth Management regions of EMEA and Asia Pacific, global underwriting guidelines with regional variations are applied to allow for regulatory and market differentials. As in other regions, the underwriting guidelines take into account affordability and collateral sufficiency. Affordability is assessed at a stressed interest rate using, for residential real estate, the borrowers' sustainable income and declared liabilities, and for commercial real estate the quality and sustainability of rental income. For interest-only loans, a declared and evidenced repayment strategy must be in place. The applicable LTV for each mortgage is based on the quality and liquidity of the property and assessed against valuations from bank-appointed third-party valuers. Maximum LTV varies from 30% to 70%, depending on the type and location of the property, as well as other factors. Serviceability may be further supported by personal guarantees from related third parties. The overall portfolio is centrally assessed against a number of stress scenarios to ensure that exposures remain within predefined stress limits. ▲

› Refer to "Swiss mortgage loan portfolio" in this section for more information about LTV in the Swiss mortgage portfolio

Lombard lending

Audited I Lombard loans are secured by pledges of marketable securities, guarantees and other forms of collateral. Eligible financial securities are primarily liquid and actively traded transferable securities (such as bonds, equities and certain hybrid securities), and other transferable securities, such as approved structured products for which regular prices are available and the issuer of the security provides a market. To a lesser degree, less-liquid collateral is also used.

UBS AG derives lending values by applying discounts (haircuts) to the pledged collateral's market value. Haircuts for marketable securities are calculated to cover a possible adverse change in market value over a given close-out period and confidence level. Less-liquid or more volatile collateral will typically have larger haircuts.

UBS AG assess its concentration and correlation risks across collateral posted at a counterparty level, and at a divisional level across counterparties. It also performs targeted firm-wide reviews of concentration. Concentration of collateral in single securities, issuers or issuer groups, industry sectors, countries, regions or currencies may result in higher risk and reduced liquidity. In such cases, the lending value of the collateral, margin call and close-out levels are adjusted accordingly. ▲

Exposures and collateral market values are monitored daily, with the aim of ensuring that the credit exposure always remains within the established risk tolerance. A shortfall occurs when the lending value drops below the exposure; if it exceeds a defined trigger level, a margin call is initiated, requiring the client to provide additional collateral, reduce the exposure or take other action to bring exposure in line with the agreed lending value of the collateral. If a shortfall is not corrected within the required period, a close-out is initiated, through which collateral is liquidated, open derivative positions are closed and guarantees are called.

UBS AG conducts stress testing of collateralized exposures to simulate market events that reduce collateral market value, increase exposure of traded products, or do both. For certain classes of counterparties, limits on such calculated stress exposures are applied and controlled at a counterparty level. Also, portfolio limits are applied across certain businesses or collateral types.

› Refer to **"Stress loss"** in this section for more information about our stress testing

Credit hedging

Audited I UBS AG uses single-name credit default swaps (CDSs), credit-index CDSs, structured portfolio hedges (SPHs), bespoke protection and other instruments to actively manage credit risk. The aim is to reduce concentrations of risk from specific counterparties, sectors or portfolios and, for CCR, the profit or loss effect arising from changes in credit valuation adjustments.

UBS AG has guidelines with regard to taking credit hedges into account for credit risk mitigation purposes. For example, when monitoring exposures against counterparty limits, UBS AG does not usually apply certain credit risk mitigants, such as proxy hedges (credit protection on a correlated but different name) or credit-index CDSs, to reduce counterparty exposures. SPHs are structured to achieve true risk transfer by providing explicit protection against events that could cause a loss in the referenced hedged positions, with the hedge payoff matched to the actual loss incurred on those positions (i.e. no basis risk). Buying credit protection, if unfunded, also creates credit exposure with regard to the protection provider. UBS AG monitors and limits exposures to credit protection providers and also monitors the effectiveness of credit hedges. ▲

› Refer to **"Note 10 Derivative instruments"** in the **"Consolidated financial statements"** section of this report for more information

› Refer to the **31 December 2025 Pillar 3 Report**, available under **"Pillar 3 disclosures"** at ubs.com/investors, for more information about risk transfer through synthetic securitizations

Mitigation of settlement risk

To mitigate settlement risk, UBS AG reduces its actual settlement volumes by using multi-lateral and bilateral agreements with counterparties, including payment netting. In relation to the exchange of cash or securities, transactions can be settled on a delivery-versus-payment basis.

Foreign exchange transactions are UBS AG's most significant source of settlement risk. UBS AG is a member of CLS Settlement (operated by CLS, formerly known as Continuous Linked Settlement), an industry utility that provides a multi-lateral framework to settle transactions on a payment-versus-payment basis, thus reducing foreign-exchange-related settlement risk relative to the volume of business. However, mitigation of settlement risk through CLS and other means does not fully eliminate credit risk in foreign exchange transactions resulting from changes in exchange rates prior to settlement, which is managed as part of UBS AG's overall credit risk management of OTC derivatives.

Credit risk models

Basel III – IRB credit risk models

Audited I UBS AG has developed tools and models to estimate future credit losses that may be implicit in our current portfolio.

Exposures to individual counterparties are measured using three generally accepted parameters: PD, EAD and LGD. For a given credit facility, the product of these three parameters results in the expected loss (the EL). These parameters are the basis for the majority of our internal measures of credit risk, and key inputs for regulatory capital calculation under the internal ratings-based (IRB) approach of the Basel III framework. Models are also used to derive the portfolio credit risk measures of EL, statistical loss and stress loss. ▲

- ▶ Refer to the 31 December 2025 Pillar 3 Report, available under “Pillar 3 disclosures” at ubs.com/investors, for more information about the regulatory capital calculation under the IRB approach and key credit risk models applied to UBS AG exposures

Audited I

Internal UBS rating scale and mapping of external ratings

Internal UBS rating	1-year PD range, in %	Description	Moody's Investors Service mapping	S&P mapping	Fitch mapping
0 and 1	0.00–0.02	Investment grade	Aaa	AAA	AAA
2	0.02–0.05		Aa1 to Aa3	AA+ to AA–	AA+ to AA–
3	0.05–0.12		A1 to A3	A+ to A–	A+ to A–
4	0.12–0.25		Baa1 to Baa2	BBB+ to BBB	BBB+ to BBB
5	0.25–0.50		Baa3	BBB–	BBB–
6	0.50–0.80	Sub-investment grade	Ba1	BB+	BB+
7	0.80–1.30		Ba2	BB	BB
8	1.30–2.10		Ba3	BB–	BB–
9	2.10–3.50		B1	B+	B+
10	3.50–6.00		B2	B	B
11	6.00–10.00		B3	B–	B–
12	10.00–17.00		Caa1 to Caa2	CCC+ to CCC	CCC+ to CCC
13	>17		Caa3 to C	CCC– to C	CCC– to C
Counterparty is in default	Default	Defaulted		D	D

Probability of default

PD estimates the likelihood of a counterparty defaulting on its contractual obligations over the next 12 months and is assessed using rating tools tailored to the various categories of counterparties.

The ratings of major credit rating agencies, and their mapping to the UBS masterscale and internal PD bands, are shown in the “Internal UBS rating scale and mapping of external ratings” table above. For Moody’s and S&P, the mapping is based on the long-term average of one-year default rates available from these rating agencies, with Fitch ratings being mapped to the equivalent S&P ratings. For each external rating category, the average default rate is compared with our internal PD bands to derive a periodically reviewed mapping to our internal rating scale.

Exposure at default

EAD is the amount expected to be owed by a counterparty at the time of possible default. EAD is derived from current exposure to the counterparty and possible future exposure development.

The EAD of an on-balance sheet loan is its notional amount, while for off-balance sheet commitments that are not drawn, credit conversion factors (CCFs) are used in order to obtain an expected on-balance sheet amount.

For traded products under the internal model method for derivatives and the repo value-at-risk approach for SFTs, EAD is derived by modeling the range of possible exposure outcomes at various points in time using a simulation based on a scenario-consistent technique. UBS AG assesses the net amount that may be owed to it or that it may owe to others, taking into account the effect of market movements over the potential time it would take to close out positions.

UBS AG assess its exposures where there is a material correlation between the factors driving the credit quality of the counterparty and those driving the potential future value of UBS AG’s traded products exposure (wrong-way risk), and it has established specific controls to mitigate such risks.

Loss given default

LGD is the magnitude of the likely loss if there is a default. UBS AG’s LGD estimates, which consider downturn conditions, include loss of principal, interest and other amounts less recovered amounts. UBS AG determines LGD based on the likely recovery rate of claims against defaulted counterparties, which depends on the type of counterparty and any credit mitigation due to collateral or guarantees. UBS AG’s estimates are supported by internal loss data and external information, where available. If collateral is held, such as marketable securities or a mortgage on a property, LTV ratios are typically a key parameter in determining LGD.

Expected loss

UBS AG uses the concept of EL to quantify future credit losses that may be implicit in its current portfolio. The EL for a given credit facility is the product of the three components described above, i.e. PD, EAD and LGD. The EL is aggregated for individual counterparties to derive expected portfolio credit losses.

IFRS 9 – ECL credit risk models

Expected credit loss

ECL is defined as the difference between contractual cash flows and those UBS AG expects to receive, discounted at the effective interest rate (EIR) or contractual interest rate. For loan commitments and other credit facilities in scope of ECL requirements, expected cash shortfalls are determined by considering expected future drawdowns. Rather than focusing on an average through-the-cycle (TTC) expected annual loss, the purpose of ECL is to estimate the amount of losses inherent in a portfolio based on current conditions and future outlook (a point-in-time (PIT) measure), whereby such a forecast has to be unbiased (i.e. exclude conservative adjustments) and include all information available without undue cost and effort, and address multiple scenarios where there is perceived non-linearity between changes in economic conditions and their effect on credit losses. From a credit risk modeling perspective, ECL parameters are generally derivations of the factors assessed for regulatory Basel III EL.

Comparison of Basel III EL and IFRS 9 ECL credit risk models

The IFRS 9 ECL concept has a number of key differences from UBS AG's Basel III credit risk models, both in the loss estimation process and the result thereof. Most notably, regulatory Basel III EL parameters are TTC / downturn estimates, which include a margin of conservatism, while IFRS 9 ECL parameters are typically PIT, reflecting current economic conditions and future outlook. The table below summarizes the main differences. Stage 1 and 2 ECL expenses in 2025 were USD 8m and the respective allowances and provisions as of 31 December 2025 were USD 1,237m. This included ECL allowances and provisions of USD 1,125m related to positions under the Basel III IRB approach. Basel III EL for non-defaulted positions was USD 2,028m.

- › Refer to “Note 1 Summary of material accounting policies” in the “Consolidated financial statements” section of this report for more information about our accounting policy for allowances and provisions for ECL including key definitions relevant for the ECL calculation under IFRS 9

The table below shows the main differences between the two expected loss measures.

	Basel III EL (IRB approach)	IFRS 9 ECL
Scope	The Basel III IRB approach applies to most credit risk exposures. It includes transactions measured at amortized cost, at fair value through profit or loss and at fair value through OCI, including loan commitments and financial guarantees.	The IFRS 9 ECL calculation mainly applies to financial assets measured at amortized cost and debt instruments measured at fair value through OCI, as well as loan commitments and financial guarantees not at fair value through profit or loss.
12-month versus lifetime expected loss	The Basel III IRB approach takes into account expected losses resulting from expected default events occurring within the next 12 months.	In the absence of a significant increase in credit risk (an SICR), a maximum 12-month ECL is recognized. Once an SICR event has occurred, a lifetime ECL is recognized considering expected default events over the life of the transaction.
Exposure at default (EAD)	EAD is the amount we expect a counterparty to owe us at the time of a possible default. For on-balance sheet banking products, EAD equals the book value as of the reporting date; for traded products, the vast majority of EAD is modeled. For lending, EAD is expected to remain constant over a 12-month period. For loan commitments, a credit conversion factor (a CCF) is applied to model expected future drawdowns. The CCF accounts for downturn effect, includes a margin of conservatism and is aligned with regulatory floors.	EAD is generally calculated on the basis of the cash flows that are expected to be outstanding at the individual points in time during the life of the transaction. For loan commitments, a CCF is applied to model expected future drawdowns. The CCF's target is the best estimate of expected undrawn line usage at default without any conservative adjustments.
Probability of default (PD)	PD estimates are determined on a through-the-cycle (TTC) basis including conservative adjustments and floors in line with regulation. They represent historical average PDs, taking into account observed losses over a prolonged historical period, and therefore are less sensitive to movements in the underlying economy.	PD estimates are determined on a point-in-time (PIT) basis, based on current conditions and incorporating forecasts for future economic conditions at the reporting date.
Loss given default (LGD)	LGD includes prudential adjustments, such as downturn LGD assumptions and floors. Similar to PD, LGD is determined on a TTC basis.	LGD should reflect the losses that are reasonably expected to be incurred and prudential adjustments should therefore not be applied. Similar to PD, LGD is determined on the basis of a PIT approach.
Use of scenarios	No use of scenarios.	Multiple forward-looking scenarios have to be taken into account to determine a probability-weighted ECL.

Further key aspects of credit risk models

Stress loss

UBS AG complements its statistical modeling approach with scenario-based stress loss measures. Stress tests are run regularly to monitor potential effects of extreme, but nevertheless plausible, events on its portfolios, under which key credit risk parameters are assumed to deteriorate substantially. Where considered appropriate, limits on this basis are applied.

Stress scenarios and methodologies are tailored to the portfolios' natures, ranging from regionally focused to global systemic events and varying in time horizon.

› Refer to “Stress testing” in this section for more information about the stress-testing framework

Credit risk model confirmation

UBS AG's approach to model confirmation involves both quantitative methods, such as monitoring compositional changes in portfolios and results of backtesting, and qualitative assessments, such as feedback from users on model output as a practical indicator of a model's performance and reliability. In addition, changes in market, regulatory and business practices are assessed.

Material changes in portfolio composition may invalidate the conceptual soundness of a model. UBS AG therefore performs regular analyses of the evolution of portfolios to identify such changes in the structure and credit quality of portfolios.

› Refer to “Model risk” in this section for more information

Backtesting

We monitor the performance of models by backtesting and benchmarking them, with model outcomes compared with actual results, based on our internal experience and externally observed results. To assess the predictive power of credit exposure models for traded products, such as OTC derivatives and ETD products, we statistically compare predicted future exposure distributions at different forecast horizons with realized values.

For PD, we derive a predicted distribution of the number of defaults. The observed number of defaults is compared with the upper tail of the predicted distribution. If the observed number of defaults is higher than a given upper tail quantile, we conclude there is evidence that the model may underpredict the number of defaults. Based on historical long-run average default rates and, if required, additional margin of conservatism, we also derive PD calibration targets and a lower boundary. As a general rule, follow-up actions, such as a recalibration of the rating tool, are defined if the portfolio average PD lies below the derived lower boundary.

For LGD, backtesting statistically tests the mean difference between the observed and predicted LGDs. We compare predicted LGDs with actual outcomes and if any statistically significant deviation is identified, follow-up actions, such as a recalibration of the models, are taken.

CCFs, used for the calculation of EAD for undrawn facilities, are dependent on several credit facility contractual dimensions. We compare the predicted amount drawn with observed historical use of such facilities by defaulted counterparties. If any statistically significant deviation is observed, follow-up actions, such as an update of the relevant CCFs, are performed.

Changes to models and model parameters during the period

As part of our continuous efforts to enhance models to reflect market developments and newly available data, we updated several models in 2025.

In Personal & Corporate Banking and Global Wealth Management, we refined the models for the integrated Swiss income-producing and residential real estate mortgage portfolios.

In Global Wealth Management, a new dedicated PD and LGD model for concentrated equity-based lending was implemented, and a conservative RWA buffer for concentrated equity-based lending was released accordingly. Moreover, the derivative exposure modeling within the PD and LGD calculation for standard Lombard loans was further enhanced. Also, following a review of regulatory requirements and wording of client contracts, the Swiss Financial Market Supervisory Authority (FINMA) agreed to descope the undrawn amount of uncommitted Lombard loans from the EAD calculation. This change was implemented for the US portfolio in 2025, with implementation for other portfolios planned for 2026.

In Global Wealth Management, we have also deployed a new version of the ship finance PD and LGD model, replacing the previous version implemented on the legacy Credit Suisse infrastructure. Additionally, the US private equity subscription loans were moved from the standardized approach for credit risk to the foundation IRB approach.

In the Investment Bank, we recalibrated the PD model for corporate clients. We also updated the LGD model for sight deposits at selected central banks.

Most of the legacy Credit Suisse models have already been decommissioned, with any remaining exposure moved to the standardized approach for the calculation of risk-weighted assets. The few models still in use on legacy Credit Suisse infrastructure have been integrated into the UBS model risk management framework and are scheduled to be retired during the first half of 2026. For positions that have migrated from the legacy Credit Suisse to UBS infrastructure, UBS models have been adopted accordingly.

Where required, changes to models and model parameters were approved by FINMA before implementation.

- › Refer to “Risk-weighted assets” in the “Capital management” section of this report for more information about the effect of the changes to models and model parameters on credit risk RWA

Credit-risk-model-related regulatory capital developments

In Switzerland, the amendments to the Capital Adequacy Ordinance that incorporate the final Basel III standards into Swiss law entered into force on 1 January 2025. The adoption led to a number of revisions to the internal ratings-based (IRB) approaches, namely removing the option of using the A-IRB approach for certain asset classes, introducing certain floors for the IRB risk parameters, and various requirements to reduce RWA variability. In addition, the removal of the internal model approach for credit valuation adjustment became effective.

- › Refer to “Capital management objectives” in the “Capital management” section of this report for more information about the development of RWA
- › Refer to the “Regulatory and legal developments” section of this report for more information

Credit policies for distressed assets

Non-performing

Audited I In line with the regulatory definition, we report a claim as non-performing when: (i) it is more than 90 days past due; (ii) it is subject to restructuring proceedings, where preferential conditions concerning interest rates, subordination, tenor, etc. have been granted in order to avoid default of the counterparty (forbearance); (iii) the counterparty is subject to bankruptcy / enforced liquidation proceedings in any form, even if there is sufficient collateral to cover the due payment; or (iv) there is other evidence that payment obligations will not be fully met without recourse to collateral.

Default and credit impaired

UBS AG uses a single definition of default for classifying assets and determining the PD of its obligors for risk modeling purposes. The definition of default is based on quantitative and qualitative criteria. A counterparty is classified as defaulted when material payments of interest, principal or fees are overdue for more than 90 days, or more than 180 days for certain exposures in relation to loans to private and commercial clients in Personal & Corporate Banking and to private clients of Global Wealth Management Region Switzerland. UBS AG does not consider the general 90-day presumption for default recognition appropriate for those portfolios, given the cure rates, which show that strict application of the 90-day criterion would not accurately reflect the inherent credit risk. Counterparties are also classified as defaulted when: bankruptcy, insolvency proceedings or enforced liquidation have commenced; obligations have been restructured on preferential terms (forbearance); or there is other evidence that payment obligations will not be fully met without recourse to collateral. The latter may be the case even if, to date, all contractual payments have been made when due. If one claim against a counterparty is defaulted on, generally all claims against the counterparty are treated as defaulted.

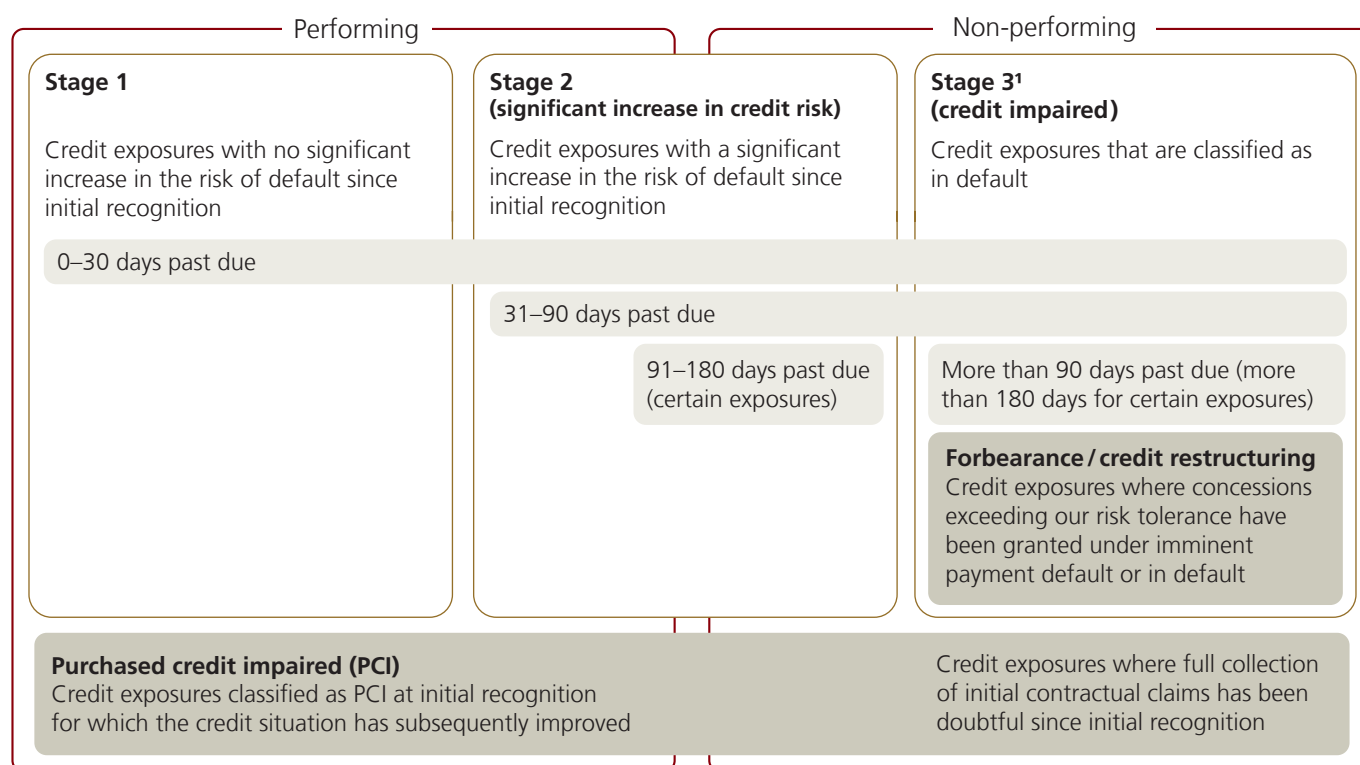
An instrument is classified as credit impaired if the counterparty is classified as defaulted and / or the instrument is identified as purchased credit impaired (PCI). An instrument is PCI if it has been purchased at a deep discount to its carrying amount following a risk event of the issuer or originated with a defaulted counterparty. Once a financial asset is classified as defaulted / credit impaired (except PCI), it is reported as a stage 3 instrument and remains as such unless all past due amounts have been rectified, additional payments have been made on time, the position is not classified as credit restructured, and there is general evidence of credit recovery. A three-month probation period is applied before a transfer back to stages 1 or 2 can be triggered. However, most instruments remain in stage 3 for a longer period of time. ▲

Forbearance (credit restructuring)

Audited I If payment default is imminent or default has already occurred, UBS AG may grant concessions to borrowers in financial difficulties that it would otherwise not consider in the normal course of business, such as offering preferential interest rates, extending maturity, modifying the schedule of repayments, debt / equity swap, subordination, etc. When a forbearance measure takes place, each case is considered individually, and the exposure is generally classified as defaulted. Forbearance classification remains until the loan is repaid or written off, non-preferential conditions are granted that supersede the preferential conditions or the counterparty has recovered, and the preferential conditions no longer exceed UBS AG's risk tolerance.

Contractual adjustments when there is no evidence of imminent payment default, or where changes to terms and conditions are within UBS AG's usual risk tolerance, are not considered to be forbore. ▲

Exposure categorization



¹ Excluding purchased credit-impaired instruments.

Loss history statistics

An instrument is classified as credit impaired if the counterparty has defaulted. This also includes credit-impaired exposures for which no loss has occurred or for which no allowance has been recognized (e.g. where UBS AG expects to fully recover the exposures via collateral held).

Coverage ratios are calculated for the core loan portfolio by taking ECL allowances and provisions divided by the gross carrying amount of the exposures. Core loan exposure is defined as the sum of Loans and advances to customers and Loans to financial advisors.

The total combined on- and off-balance sheet coverage ratio was 39 basis points as of 31 December 2025, 2 basis points higher than the ratio as of 31 December 2024. The combined stage 1 and 2 ratio was 10 basis points, unchanged compared with the ratio as of 31 December 2024; the stage 3 ratio was 34%, 3 percentage points higher than the ratio as of 31 December 2024.

- › Refer to “**Note 9 Financial assets at amortized cost and other positions in scope of expected credit loss measurement**” and “**Note 19 Expected credit loss measurement**” in the “**Consolidated financial statements**” section of this report for more information about ECL measurement and the calculation of the coverage ratio
- › Refer to “**Note 13 Other assets**” in the “**Consolidated financial statements**” section of this report for more details
- › Refer to the “**UBS AG consolidated performance**” section of this report for more information about credit loss expense / release

Loss history statistics

<i>USD m, except where indicated</i>	31.12.25	31.12.24	31.12.23
Banking products, core exposure and off-balance sheet, gross ¹	936,334	879,853	562,095
<i>of which: amounts due from banks and loans and advances to customers, gross</i>	681,253	608,330	434,780
Credit-impaired exposure, gross (stage 3)	7,831	7,492	2,966
<i>of which: credit-impaired amounts due from banks and loans and advances to customers (stage 3)</i>	7,172	7,120	2,586
Non-performing amounts due from banks and loans and advances to customers	6,579	6,044	2,793
ECL allowances and provisions for credit losses ²	3,982	3,527	1,244
<i>of which: core loan exposure (all stages)</i>	3,628	3,203	1,172
<i>of which: amounts due from banks and loans and advances to customers (all stages)</i>	3,250	2,872	942
<i>of which: amounts due from banks and loans and advances to customers (stage 3)</i>	2,613	2,266	377
Write-offs (stage 3)	442	380	77
<i>of which: write-offs for amounts due from banks and loans and advances to customers</i>	429	361	62
Credit loss expense / (release) ³	549	544	143
Ratios			
Credit-impaired lending assets as a percentage of total lending assets, gross (%) ⁴	1.1	1.2	0.6
Non-performing lending assets as a percentage of total lending assets, gross (%) ⁴	1.0	1.0	0.6
ECL allowances for lending assets as a percentage of total lending assets, gross (%) ⁴	0.5	0.5	0.2
Write-offs as a percentage of average gross lending assets outstanding during the period (%) ⁴	0.1	0.1	0.0

¹ Includes amounts due from banks, core loan exposure (Loans and advances to customers and Loans to financial advisors) and off balance sheet items defined as guarantees and loan commitments. ² Includes provisions for ECL of guarantees and loan commitments and allowances for securities financing transactions. ³ Includes credit loss expense / (release) for other financial assets at amortized cost, guarantees, loan commitments, and securities financing transactions. ⁴ Lending assets include amounts due from banks and loans and advances to customers.

Market risk

Audited | Main sources of market risk

Market risks arise from both trading and non-trading business activities.

- Trading market risks arise primarily in the Investment Bank, Non-core and Legacy and, to a lesser extent, Global Wealth Management. In the Investment Bank these risks are mainly connected with securities and derivatives trading for market-making and client facilitation, as well as Global Banking activity for primary debt and equity underwriting. In Non-core and Legacy, market risk is limited and results from a largely hedged portfolio of both complex and simple credit, interest rate and equity derivative transactions. A limited contribution to market risk in Global Wealth Management comes from municipal securities and taxable fixed-income securities.
- Non-trading market risks arise predominantly in the form of interest rate and foreign exchange risks connected with personal banking and lending in our wealth management businesses, the Swiss business of our Personal & Corporate Banking business division, the Investment Bank's lending business, and treasury activities.
- Group Treasury assumes market risks in the process of managing interest rate risk, structural foreign exchange risk and the Group's liquidity and funding profile, including high-quality liquid assets (HQLA).
- Equity and debt investments can also give rise to market risks, as can some aspects of employee benefits, such as defined benefit pension schemes. ▲

Audited | Overview of measurement, monitoring and management techniques

- Market risk limits are set for the Group, the business divisions and Group Treasury at granular levels in the various business lines, reflecting the nature and magnitude of the market risks.
- Management value-at-risk (VaR) measures exposures under the market risk framework, including trading market risks and some non-trading market risks. Non-trading market risks not included in VaR are covered in the risks controlled by the Market and Treasury Risk Control functions.
- Our primary portfolio measures of market risk are liquidity-adjusted stress loss and VaR. Both are subject to limits that are approved by the Board of Directors (the BoD). Market risk measurement for certain legacy Credit Suisse components can differ from UBS AG excluding the aforementioned legacy Credit Suisse components, as set out below. These positions continue to be managed on legacy Credit Suisse infrastructure until full migration of these positions to UBS infrastructure or the liquidation of the positions.
- These measures are complemented by concentration and granular limits for general and specific market risk factors. Our trading businesses are subject to multiple market risk limits, which take into account the extent of market liquidity and volatility, business outlook and growth, and, for our single-name exposures, issuer credit quality.
- Trading market risks are managed at portfolio level. As risk factor sensitivities change due to new transactions, transaction expiries or changes in market levels, risk factors are dynamically rehedge to remain within limits. We do not generally seek to distinguish in the trading portfolio between specific positions and associated hedges.
- Issuer risk for credit products is controlled by limits applied at the business-division level based on jump-to-zero measures, which estimate maximum default exposure (the default event loss assuming zero recovery).
- Non-trading foreign exchange risks are managed under market risk limits, with the exception of Group Treasury management of consolidated capital activity.

Our CRO Treasury function applies a holistic risk framework, setting the appetite for treasury-related risk-taking activities across UBS AG. Key elements of the framework include an overarching regulatory (interest rate risk in the banking book (IRRBB)) delta economic value of equity (EVE) target, set by the BoD. Limits are also set by the BoD to balance the effect of foreign exchange movements on our common equity tier 1 (CET1) capital and CET1 capital ratio. Non-trading interest rate and foreign exchange risks are included in firm-wide statistical and stress-testing metrics, which flow into our risk appetite framework.

Equity and debt investments are subject to a range of risk controls, including preapproval of new investments for commercial purposes by business management and Risk Control and regular monitoring and reporting by Group Finance. They are also included in firm-wide statistical and stress-testing metrics. ▲

- › Refer to the “Currency management” section of this report for more information about Group Treasury’s management of foreign exchange risks
- › Refer to the “Capital management” section of this report for more information about the sensitivity of our CET1 capital and CET1 capital ratio to currency movements

Market risk stress loss

The measurement and management of market risks include an extensive set of stress tests and scenario analyses, continuously evaluated to ensure that losses resulting from an extreme yet plausible event do not exceed our risk appetite.

Liquidity-adjusted stress

Liquidity-adjusted stress is our primary stress loss measure for firm-wide market risk. The framework captures the economic losses that could arise under specified stress scenarios. Shocks are applied to positions based on expected market movements in the liquidity-adjusted holding periods resulting from the specified scenario.

Holding periods are used for liquidity-adjusted stress to reflect the time needed to reduce or hedge the risk of positions in each major risk factor in a stressed environment. We apply minimum holding periods, regardless of observed liquidity levels, as identification of and reaction to a crisis may not always be immediate.

The expected market movements are derived using historical market behavior (based on analysis of historical events) and forward-looking analysis including consideration of defined scenarios that have not occurred in the past.

Stress-based limits apply at several levels of the organizational hierarchy. Liquidity-adjusted stress is also the core market risk component of our combined stress test framework and therefore integral to our overall risk appetite framework.

- › Refer to “Risk appetite framework” in this section for more information
- › Refer to “Stress testing” in this section for more information about our stress-testing framework

Value-at-risk

VaR definition

Audited | VaR is a statistical measure of market risk, quantifying the potential market risk losses over a set time horizon (holding period) at an established level of confidence. VaR assumes no change in UBS AG’s trading positions over the set time horizon.

We calculate VaR daily. The profit or loss distribution from which VaR is estimated is derived from our internally developed VaR model, which simulates returns over the holding period for risk factors our trading positions are sensitive to, and subsequently quantifies the profit / loss effect of these risk factor returns on our trading positions. Systematic commodity, credit, equity, foreign exchange rate and interest rate risk factor returns are based on a pure historical simulation approach. An unweighted five-year look-back window is used for UBS AG excluding certain legacy Credit Suisse components and an exponentially weighted two-year window for the aforementioned legacy Credit Suisse components. Modeling idiosyncratic and specific risks for equity and credit risk factors using historical simulation is challenging, due to the limited availability of continuous good-quality historical data. Wherever possible, historical simulation to model-specific risk is used for the legacy Credit Suisse components; however, both traded market risk portfolios rely upon factor models to distinguish systematic and idiosyncratic returns. For UBS AG excluding certain legacy Credit Suisse components, idiosyncratic returns are simulated through a Monte Carlo model, aggregating the sum of systematic and residual returns in such a way that systematic and residual risk are consistently captured. For the legacy Credit Suisse components, the available distribution of idiosyncratic returns is used to determine an extreme scenario for a given risk factor’s specific risk; the resultant VaR and extreme scenario loss for a given risk factor are aggregated using a zero-correlation assumption.

VaR models are used for internal management purposes, with exposures measured using VaR at a 95% confidence level for UBS AG excluding certain legacy Credit Suisse components, and a 98% confidence level for the aforementioned legacy Credit Suisse components, and applying a 1-day holding period, aligned to the way we consider the risks associated with our trading activities. From 2026, VaR limits are established for UBS AG excluding certain legacy Credit Suisse components only; VaR limits for legacy Credit Suisse components have been decommissioned, as the remaining exposure is immaterial. ▲

Management VaR for the period

Average management VaR (1-day, 95% confidence level) of UBS AG excluding certain legacy Credit Suisse components in 2025 decreased to USD 10m from USD 12m in 2024, mainly driven by the Investment Bank's Global Markets business.

Average management VaR (1-day, 98% confidence level) of the aforementioned legacy Credit Suisse components in 2025 decreased to USD 3m from USD 12m in 2024, driven by continued strategic migration of positions to UBS AG and exposure reduction in Non-core and Legacy.

Audited I

Management value-at-risk (1-day, 95% confidence level, 5 years of historical data) of the business divisions and Group Items excluding certain legacy Credit Suisse components, by general market risk type^{1,2}

USD m	For the year ended 31.12.25					Equity	Interest rates	Credit spreads	Foreign exchange	Commodities
	Min.	Max.	Average	31.12.25	Average (per business division and risk type)					
					0	8	6	1	0	
					9	21	14	9	8	
					3	15	9	5	2	
				31.12.25	1	13	8	9	1	
Total management VaR	2	19	10	9	<i>Average (per business division and risk type)</i>					
Global Wealth Management	1	3	2	2	0	2	2	0	0	
Personal & Corporate Banking	0	0	0	0	0	0	0	0	0	
Asset Management	0	0	0	0	0	0	0	0	0	
Investment Bank	1	17	9	8	3	14	8	5	2	
Non-core and Legacy	1	3	1	2	0	1	0	0	0	
Group Items	3	6	4	4	1	3	2	1	0	
Diversification effect ^{3,4}			(6)	(7)	(1)	(4)	(4)	(1)	0	

USD m	For the year ended 31.12.24					Equity	Interest rates	Credit spreads	Foreign exchange	Commodities
	Min.	Max.	Average	31.12.24	Average (per business division and risk type)					
					0	10	6	1	2	
					12	24	16	9	14	
					4	16	9	4	4	
				31.12.24	1	20	10	3	4	
Total management VaR	5	23	12	11	<i>Average (per business division and risk type)</i>					
Global Wealth Management	1	2	2	1	0	1	2	0	0	
Personal & Corporate Banking	0	0	0	0	0	0	0	0	0	
Asset Management	0	0	0	0	0	0	0	0	0	
Investment Bank	3	23	11	10	4	15	8	3	4	
Non-core and Legacy	1	3	1	1	0	1	1	0	0	
Group Items	3	12	5	6	1	4	3	1	0	
Diversification effect ^{3,4}			(6)	(8)	(1)	(5)	(4)	(1)	0	

¹ The legacy Credit Suisse components not included in the UBS AG management VaR reflect the portfolio managed on legacy Credit Suisse infrastructure based on legacy Credit Suisse management VaR methodology until full migration of these positions to UBS infrastructure or the liquidation of the positions. This process is ongoing, and the management VaR of the legacy Credit Suisse components is expected to continue decreasing over time. ² Statistics at individual levels may not be summed to deduce the corresponding aggregate figures. The minima and maxima for each level may occur on different days, and, likewise, the VaR for each business line or risk type, being driven by the extreme loss tail of the corresponding distribution of simulated profits and losses for that business line or risk type, may well be driven by different days in the historical time series, rendering invalid the simple summation of figures to arrive at the aggregate total. ³ The difference between the sum of the standalone VaR for the business divisions and Group Items and the total VaR. ⁴ As the minima and maxima for different business divisions and Group Items occur on different days, it is not meaningful to calculate a portfolio diversification effect.

Management value-at-risk (1-day, 98% confidence level, 2 years of historical data) of certain legacy Credit Suisse components of the business divisions and Group Items, by general market risk type^{1,2}

For the year ended 31.12.25										
USD m					Equity	Interest rates	Credit spreads	Foreign exchange	Commodities	
	Min.				1	0	0	0	0	0
		Max.			2	3	4	3		0
			Average		1	1	1	1		0
				31.12.25	1	0	0	0		0
Total management VaR	1	6	3	1	<i>Average (per business division and risk type)</i>					
Global Wealth Management	0	1	1	0	1	0	0	0		0
Personal & Corporate Banking	0	1	0	0	0	0	0	0		0
Asset Management	0	0	0	0	0	0	0	0		0
Investment Bank	1	2	1	1	1	0	0	0		0
Non-core and Legacy	0	5	2	0	0	1	1	0		0
Group Items	0	0	0	0	0	0	0	0		0
Diversification effect ^{3,4}			(1)	(1)	0	0	0	0		0

For the year ended 31.12.24										
USD m					Equity	Interest rates	Credit spreads	Foreign exchange	Commodities	
	Min.				1	2	4	0		0
		Max.			13	12	14	5		1
			Average		5	6	9	1		0
				31.12.24	1	2	4	1		0
Total management VaR	5	21	12	5	<i>Average (per business division and risk type)</i>					
Global Wealth Management	1	3	2	1	1	0	1	0		0
Personal & Corporate Banking	0	0	0	0	0	0	0	0		0
Asset Management	0	0	0	0	0	0	0	0		0
Investment Bank	1	11	3	1	2	1	1	0		0
Non-core and Legacy	4	16	10	4	4	4	9	1		0
Group Items	0	0	0	0	0	0	0	0		0
Diversification effect ^{3,4}			(3)	(1)	(2)	1	(2)	0		0

¹ The legacy Credit Suisse components not included in the UBS AG management VaR reflect the portfolio managed on legacy Credit Suisse infrastructure based on legacy Credit Suisse management VaR methodology until full migration of these positions to UBS infrastructure or the liquidation of the positions. This process is ongoing, and the management VaR of the legacy Credit Suisse components is expected to continue decreasing over time. ² Statistics at individual levels may not be summed to deduce the corresponding aggregate figures. The minima and maxima for each level may occur on different days, and, likewise, the VaR for each business line or risk type, being driven by the extreme loss tail of the corresponding distribution of simulated profits and losses for that business line or risk type, may well be driven by different days in the historical time series, rendering invalid the simple summation of figures to arrive at the aggregate total. ³ The difference between the sum of the standalone VaR for the business divisions and Group Items and the total VaR. ⁴ As the minima and maxima for different business divisions and Group Items occur on different days, it is not meaningful to calculate a portfolio diversification effect.

VaR limitations

Audited | Actual realized market risk losses may differ from those implied by VaR for a variety of reasons.

- VaR is calibrated to a specified level of confidence and may not indicate potential losses beyond this confidence level.
- The 1-day time horizon used for VaR for internal management purposes may not fully capture market risk of positions that cannot be closed out or hedged within the specified period.
- In some cases, VaR calculations approximate the effect of changes in risk factors on the values of positions and portfolios.
- Effects of extreme market movements are subject to estimation errors, which may result from non-linear risk sensitivities, and the potential for actual volatility and correlation levels to differ from assumptions implicit in VaR calculations.
- The choice of a longer historical window means sudden increases in market volatility will tend not to increase VaR as quickly as the use of shorter historical observation periods, but such increases will affect VaR for a longer period of time. Similarly, after periods of increased volatility, as markets stabilize, VaR predictions will remain more conservative for a period of time, influenced by the length of the historical observation period.

We recognize that no single measure can encompass all risks associated with a position or portfolio. We use a set of metrics with both overlapping and complementary characteristics to create a holistic framework that aims to ensure material completeness of risk identification and measurement. As a statistical aggregate risk measure, VaR supplements our comprehensive stress-testing framework.

We also have a framework to identify and quantify potential risks not fully captured by our VaR model and refer to such risks as risks not in VaR. ▲

VaR model confirmation

VaR backtesting is a performance measurement process in which a 1-day VaR prediction is compared with the realized 1-day profit or loss. We conduct backtesting for internal model confirmation purposes.

VaR model developments in 2025

Audited | In 2025, no material changes were made to the VaR model used for UBS AG excluding certain legacy Credit Suisse components or to the VaR model used for those certain legacy Credit Suisse components. ▲

Market-risk-related regulatory capital developments

The Basel Committee on Banking Supervision (the BCBS) final Basel III standards on the minimum capital requirements for market risk, known as the Fundamental Review of the Trading Book (the FRTB), entered into force on 1 January 2025. FINMA issued implementing ordinances to support these changes. These ordinances are effective from 1 January 2025 and provide technical details for the revised Capital Adequacy Ordinance, ensuring alignment with international standards. Key elements of the revised market risk framework include: (i) changes to the internal model-based approach, including changes to the model approval and performance measurement process; (ii) changes to the standardized approach with the aim of providing a credible fallback method for an internal model-based approach; and (iii) a revised boundary between the trading book and the banking book.

As part of going live with the FRTB, UBS has adopted the standardized approach for all FINMA-regulated legal entities, including UBS AG.

- › Refer to “Risk-weighted assets” in the “Capital management” section of this report for more information about the development of RWA including the regulatory add-on
- › Refer to the “Regulatory and legal developments” section of this report for more information

Interest rate risk in the banking book

Sources of interest rate risk in the banking book

Audited | IRRBB arises from balance sheet positions such as Amounts due from banks, Loans and advances to customers, Financial assets at fair value not held for trading, Financial assets measured at amortized cost, Customer deposits, Debt issued measured at amortized cost, and Derivative financial instruments, including those subject to hedge accounting. Fair value changes to these positions may affect other comprehensive income (OCI) or the income statement, depending on their accounting treatment.

UBS AG’s largest banking book interest rate exposures arise from customer deposits and lending products in Global Wealth Management and Personal & Corporate Banking, as well as from debt issuance, liquidity buffers and interest rate hedges in Group Treasury. The inherent interest rate risks stemming from Global Wealth Management and Personal & Corporate Banking are generally transferred to Group Treasury, to manage them centrally together with UBS AG’s modeled interest rate duration assigned to equity, goodwill and real estate. This makes the netting of interest rate risks across different sources possible, while leaving the originating businesses with commercial margin and volume management. The residual interest rate risk is mainly hedged with interest rate swaps, to the vast majority of which UBS AG applies hedge accounting. Short-term exposures and HQLA classified as Financial assets at fair value not held for trading are hedged with derivatives accounted for on a mark-to-market basis. Long-term fixed-rate debt issued and HQLA hedged with external interest rate swaps are designated in fair value hedge accounting relationships.

Risk management and governance

IRRBB is measured using several metrics, the most relevant of which are the following.

- EVE sensitivity to yield curve moves is calculated as changes in the present value of future cash flows irrespective of accounting treatment. These yield curve moves are also the key risk factors for statistical and stress-based measures, e.g. VaR and stress scenarios, as well as the regulatory interest rate scenarios. These are measured and reported daily. The regulatory IRRBB EVE exposure is the most adverse regulatory interest rate scenario that is netted across currencies. It excludes the sensitivity from additional tier 1 (AT1) capital instruments (as per specific FINMA requirements) and the modeled interest rate duration assigned to equity, goodwill and real estate. UBS AG also applies granular internal interest rate shock scenarios to its banking book positions to monitor its specific risk profile.
- Net interest income (NII) sensitivities to yield curve moves are calculated as changes of baseline NII over a set time horizon, which we internally compute by assuming interest rates in all currencies develop according to their market-implied forward rates and assuming constant business volumes and product mix and no specific management actions. The sensitivities are measured and reported monthly.

UBS AG actively manages IRRBB, with the aim of reducing the volatility of NII subject to limits and triggers for EVE and NII exposure at consolidated and significant legal entity levels.

The Asset and Liability Committee (the ALCO) of UBS AG and, where relevant, ALCOs at a legal entity level perform independent oversight over the management of IRRBB, which is also subject to Internal Audit and model governance.

- › Refer to “Internal Audit” in the “Corporate governance” section of this report and to “Risk measurement” in this section for more information

Key modeling assumptions

The cash flows from customer deposits and lending products used in calculation of EVE sensitivity exclude commercial margins and other spread components, are aggregated by daily time buckets and are discounted using risk-free rates. UBS AG's external issuances are discounted using its senior debt curve, and capital instruments are modeled to the first call date. NII sensitivity, which includes commercial margins, is calculated over a one-year time horizon, assuming constant balance sheet structure and volumes, and considers embedded interest rate options.

The average repricing maturity of non-maturing deposits and loans is determined via target replication portfolios designed to protect product margins. Optimal replicating portfolios are determined at granular currency- and product-specific levels by simulating and applying a real-world market rate model to historically calibrated client rate and volume models.

UBS AG uses an econometric prepayment model to forecast prepayment rates on US mortgage loans in UBS Bank USA and agency mortgage-backed securities (MBSs) held in various liquidity portfolios of UBS Americas Holding LLC consolidated. These prepayment rates are used to forecast both mortgage loan and MBS balances under various macroeconomic scenarios. The prepayment model is used for a variety of purposes, including risk management and regulatory stress testing. Swiss mortgages and fixed-term deposits generally do not carry similar optionality, due to prepayment and early redemption penalties. ▲

Effect of interest rate changes on shareholders' equity and CET1 capital

The "Accounting and capital effect of changes in interest rates" table below shows the effects on shareholders' equity and CET1 capital of gains and losses from changes in interest rates in the main banking book positions. We use derivatives to hedge interest rate risks in the banking book and these reflect changes in interest rates as an immediate fair value gain or loss, recognized either in the income statement or through OCI. Where hedged items are accrual accounted, we aim to minimize accounting asymmetries by applying hedge accounting to reflect the economic hedge relationship.

In a rising rate scenario, we would have an initial decrease in shareholders' equity as a result of fair value losses on our derivatives recognized in OCI, while we would expect higher NII over time as rates increase. The effect on CET1 capital would be much lower, as gains and losses on interest rate swaps designated as cash flow hedges are not recognized for regulatory capital purposes.

Accounting and capital effect of changes in interest rates¹

	Recognition		Shareholders' equity		CET1 capital	
	Timing	Income statement / OCI	Gains	Losses	Gains	Losses
Loans and deposits at amortized cost ^{2,3}	Gradual	Income statement	●	●	●	●
Other financial assets and liabilities measured at amortized cost ²	Gradual	Income statement	●	●	●	●
Debt issued measured at amortized cost ^{2,3}	Gradual	Income statement	●	●	●	●
Receivables and payables from securities financing transactions ²	Gradual	Income statement	●	●	●	●
Financial assets at fair value not held for trading	Immediate	Income statement	●	●	●	●
Financial assets at fair value through other comprehensive income	Immediate	OCI	●	●		●
Derivatives designated as cash flow hedges	Immediate	OCI ⁴	●	●		
Derivatives designated as fair value hedges ⁵	Immediate	Income statement	●	●	●	●
Derivatives transacted as economic hedges	Immediate	Income statement	●	●	●	●

¹ Refer to the "Reconciliation of equity under IFRS Accounting Standards to Swiss SRB common equity tier 1 capital" table in the "Capital management" section of this report for more information about the differences between shareholders' equity and CET1 capital. ² For fixed-rate financial instruments, changes in interest rates affect the income statement when these instruments roll over and reprice. ³ For hedge-accounted items, a fair value adjustment is applied in line with the treatment of the hedging derivatives. ⁴ Excluding hedge ineffectiveness that is recognized in the income statement in accordance with IFRS Accounting Standards. ⁵ The fair value of the derivatives is offset by the fair value adjustment of the hedged items. Under the fair value hedge program applied to cross-currency swaps and foreign currency debt, the foreign currency basis spread is excluded from the hedge designation and accounted for through OCI, which is included in CET1.

Economic value of equity sensitivity

Audited I The EVE sensitivity in UBS AG's banking book to a +1-basis-point parallel shift in yield curves was negative USD 43.8m as of 31 December 2025, compared with negative USD 37.1m as of 31 December 2024. This excluded the sensitivity of USD 8.0m from AT1 capital instruments (as per specific FINMA requirements) in contrast to general BCBS guidance. The exposure in the banking book of UBS AG increased in 2025, driven by net interest income stabilization initiatives and interest rate hedges in connection with issuances of AT1 capital instruments.

The majority of UBS AG's IRRBB as of 31 December 2025 was a reflection of the net asset duration that it ran to offset our modeled sensitivity of net USD 33.2m (31 December 2024: USD 29.4m) assigned to our equity, goodwill and real estate, with the aim of generating a stable NII contribution. Of this, USD 19.7m and USD 11.6m were attributable to the US dollar and the Swiss franc portfolios, respectively, (31 December 2024: USD 17.1m and USD 10.6m, respectively).

In addition to the aforementioned sensitivity, UBS AG calculates the six interest rate shock scenarios prescribed by FINMA. The "Parallel up" scenario, assuming all positions were measured at fair value, was the most severe as of 31 December 2025 and would have resulted in a change in EVE of negative USD 8.0bn, or 8.9% of UBS AG's tier 1 capital (31 December 2024: negative USD 6.7bn, or 7.4%), which is well below the 15% threshold as per the BCBS supervisory outlier test for high levels of IRRBB.

The immediate effect on UBS AG's tier 1 capital in the "Parallel up" scenario as of 31 December 2025 would have been a decrease of approximately USD 0.8bn, or 0.9%, in its tier 1 capital (31 December 2024: USD 0.9bn, or 1.0%), reflecting the fact that the vast majority of UBS AG's banking book is accrual accounted or subject to hedge accounting. The "Parallel up" scenario would subsequently have a positive effect on NII, assuming a constant balance sheet.

As the overall interest rate risk sensitivity shows a greater impact from slower asset repricing compared with faster liabilities repricing, the “Parallel down” scenario was the most beneficial as of 31 December 2025 and would have resulted in a change in EVE of positive USD 8.2bn (31 December 2024: positive USD 7.2bn) and a small positive immediate effect on UBS AG’s tier 1 capital.

Net interest income sensitivity

The main NII sensitivity in the banking book resides in Global Wealth Management and Personal & Corporate Banking. UBS AG assigns a target duration to its investment of equity portfolio, and Group Treasury actively manages the residual IRRBB. This sensitivity is assessed using a number of scenarios assuming parallel and non-parallel shifts in yield curves, with various degrees of severity, and UBS AG has set and monitors thresholds for the NII sensitivity to immediate parallel shocks of –200 and +200 basis points under the assumption of no change to balance sheet size and product mix, stable foreign exchange rates, and no specific management action. ▲

- › Refer to the “UBS AG consolidated performance” section of this report for more information about sensitivity to interest rate movements

Audited I

Interest rate risk – banking book

		31.12.25							
USD m		Effect on EVE ¹ – FINMA					Effect on EVE ¹ – BCBS		
Scenarios	CHF	EUR	GBP	USD	Other	Total	Additional tier 1 capital instruments	Total	
+1 bp	(12.5)	(1.6)	(0.2)	(28.4)	(1.0)	(43.8)	8.0	(35.7)	
Parallel up ²	(1,771.8)	(305.2)	(50.6)	(5,680.8)	(239.7)	(8,048.1)	1,505.3	(6,542.8)	
Parallel down ²	1,973.3	342.6	46.3	5,601.5	265.3	8,229.0	(1,765.8)	6,463.2	
Steepener ³	(888.9)	(16.0)	(9.0)	(1,369.1)	7.2	(2,275.8)	335.8	(1,940.1)	
Flattener ⁴	551.1	(34.2)	0.3	62.4	(59.4)	520.3	5.9	526.1	
Short-term up ⁵	(171.4)	(125.9)	(15.8)	(2,217.0)	(146.2)	(2,676.3)	653.1	(2,023.2)	
Short-term down ⁶	169.4	127.1	10.5	2,299.6	145.2	2,751.7	(680.4)	2,071.4	

		31.12.24							
USD m		Effect on EVE ¹ – FINMA					Effect on EVE ¹ – BCBS		
Scenarios	CHF	EUR	GBP	USD	Other	Total	Additional tier 1 capital instruments	Total	
+1 bp	(10.5)	(1.3)	(0.3)	(24.6)	(0.5)	(37.1)	5.6	(31.6)	
Parallel up ²	(1,510.7)	(251.8)	(64.4)	(4,747.8)	(96.2)	(6,670.9)	1,009.9	(5,661.1)	
Parallel down ²	1,644.9	280.0	74.0	5,054.3	101.7	7,154.8	(1,183.4)	5,971.4	
Steepener ³	(748.7)	(4.0)	(10.6)	(1,253.2)	(9.2)	(2,025.8)	167.6	(1,858.2)	
Flattener ⁴	463.5	(37.8)	(2.2)	161.3	(11.0)	573.7	63.6	637.4	
Short-term up ⁵	(150.2)	(112.6)	(24.0)	(1,815.4)	(46.8)	(2,148.9)	490.6	(1,658.3)	
Short-term down ⁶	133.4	112.5	24.7	1,926.2	47.4	2,244.2	(510.8)	1,733.4	

¹ Economic value of equity. ² Rates across all tenors move by ±150 bps for Swiss franc, ±200 bps for euro and US dollar, and ±250 bps for pound sterling. ³ Short-term rates decrease and long-term rates increase. ⁴ Short-term rates increase and long-term rates decrease. ⁵ Short-term rates increase more than long-term rates. ⁶ Short-term rates decrease more than long-term rates. ▲

Other market risk exposures

Own credit

UBS AG is exposed to changes in its own credit reflected in the valuation of financial liabilities designated at fair value when UBS AG’s own credit risk would be considered by market participants, except for fully collateralized liabilities or other obligations for which it is established market practice to not include an own-credit component.

- › Refer to “Note 20 Fair value measurement” in the “Consolidated financial statements” section of this report for more information about own credit

Structural foreign exchange risk

Upon consolidation, assets and liabilities held in foreign operations are translated into US dollars at the closing foreign exchange rate on the balance sheet date. Value changes (in US dollars) of non-US-dollar assets or liabilities due to foreign exchange movements are recognized in OCI and therefore affect shareholders’ equity and CET1 capital.

Group Treasury uses strategies to manage this foreign currency exposure, including matched funding of assets and liabilities and net investment hedging.

- › Refer to “Sensitivity to currency movements” in the “Capital management” section and to the “Currency management” section of this report for more information about our exposure to and management of structural foreign exchange risk
- › Refer to “Note 24 Hedge accounting” in the “Consolidated financial statements” section of this report for more information about our hedges of net investments in foreign operations

Investment risk

UBS AG is exposed to investment risk by holding own investments in equity securities, investment fund units and debt instruments.

Equity investments and investment fund units

Audited I UBS AG makes direct investments in a variety of entities and buys equity holdings in both listed and unlisted companies, with the aim of supporting its business activities and delivering strategic value to the firm. This includes investments in exchange and clearing house memberships, as well as minority investments in early-stage fintechs and technology companies. UBS AG may also make investments in funds that it manages in order to fund or seed them at inception or to demonstrate that UBS AG's interests align with those of investors. UBS AG also buys, and is sometimes required by agreement or regulation to buy, securities and units from investment vehicles that it has sold to clients.

The fair value of equity investments tends to be influenced by factors specific to the individual investments. Equity investments are generally intended to be held for the medium or long term and may be subject to lock-up agreements. For these reasons, UBS AG generally does not control these exposures by using market risk measures applied to trading activities. However, such equity investments are subject to a different range of controls, including preapproval of new investments for commercial purposes by business management and Risk Control, portfolio and concentration limits, and regular monitoring and reporting to senior management. They are also included in the firm-wide statistical and stress-testing metrics, which flow into the risk appetite framework.

As of 31 December 2025, UBS AG held equity investments and investment fund units totaling USD 5.7bn (31 December 2024: USD 6.5bn), of which USD 3.4bn (31 December 2024: USD 4.2bn) was classified as Financial assets at fair value not held for trading and USD 2.3bn (31 December 2024: USD 2.3bn) as Investments in associates. ▲

- › Refer to "Note 20 Fair value measurement" and "Note 27 Interests in subsidiaries and other entities" in the "Consolidated financial statements" section of this report for more information
- › Refer to "Note 1 Summary of material accounting policies" in the "Consolidated financial statements" section of this report for more information about the classification of financial instruments

Debt investments

Audited I Debt investments classified as Financial assets measured at fair value through other comprehensive income as of 31 December 2025 can broadly be categorized as money market instruments and debt securities primarily held for statutory, regulatory or liquidity reasons.

The risk control framework applied to debt instruments classified as Financial assets measured at fair value through other comprehensive income depends on the nature of the instruments and the purpose for which we hold them. UBS AG's exposures may be included in market risk limits or be subject to specific monitoring and interest rate sensitivity analysis. They are also included in the firm-wide statistical and stress-testing metrics, which flow into our risk appetite framework.

Debt instruments classified as Financial assets measured at fair value through other comprehensive income had a fair value of USD 13.9bn as of 31 December 2025 (31 December 2024: USD 2.2bn). The increase mainly reflects purchases of HQLA. ▲

- › Refer to "Note 20 Fair value measurement" in the "Consolidated financial statements" section of this report for more information
- › Refer to "Economic value of equity sensitivity" in this section for more information
- › Refer to "Note 1 Summary of material accounting policies" in the "Consolidated financial statements" section of this report for more information about the classification of financial instruments

Pension risk

We provide a number of pension plans for past and current employees, some classified as defined benefit pension plans under IFRS Accounting Standards, which can have an effect on our equity under IFRS Accounting Standards and CET1 capital.

Pension risk is the risk that defined benefit plans' funded status might decrease, negatively affecting our capital. This can result from decreases in the value of a plan's assets, increases in defined benefit obligations or combinations of the above.

Important risk factors affecting the fair value of pension plans' assets include equity market returns, interest rates, bond yields, and real estate prices. Important risk factors affecting the present value of expected future benefit payments include high-grade bond yields, interest rates, inflation rates, and life expectancy.

Pension risk is included in our firm-wide statistical and stress-testing metrics, which flow into our risk appetite framework. The potential effects are thus captured in the post-stress capital ratio calculations.

- › Refer to "Note 1 Summary of material accounting policies" and "Note 25 Post-employment benefit plans" in the "Consolidated financial statements" section of this report for more information about defined benefit plans

Country risk

Country risk framework

Country risk includes all country-specific events occurring in a sovereign jurisdiction that may lead to impairment of UBS AG's exposures. It may take the form of: (i) sovereign risk, which is the ability and willingness of a government to honor its financial commitments; (ii) transfer risk, which arises if a counterparty or issuer cannot acquire foreign currencies following a moratorium by a central bank on foreign exchange transfers; or (iii) "other" country risk. "Other" country risk may manifest itself through increased and multiple counterparty and issuer default risk (systemic risk) or through events that may affect a country's standing, such as adverse shocks affecting political stability or institutional and / or legal frameworks.

UBS AG assigns a country rating to each country, which reflects its view of a country's creditworthiness and of the probability of a country risk event occurring. Country ratings are mapped to statistically derived default probabilities, described under "Probability of default" in this section. UBS AG uses this internal analysis to set the credit ratings of governments and central banks, estimate the probability of a transfer event occurring, and establish rules on how aspects of country risk should be incorporated in counterparty ratings of non-sovereign entities domiciled in the respective country.

Country ratings are also used to define UBS AG's risk appetite regarding foreign countries. A country risk limit (i.e. maximum aggregate exposure) applies to exposures to counterparties or issuers of securities and financial investments in the given foreign country. UBS AG may limit the extension of credit, transactions in traded products or positions in securities based on a country risk ceiling even if its exposure to a counterparty is otherwise acceptable. Country limits are approved by the Board of Directors and are delegated to the President of the Executive Board and the CRO according to the country rating and limit size.

UBS AG's country risk framework differs across the firm, and alignment of approaches is part of the ongoing integration of Credit Suisse.

For internal measurement and control of country risk, UBS AG also considers the financial effect of market disruptions arising prior to, during and after a country crisis. These may take the form of a severe deterioration in a country's debt, equity or other asset markets, or a sharp depreciation of its currency. UBS AG uses stress testing to assess potential financial effects of severe country or sovereign crises. This involves the developing of plausible stress scenarios for combined stress testing and the identification of countries that may potentially be subject to a crisis event, determining potential losses and making assumptions about recovery rates depending on the types of credit transactions involved and their economic importance to the affected countries.

Country risk exposure

Country risk exposure measure

The presentation of country risk follows UBS AG's internal risk view, where the basis for measuring exposures depends on the product category in which the exposures are classified. In addition to the classification of exposures into banking products and traded products, covered in "Credit risk profile of UBS AG" in this section, for UBS AG excluding certain legacy Credit Suisse components the trading inventory is also shown.

Banking products exposure represents notional amounts. Traded products potential exposure reflects the possible impact of market movements on both the exposure and any related collateral over the period required to close out UBS AG's positions. UBS AG does not recognize any expected recovery values when reporting country exposure; the risk-reducing effects of master netting agreements and collateral held is recognized, which is deducted from the potential exposure values. Within banking products and traded products, risk-reducing effects of credit protection are also taken into account.

Trading inventory includes issuer risk on securities (such as bonds and equities) and risk relating to underlying reference assets for derivative positions. Trading inventory is managed on a net basis, and the value of long positions is netted against that of short positions with the same underlying issuer. Net exposures are floored at zero per issuer. As a result, potentially offsetting benefits of certain hedges and short positions across issuers are not recognized.

Country risk exposure allocation

In general, exposures are shown against the country of domicile of the contractual counterparty or the issuer of the security. For some counterparties whose economic substance in terms of assets or source of revenues is primarily located in a different country, the exposure is allocated to the risk domicile of those assets or revenues.

In the case of derivatives, UBS AG shows the counterparty's risk potential exposure against the counterparty's country of risk (presented within traded products). In addition, risk associated with an instantaneous fall in value of underlying reference assets to zero (assuming no recovery) is shown against the country of risk of the issuer of the reference asset (presented within the trading inventory for UBS AG excluding certain legacy Credit Suisse components only). This approach enables UBS AG to capture both counterparty and, where applicable, issuer elements of risk arising from derivatives and applies comprehensively for all derivatives, including single-name credit default swaps and other credit derivatives.

Top 20 country risk exposures

The table below shows UBS AG's 20 largest country exposures by product type, excluding its home country, as of 31 December 2025 compared with 31 December 2024.

Compared with 2024, UBS AG's net exposure was largely stable. The list of UBS AG's top 20 countries remained broadly unchanged, with two new entries (Brazil and Austria) and the exposure to each of those two not exceeding USD 2.0bn. Based on the sovereign rating categories, as of 31 December 2025, 84% of UBS AG's emerging market country exposure was rated investment grade, compared with 85% as of 31 December 2024.

Venezuela

As of 31 December 2025, our direct country risk exposure to Venezuela was USD 4m, solely from issuer risk exposure in the Investment Bank.

Israel and Middle East

As of 31 December 2025, UBS AG's direct country risk exposure to Israel was USD 375m, mainly from lending and collateralized over-the-counter derivatives exposure within the Investment Bank. UBS AG's direct exposure to Gulf Cooperation Council countries as of 31 December 2025 was USD 4.1bn, while its direct exposure to Egypt, Jordan and Lebanon was limited, and it had no direct exposure to Iran, Iraq or Syria.

Russia

UBS AG's direct country risk exposure to Russia contributed USD 382m to its total emerging market exposure of USD 26.6bn as of 31 December 2025. This included cash account balances and lending exposures from Non-core and Legacy. UBS AG had no material direct country risk exposure to Belarus or to Ukraine as of 31 December 2025. Potential second-order impacts, such as European energy security, continue to be monitored.

Top 20 country risk net exposures, by product type

USD m	Banking products ^{1,2}		Traded products ³		Trading inventory ^{4,5}		Total ²	
	31.12.25	31.12.24	31.12.25	31.12.24	31.12.25	31.12.24	31.12.25	31.12.24
United States	142,740	156,763	26,306	28,847	62,232	42,744	231,279	228,353
United Kingdom	15,383	15,644	13,981	18,112	4,294	1,880	33,658	35,637
Germany	15,054	15,247	5,891	7,162	9,067	7,796	30,012	30,205
Japan	23,439	20,131	5,147	4,757	953	931	29,539	25,819
France	2,027	2,007	3,820	4,936	8,118	7,786	13,965	14,729
Singapore	3,988	3,568	2,235	3,565	6,842	5,127	13,065	12,260
Australia	6,763	6,357	4,054	8,404	2,112	2,158	12,928	16,920
Canada	1,750	835	3,134	2,839	5,825	4,843	10,708	8,516
Luxembourg	5,730	6,360	528	1,191	107	99	6,365	7,649
China	2,060	1,661	876	1,278	2,247	1,971	5,183	4,910
Netherlands	1,447	1,830	1,732	2,572	1,868	1,044	5,047	5,446
Hong Kong	1,329	1,490	1,690	1,190	1,065	1,111	4,084	3,792
South Korea	1,232	602	679	666	2,026	3,100	3,938	4,368
Italy	1,719	1,542	897	909	1,074	904	3,689	3,355
Sweden	332	413	898	1,479	1,435	1,442	2,665	3,334
Norway	144	70	426	440	2,048	1,299	2,617	1,809
Spain	1,178	937	533	661	681	502	2,392	2,099
Brazil	439	576	644	410	804	391	1,887	1,377
Austria	271	261	468	535	1,110	654	1,850	1,450
Finland	81	76	188	303	1,341	1,335	1,610	1,713
Total top 20⁶	227,106	236,370	74,127	90,256	115,249	87,117	416,481	413,741

¹ Includes loans, guarantees and loan commitments. ² Net of hedges and before deduction of IFRS 9 ECL allowances and provisions. ³ Includes counterparty risk from derivatives and securities financing transactions measured using potential exposure, after master netting agreements, net of collateral and net of hedges. ⁴ Represents an issuer's net long position, including securities and tradable obligations, such as derivatives, which are referenced to that issuer. ⁵ Trading inventory exposures are for UBS AG excluding legacy Credit Suisse components only. ⁶ Excluding Switzerland, supranationals, global funds and ship finance exposures.

Emerging markets net exposure, by internal UBS country rating category^{1,2}

USD m	31.12.25	31.12.24
Investment grade	22,292	23,025
Sub-investment grade	4,325	4,155
Total	26,617	27,180

¹ UBS AG classifies countries as emerging markets based on per capita GDP, historical real GDP growth, alignment with international institutions (such as the BIS, the World Bank, the IMF and the MSCI) and other factors. ² Net of credit hedges (for banking products and for traded products); net long per issuer (for trading inventory) for UBS AG excluding legacy Credit Suisse components only. Before deduction of IFRS 9 ECL allowances and provisions.

Non-financial risk

Non-financial risk includes our main risk categories: compliance risk, financial crime risk, operational risk, legal risk and reputational risk. Compliance risk, financial crime risk and operational risk are independently overseen by Group Compliance and Operational Risk Control (GCORC) and are covered in this section. Legal and reputational risks can materialize across these three risk clusters, with legal risks overseen by Group Legal and reputational risk by control functions.

- › Refer to “Risk categories” in this section for more information about our main non-financial risk categories
- › Refer to “Top and emerging risks” in this section for more information about legal and reputational risk

Compliance risk

We are committed to achieving fair outcomes for our clients, upholding market integrity and cultivating the highest standards of employee conduct. To support these objectives, we maintain a Group-wide conduct risk framework designed to promote consistent standards and foster a strong culture of accountability.

We continue to prioritize areas such as suitability risk, market conduct, product governance, cross-divisional service offerings, quality of advice and price transparency. These remain key focus areas for the Group, UBS AG and the wider financial sector. Cross-border risk (including the risk of unintended permanent establishment) remains an area of regulatory attention for global financial institutions, including a focus on market access, such as third-country market access to the European Economic Area. We maintain a series of controls designed to address these risks.

Regulatory fragmentation related to environmental, social and governance topics, and the elevated risk of greenwashing arising from our service offering, disclosures and commitments remain key risks for 2026.

- › Refer to “Top and emerging risks” in this section for more information

Financial crime risk

Financial crime, including money laundering, terrorist financing, sanctions violations, fraud, bribery and corruption, presents a major risk, as technological innovation and geopolitical developments increase the complexity of doing business and heightened regulatory attention continues.

An effective financial crime prevention program therefore remains essential, and we continue to focus on enhancements to our global anti-money-laundering, know-your-client and sanctions programs. Money laundering and financial fraud techniques are becoming increasingly sophisticated, and heightened geopolitical volatility makes the sanctions landscape more complex. We continue to take into consideration the risks of illicit finance proceeds and sanctions circumvention typologies stemming from geopolitical developments, political changes in a number of countries and evolving armed conflicts.

- › Refer to “Top and emerging risks” in this section for more information

Operational risk

There is an increased risk of cyber-related operational disruption to business activities at our locations and those of third-party suppliers due to the increasingly dynamic threat environment. This is intensified by current geopolitical factors and evidenced by the continuing high volumes and increasing sophistication of cyberattacks against financial institutions globally and on third-party service providers. A notable example of this is a previously disclosed data breach at Chain IQ, one of our third-party suppliers. Our incident review has not identified any impact on UBS AG’s clients or systems, but the data breach included the exposure of certain non-sensitive UBS AG employee and vendor information.

We remain on heightened alert to respond to and mitigate elevated cyber- and information-security threats and continue to invest in improving our technology infrastructure and information-security governance to strengthen our prevention, detection and response capabilities against attacks. In addition, we operate a global framework designed to drive enhancements in operational resilience across all business divisions, and we work with the third-party service providers that are of critical importance to our operations to assess their operational resilience in line with our standards and to mitigate any identified risks.

UBS AG manages cyber and other risks associated with the use of third parties (including outsourcing) through policies such as the Third Party Risk Management (TPRM) Policy and the Global Procurement and Vendor Management Policy. These aim at managing third-party risk by appropriate risk controls and independent arrangements. UBS AG also transfers risk centrally, by means of insurance contracts, analyzing and securing insurance coverage that meets its global needs and complies with local requirements.

The increasing interest in data-driven advisory processes and the use of forms of artificial intelligence (AI), such as generative AI and machine learning, are introducing new questions related to the fairness of AI algorithms, data life-cycle management, data ethics, data privacy and security, and records management. We have established an AI framework and policy including risk appetite metrics and enhanced controls to support the mitigation of these risks.

Further progress has been made with client and data migration, and the wind-down of legacy Credit Suisse businesses and infrastructure. The risks relating to the operational complexity and the effective management of businesses in wind-down and application decommissioning continue to be carefully monitored, in addition to the delivery of consolidated financial and regulatory reporting submissions.

› Refer to “**Top and emerging risks**” in this section for more information

Non-financial risk framework

We follow a firm-wide non-financial risk framework that establishes requirements for identifying, controlling, managing, assessing and mitigating compliance risk, financial crime risk and operational risk to maintain the safety and soundness of the firm and to protect its financial position and reputation. The framework is built on the following pillars:

- classifying inherent risks through 19 non-financial risk taxonomies, which define the universe of non-financial risks that can arise as a consequence of our business activities and external factors;
- performing control assurance activities, including self-assessing the design and operating effectiveness of controls, first- and second-line-of-defense control reviews, and independent control testing;
- defining the non-financial risk appetite (including relevant indicators for each non-financial risk taxonomy) and assessing risk exposure against appetite;
- assessing inherent and residual risk through risk assessment processes and determining whether additional remediation plans are required to address identified deficiencies; and
- reporting transparently and objectively on non-financial risks.

Divisional Presidents are accountable for the effectiveness of non-financial risk management and for the robustness of the front-to-back control environment within their business divisions, and legal-entity-responsible executives are in charge of non-financial risk management within their legal entities. Group function heads are accountable for supporting the divisional Presidents and legal-entity-responsible executives of our legal entities in the discharge of this responsibility, by ensuring completeness and effectiveness of the control environment and non-financial risk management within their Group functions. Collectively, divisional Presidents, central Group function heads and legal-entity-responsible executives are in charge of implementing the non-financial risk framework.

GCORC owns the firm’s non-financial risk framework and is responsible for providing an independent and objective view of the adequacy of non-financial risk management across the firm and ensuring that compliance risk, financial crime risk and operational risk are understood, owned and managed in accordance with our risk appetite. Business- or function-aligned Compliance and Operational Risk Control teams are embedded within the GCORC function, reporting to the Chief Compliance and Operational Risk Control Officer, a member of the Executive Board (the EB).

All functions within UBS AG are required to periodically assess the design and operating effectiveness of key internal non-financial risk controls. Key control deficiencies identified during the internal control and risk assessment processes must be reported in the non-financial risk inventory, and sustainable remediation must be defined and executed. These control deficiencies are assigned to owners at senior management level and the remediation progress is reflected in the respective managers’ annual performance measurement and objectives. To assist with prioritizing the most material control deficiencies and measuring aggregated risk exposure, irrespective of origin, a common rating methodology is applied across all three lines of defense, as well as by external audit.

UBS AG is committed to transparent reporting of non-financial risks, providing clear and reliable information to support decision-making by executive management and the board of directors. Key reports cover the firm and risk-taking business divisions and significant group entities, with strong data governance standards ensuring high-quality, timely, and comprehensive reporting.

The non-financial risk framework forms the common basis for managing and assessing compliance risk, financial crime risk and operational risk, and there are additional GCORC activities intended to demonstrate compliance with applicable laws, rules and regulations. Furthermore, non-financial risk mitigation is supported by a comprehensive set of policies and procedures (including risk culture, risk appetite and outsourcing) that are governed under our global governance document framework.

› Refer to “**Risk appetite framework**” in this section for more information about risk appetite and risk culture

› Refer to “**Operational risk**” in this section for more information about outsourcing

Reputational risk management

Our reputation is ultimately defined by our ability to adhere to the three keys: our *Pillars, Principles and Behaviors*. In accordance with our Code of Conduct and Ethics, it is the responsibility of the Board of Directors (the BoD) and each employee to refrain from any conduct which may pose a risk to our reputation.

› Refer to “**Employees**” in the “**Our stakeholders**” section of the UBS Group Annual Report 2025, available under “**Annual reporting**” at ubs.com/investors, for more information about our Pillars, Principles and Behaviors

› Refer to the Code of Conduct and Ethics of UBS, available at ubs.com/code, for more information

All employees are responsible for carefully evaluating the risk to UBS’s own reputation that may result from any business activities. Reputational risk is considered as part of standard risk identification and assessment processes governed by relevant frameworks relating to new and existing clients, transactions, products and services. The business divisions and Group functions have primary responsibility for identifying, assessing and managing reputational risk.

Cybersecurity and information security

Risk management and strategy

Cybersecurity and information-security (CIS) risk is the risk that a malicious internal or external act, a failure of technology, or human error materially compromises the confidentiality, integrity or availability of UBS AG's data, systems or services.

CIS risk is a key operational risk for UBS AG and is managed within our enterprise risk management framework. We apply a layered defense model, spanning prevention, detection, response and recovery, supported by our global Cybersecurity Operations Centers, advanced technology and independent oversight. Our approach integrates governance, risk assessment, controls testing, incident management and continuous training of our workforce (i.e. our internal employees and external staff) to strengthen our ability to manage the assets of clients and of the firm.

› Refer to "Risk governance" in this section for information about our risk governance framework

Governance

In line with our overall non-financial risk management framework, we take a cross-functional approach to addressing CIS risk. Our risk control framework follows the three-lines-of-defense model. Group Technology establishes the policies and procedures designed to safeguard our information systems and the information those systems collect and process. The business divisions, together with Group Technology, are then responsible for implementing those policies and procedures as part of the first line of defense. GCORC leads the second line of defense, by convening and consulting with additional control functions to provide independent oversight, and challenges the first line's CIS framework and implementation. As the third line of defense, Internal Audit conducts independent reviews and validates the first-line and second-line processes and functions.

The Cyber and Information Security Committee (the CIS-C) is the primary decision-making body with oversight of and accountability for the Group-wide CIS program. The CIS-C is jointly chaired by the Chief Operating Officer (the COO) and the Chief Compliance and Operational Risk Control Officer. The Group Chief Information Security Officer (the Group CISO), who reports to both the COO and the Chief Compliance and Operational Risk Control Officer, is a permanent member of the CIS-C. The committee meets monthly and serves as a platform for interaction across the three lines of defense for the identification and effective governance of CIS strategy, risks and regulatory obligations. The CIS-C governance structure helps streamline decision-making and, where necessary, escalation to the BoD and the EB.

CIS program

Our CIS program is led by the Group CISO. The CIS program is designed to protect and maintain the integrity and availability of our technology infrastructure and the confidentiality and integrity of our information. It is aligned to an industry standard framework established by the Cyber Risk Institute across seven functional domains: govern, identify, protect, detect, respond, recover and extend. This framework provides a comprehensive model for financial institutions to assess, manage and mature their cyber-risk posture, connecting controls to compliance and operational needs.

Our Group CISO, senior management within Group Technology and management personnel overseeing the CIS program all have substantial relevant expertise in the areas of cybersecurity and information security. Our CIS program includes, but is not limited to, the following capabilities.

- *Threat intelligence:* We systematically gather threat information and monitor threat alerts from external sources. Our cyber-threat intelligence team analyzes such information and uses it to enhance existing defense capabilities, to respond to identified threats and to adjust our CIS strategy where needed. The team's remit includes providing research, analysis and advice on CIS risks associated with emerging technologies, including AI. This threat intelligence capability was strengthened in 2025 with the formation of a cross-function Geopolitical Risk Intelligence Forum and the introduction of an AI-led horizon scanning capability.
- *Preventative and detection controls:* We use layered firm-wide controls that are designed to prevent and detect cyberattacks. Defenses include system hardening, firewalls, intrusion prevention and detection systems, and other controls. External network connections are identified and recorded in an inventory. Access rights are defined for information assets, and IT systems and applications enforce authentication. We maintain access controls and approval processes designed to prevent unauthorized access.
- *Cyber-defense and incident response capabilities:* The Cybersecurity Operations Centers are responsible for providing 24/7 real-time monitoring, detection and response capabilities for cyberattacks and acting as the primary interface for cybersecurity events. Incidents assessed as having the potential to adversely affect our critical operations are subject to mandatory management notification. If assessed as potentially significant, cybersecurity and data incidents are managed under our crisis management framework.
- *Third-party risk:* Vulnerabilities in the cyber-risk environment of third parties represent a particular threat to our CIS program and our ability to maintain our business services. We follow a risk-based approach to assess and mitigate CIS risks related to third parties. Third-party services and processes are monitored and checked on an ongoing basis, with appropriate supervision from the CIS-C. This is a key component of our third-party risk management program, notwithstanding the challenges we face in imposing the same levels of protection to the systems and data of third parties that we rely on ourselves.

- *Monitoring and testing*: Effective incident response and problem management processes are complemented by vulnerability assessments, penetration and testing engagements based on specific threat scenarios that simulate tactics, techniques and procedures that might be used against our systems, as mandated by our policies. This includes testing by internal and external red teams (simulating attacks by potential adversaries). Actual security-related events are directly correlated with threat scenarios to monitor and detect potential threats, such as network-intrusion and malware-driven events. Our deployed security measures are designed with the objective of isolating and containing threats that are detected to allow for effective incident response and analysis.
- *Education and training*: All UBS staff, including our external personnel, receive appropriate CIS awareness training, commensurate with their roles and responsibilities.

CIS assessment framework

Our CIS assessment framework includes internal and external cybersecurity risk assessments for applications and bank processes alongside a structured risk assessment process of third-party service providers. These processes are designed, along with our security capabilities, to support business objectives and priorities.

We conduct assessments to evaluate and test our CIS program and provide guidance on operating and improving the program, including the design and operational effectiveness of the security and resiliency of our information systems. Our assessments, along with our threat intelligence capabilities, are used to assess and prioritize programs to improve our security, our incident response capabilities and our operational resilience. As the cyber-threat landscape evolves at an increasing pace, we continuously seek to enhance our CIS controls to meet developing threats. We have ongoing programs that are intended to increase our CIS maturity across various dimensions, including governance, identification, protection and detection, as well as cyberattack response and recovery, and risk from third-party service providers.

We recognize that in today's world it is not feasible to completely eliminate the risk of a future cyberattack, but, by using a risk-based approach, we work toward reducing the likelihood of a successful attack and toward mitigation of the potential business impact of such an attack.

The BoD, its Risk Committee and the EB receive regular updates and reports throughout the year from our COO and our Group CISO on internal and external CIS developments, threats and risks. In addition, on a quarterly basis, the BoD receives reports on the performance of CIS risk appetite metrics, including metrics on vulnerabilities and third-party CIS risks and incidents, and is notified promptly if a BoD-level CIS risk limit is breached. The Risk Committee of the BoD and the EB also receive regular updates on CIS strategy, risks and alignment with regulatory requirements.

Operational resilience and incident response

Our business continuity and resilience framework is designed to limit the disruption a potential CIS event may cause to our business activities. In accordance with the firm's cyber-incident response framework, the CIS-C, including the incident response team, tracks, documents, responds to and analyzes CIS threats and incidents, including those experienced by the firm's third-party service providers that may impact the firm. Additionally, we maintain established procedures for responding to, and escalating, CIS and other system availability incidents. These are regularly practiced, including tabletop exercises, at all levels of seniority.

Our Group Cyber Contingency Plan includes cyber event playbooks and escalation procedures designed to support a structured assessment of potential incidents and timely escalation and reporting of incidents based on the assessed potential impact. Incidents assessed to have the potential to adversely affect our critical operations are subject to mandatory management notification. If assessed as potentially significant, cybersecurity and data incidents are managed under our crisis management framework, which provides pre-established cross-functional task forces to manage the incident, with escalation frameworks to inform and ensure oversight by the EB and the BoD.

- › Refer to "Crisis management framework" in the "Regulation and supervision" section of this report for more information about our crisis management framework

Non-financial risk capital measurement

The non-financial risk framework underpins the calculation of regulatory capital for operational risk, which enables us to quantify non-financial risks and define effective risk-mitigating management incentives as part of the related operational risk capital allocation approach to the business divisions.

The advanced measurement approach (AMA), previously utilized to determine regulatory capital requirements for non-financial risks, was replaced by the standardized approach for determining regulatory capital on 1 January 2025, based on the final Basel Committee on Banking Supervision (BCBS) Basel III standards and related FINMA guidance. In line with the implemented standards, we continue to update annually the related regulatory capital. Revenue data and information on non-financial risk events are sourced from our financial accounting and risk systems.

- › Refer to "Capital management objectives" in the "Capital management" section of this report for more information about the capital impacts from the adoption of the final Basel III standards on 1 January 2025

Model risk

Main sources of model risk

We rely on models to inform risk management and control decisions, to measure risks or exposures, to value instruments or positions, to conduct stress testing, to assess adequacy of capital, and to manage clients' assets and our own assets. Models may also be used to measure and monitor compliance with rules and regulations, for surveillance activities, and to meet financial or regulatory reporting requirements. Our artificial intelligence (AI)-based solutions may rely on models, and models may include functionalities defined as AI.

Model risk is defined as the risk of adverse consequences (e.g. financial losses or reputational damage) resulting from incorrect or misused models. AI-specific risks are managed in conjunction with other relevant risk frameworks, and specific guidelines for the recognition of those risks apply.

Overview of measurement, monitoring and management techniques

Our model governance framework establishes requirements for identifying, measuring, monitoring, reporting, controlling and mitigating model risk. All the models that we use are subject to governance and controls throughout their life cycles, with rigor, depth and frequency determined by the model's materiality and complexity. This is designed to ensure that risks arising from model use are identified, understood, managed, monitored, controlled and reported on both a model-specific and an aggregated level. Before approval for use is granted, models are independently validated.

Once approved for use, a model is subject to ongoing model monitoring, regular model confirmation and periodic revalidation, ensuring that the model is only used if it continues to be fit for purpose.

Our model risk governance framework follows our overarching risk governance framework along the three lines of defense, with: (i) the business divisions and Group functions (including Risk Control, Finance and Compliance) responsible for the development, maintenance and appropriate use of the models; (ii) the Model Risk Management and Control function, headed by the Chief Model Risk Officer, responsible for independent review, oversight and challenge of the models; and (iii) Internal Audit, responsible for the assessment of the design and operating effectiveness and sustainability of the related processes.

Model risk is included in the firm-wide risk appetite framework.

Model oversight committees and forums ensure that model risk is overseen at different levels of the organization, appropriate model risk management and control actions are taken and, where necessary, escalated to the next level. The Group Model Governance Committee is our most senior oversight and escalation body for all models in scope of our model governance framework. It is co-chaired by the Group Chief Risk Officer and the Group CFO and is responsible for: (i) reviewing and approving changes to the framework; (ii) approving the model risk appetite statement; (iii) overseeing adherence to the UBS model risk governance framework; and (iv) monitoring model risk at a firm-wide level.

The legacy Credit Suisse models were either retired or integrated into the UBS model risk management framework in 2025.

Capital management

Capital management objectives

Audited I An adequate level of common equity tier 1 (CET1) capital and total loss-absorbing capacity (TLAC) meeting both internal assessment and regulatory requirements is a prerequisite for conducting our business activities. ▲

We are therefore committed to maintaining a strong CET1 capital and TLAC position at all times, in line with our target capital ratios, in order to ensure compliance with regulatory capital requirements and to support the growth of our businesses.

As of 31 December 2025, the CET1 capital ratio was 14.4% and CET1 leverage ratio 4.3%, each above the requirements for Swiss systemically relevant banks (SRBs) and Basel Committee on Banking Supervision (BCBS) requirements. We believe that our capital strength, consistent with our capital guidance, is a source of confidence for our stakeholders, contributes to our sound credit ratings and is one of the foundations of our success.

In Switzerland, the amendments to the Capital Adequacy Ordinance (the CAO) that incorporate the final Basel III standards into Swiss law, including the new ordinances containing the implementing provisions for the revised CAO, entered into force on 1 January 2025.

- › Refer to **"We may be unable to maintain our capital strength"** in the **"Risk factors"** section of this report for more information about capital-ratio-related risks
- › Refer to **"Developments related to the implementation of the final Basel III standards"** in the **"Regulatory and legal developments"** section of this report for more information about the incorporation of final Basel III standards
- › Refer to **"Capital and capital ratios of our significant regulated subsidiaries"** in this section for more information
- › Refer to **"Risk-weighted assets"** and **"Leverage ratio denominator"** in this section for more information about the impacts resulting from the adoption of the final Basel III standards on risk-weighted assets (RWA) and the leverage ratio denominator (the LRD), respectively

Swiss SRB total loss-absorbing capacity framework

The disclosures in this section are provided for UBS AG on a consolidated basis and focus on key developments during the reporting period and information in accordance with the Basel III framework, as applicable to Swiss SRBs.

Additional regulatory disclosures for UBS AG on a consolidated basis are provided in the 31 December 2025 Pillar 3 Report, available under **"Pillar 3 disclosures"** at ubs.com/investors.

Capital and other regulatory information for UBS Group AG consolidated in accordance with the Basel III framework, as applicable to Swiss SRBs, is provided in the UBS Group Annual Report 2025, available under **"Annual reporting"** at ubs.com/investors.

Regulatory framework

The Basel III framework came into effect in Switzerland on 1 January 2013 and is embedded in the CAO. The CAO also includes the too-big-to-fail (TBTF) provisions applicable to Swiss SRBs.

Under the Swiss SRB framework, going and gone concern requirements represent UBS AG's total TLAC requirement. RWA calculations are based on the applicable rules and models approved by the Swiss Financial Market Supervisory Authority (FINMA).

Capital and other instruments contributing to total loss-absorbing capacity

CET1 capital mainly consists of share capital, share premium and retained earnings. In addition to CET1 capital, the following instruments contribute to TLAC:

- loss-absorbing additional tier 1 (AT1) capital instruments (high trigger), including Deferred Contingent Capital Plan (DCCP) awards granted at Group level and substantially on lent to UBS AG;
- 45% of unrealized gains from financial assets measured at fair value through other comprehensive income (such gains can be recognized as tier 2 capital); and
- TLAC-eligible unsecured debt instruments.

Under the Swiss SRB rules, going concern capital includes CET1 capital and high-trigger loss-absorbing AT1 capital instruments.

Outstanding TLAC-eligible unsecured debt instruments are eligible to meet gone concern requirements until one year before maturity. A maximum of 25% of the gone concern requirements can be met with instruments that have a remaining maturity of between one and two years (i.e. are in the last year of eligibility). However, once at least 75% of the minimum gone concern requirement has been met with instruments that have a remaining maturity of greater than two years, all instruments that have a remaining maturity of between one and two years remain eligible to be included in the total gone concern capital.

› Refer to “Bondholder information”, available at ubs.com/investors, for more information about the eligibility and key features and terms and conditions of capital instruments

Total loss-absorbing capacity and leverage ratio requirements

Going concern capital requirements

Under the Swiss SRB requirements, total going concern minimum requirements for all Swiss SRBs are a capital ratio requirement of 12.86% of RWA and a leverage ratio requirement of 4.5%. In addition to these minimum requirements, an add-on reflecting the degree of systemic importance is applied, based on market share and LRD. The applicable market share and LRD add-on requirements for UBS AG were both unchanged at 0.72% of RWA and 0.25% of LRD, resulting in add-ons of 1.44% of RWA and 0.50% of LRD. As a result of the acquisition of the Credit Suisse Group in 2023, the capital add-ons applicable to UBS SRBs based on market share and LRD will increase commensurate with the Group's increased market share and higher LRD after the acquisition.

The phase-in of the increased capital requirements commenced on 1 January 2026 and will be completed by 1 January 2030. Phase-in requirements are composed of the existing add-ons and the phased-in increases, resulting in phase-in add-ons as of 1 January 2026 for RWA-based requirements of 0.86% for increased market share and 0.79% for higher LRD and add-ons for LRD-based requirements of 0.30% for increased market share and 0.28% for higher LRD.

The Swiss countercyclical capital buffer, at a maximum level of 2.5% on risk-weighted positions that are directly or indirectly backed by residential properties in Switzerland, increased the minimum CET1 capital requirement by 39 basis points as of 31 December 2025. We also continued to apply countercyclical buffer requirements introduced in other BCBS member jurisdictions, which resulted in an additional buffer requirement of 11 basis points as of 31 December 2025. Overall, countercyclical capital buffers contributed 50 basis points to the minimum CET1 capital requirement as of 31 December 2025.

The UBS AG going concern requirements include the FINMA Pillar 2 capital add-on of USD 107m related to the supply chain finance funds matter at Credit Suisse. This Pillar 2 capital add-on results in an additional CET1 capital ratio requirement of 2 basis points and an additional CET1 leverage ratio requirement of 1 basis point as of 31 December 2025.

Effective 1 January 2025, a Pillar 2 capital add-on has been introduced for residual exposures (after collateral mitigation) to hedge funds, private equity and family offices. This resulted in an increase of 20 basis points in the RWA-based going concern capital requirement as of 31 December 2025.

The total going concern capital requirements applicable are 15.02% of RWA (including countercyclical buffer requirements and the Pillar 2 add-ons) and 5.01% of LRD. Furthermore, of the total going concern capital requirement of 15.02% of RWA, at least 10.66% must be met with CET1 capital, while a maximum of 4.36% can be met with high-trigger loss-absorbing AT1 capital instruments.

Similarly, of the total going concern leverage ratio requirement of 5.01%, at least 3.51% must be met with CET1 capital, while a maximum of 1.50% can be met with high-trigger loss-absorbing AT1 capital instruments.

Gone concern loss-absorbing capacity requirements

As an internationally active Swiss SRB, UBS AG is also subject to gone concern loss-absorbing capacity requirements. The gone concern requirements also include add-ons for market share and LRD.

Systemically important banks (SIBs), such as UBS AG, are subject to base gone concern capital requirements equivalent to 75% of the total going concern requirements (excluding countercyclical buffer requirements and the Pillar 2 add-ons). In addition, FINMA has the authority to impose a surcharge of up to 25% of the total going concern requirements (excluding countercyclical buffer requirements and the Pillar 2 add-ons) based on obstacles to an SIB's resolvability identified in future resolvability assessments. Total gone concern requirements remained substantially unchanged in 2025.

Gone concern requirements can be reduced when higher-quality capital instruments (CET1 capital, low-trigger loss-absorbing AT1 or certain low-trigger tier 2 capital instruments) are used to meet gone concern requirements. As of 31 December 2025, UBS AG did not use any higher-quality capital instruments to fulfill gone concern requirements.

The gone concern requirement after the potential reduction for the use of higher-quality capital instruments has been floored at 10.0% and 3.75% for the RWA- and LRD-based requirements, respectively.

In this report, we refer to the RWA-based gone concern requirements as gone concern loss-absorbing capacity requirements and the RWA-based gone concern ratio is referred to as the gone concern loss-absorbing capacity ratio.

The table below provides the RWA- and LRD-based requirements and information as of 31 December 2025.

Swiss SRB going and gone concern requirements and information

As of 31.12.25	RWA		LRD	
<i>USD m, except where indicated</i>	in %		in %	
Required going concern capital				
Total going concern capital	15.02 ¹	73,559	5.01 ¹	81,253
Common equity tier 1 capital	10.66 ²	52,208	3.51 ³	56,909
<i>of which: minimum capital</i>	4.50	22,040	1.50	24,344
<i>of which: buffer capital</i>	5.50	26,938	2.00	32,458
<i>of which: countercyclical buffer</i>	0.50	2,448		
Maximum additional tier 1 capital	4.36 ²	21,351	1.50	24,344
<i>of which: additional tier 1 capital</i>	3.50	17,142	1.50	24,344
<i>of which: additional tier 1 buffer capital</i>	0.80	3,918		
Eligible going concern capital				
Total going concern capital	18.37	89,993	5.55	89,993
Common equity tier 1 capital	14.37	70,394	4.34	70,394
Total loss-absorbing additional tier 1 capital	4.00	19,600	1.21	19,600
<i>of which: high-trigger loss-absorbing additional tier 1 capital</i>	4.00	19,600	1.21	19,600
Required gone concern capital				
Total gone concern loss-absorbing capacity ^{4,5,6}	10.73	52,528	3.75	60,860
<i>of which: base requirement including add-ons for market share and LRD</i>	10.73 ⁷	52,528	3.75 ⁷	60,860
Eligible gone concern capital				
Total gone concern loss-absorbing capacity	18.41	90,164	5.56	90,164
Total tier 2 capital ⁸	0.01	25	0.00	25
<i>of which: non-Basel III-compliant tier 2 capital</i>	0.00	0	0.00	0
TLAC-eligible unsecured debt	18.40	90,139	5.55	90,139
Total loss-absorbing capacity				
Required total loss-absorbing capacity	25.74	126,087	8.76	142,113
Eligible total loss-absorbing capacity	36.78	180,157	11.10	180,157
Risk-weighted assets / leverage ratio denominator				
Risk-weighted assets		489,775		
Leverage ratio denominator				1,622,921

¹ Includes applicable add-ons of 1.66% for risk-weighted assets (RWA) and 0.51% for leverage ratio denominator (LRD), of which 2 basis points for RWA and 1 basis point for LRD reflect a Pillar 2 capital add-on of USD 107m related to the supply chain finance funds matter at Credit Suisse. An additional 20 basis points for RWA reflect a Pillar 2 capital add-on for the residual exposure (after collateral mitigation) to hedge funds, private equity and family offices, effective 1 January 2025. ² Includes the Pillar 2 add-on for the residual exposure (after collateral mitigation) to hedge funds, private equity and family offices of 0.14% for CET1 capital and 0.06% for AT1 capital, effective 1 January 2025. For AT1 capital under Pillar 1 requirements a maximum of 4.3% of AT1 capital can be used to meet going concern requirements; 4.36% includes the aforementioned Pillar 2 capital add-on. ³ Our CET1 leverage ratio requirement of 3.51% consists of a 1.5% base requirement, a 1.5% base buffer capital requirement, a 0.25% LRD add-on requirement, a 0.25% market share add-on requirement based on our Swiss credit business and a 0.01% Pillar 2 capital add-on related to the supply chain finance funds matter at Credit Suisse. ⁴ A maximum of 25% of the gone concern requirements can be met with instruments that have a remaining maturity of between one and two years. Once at least 75% of the minimum gone concern requirement has been met with instruments that have a remaining maturity of greater than two years, all instruments that have a remaining maturity of between one and two years remain eligible to be included in the total gone concern capital. ⁵ Systemically important banks (SIBs) are subject to base gone concern capital requirements equivalent to 75% of the total going concern requirements (excluding countercyclical buffer requirements and the Pillar 2 add-ons). ⁶ FINMA has the authority to impose a surcharge of up to 25% of the total going concern capital requirements (excluding countercyclical buffer requirements and the Pillar 2 add-ons) should obstacles to an SIB's resolvability be identified in future resolvability assessments. ⁷ Includes applicable add-ons of 1.08% for RWA and 0.38% for LRD. ⁸ Reflects an add-back of 45% of unrealized gains from financial assets measured at fair value through other comprehensive income. Such gains do not qualify as CET1 capital but 45% of these gains can be recognized as tier 2 capital.

Total loss-absorbing capacity

Swiss SRB going and gone concern information

<i>USD m, except where indicated</i>	31.12.25	31.12.24
Eligible going concern capital		
Total going concern capital	89,993	89,623
Total tier 1 capital	89,993	89,623
Common equity tier 1 capital	70,394	73,792
Total loss-absorbing additional tier 1 capital	19,600	15,830
<i>of which: high-trigger loss-absorbing additional tier 1 capital</i>	19,600	14,585
<i>of which: low-trigger loss-absorbing additional tier 1 capital</i>		1,245
Eligible gone concern capital		
Total gone concern loss-absorbing capacity	90,164	92,177
Total tier 2 capital	25 ¹	207
<i>of which: non-Basel III-compliant tier 2 capital</i>	0	207
TLAC-eligible unsecured debt	90,139	91,970
Total loss-absorbing capacity		
Total loss-absorbing capacity	180,157	181,800
Risk-weighted assets / leverage ratio denominator		
Risk-weighted assets	489,775	495,110
Leverage ratio denominator	1,622,921	1,523,277
Capital and loss-absorbing capacity ratios (%)		
Going concern capital ratio	18.4	18.1
<i>of which: common equity tier 1 capital ratio</i>	14.4	14.9
Gone concern loss-absorbing capacity ratio	18.4	18.6
Total loss-absorbing capacity ratio	36.8	36.7
Leverage ratios (%)		
Going concern leverage ratio	5.5	5.9
<i>of which: common equity tier 1 leverage ratio</i>	4.3	4.8
Gone concern leverage ratio	5.6	6.1
Total loss-absorbing capacity leverage ratio	11.1	11.9

¹ Reflects an add-back of 45% of unrealized gains from financial assets measured at fair value through other comprehensive income. Such gains do not qualify as CET1 capital but 45% of these gains can be recognized as tier 2 capital.

Audited I

Reconciliation of equity under IFRS Accounting Standards to Swiss SRB common equity tier 1 capital

<i>USD m</i>	31.12.25	31.12.24
Total equity under IFRS Accounting Standards	89,179	94,666
Equity attributable to non-controlling interests	(334)	(662)
Defined benefit plans, net of tax	(945)	(822)
Deferred tax assets recognized for tax loss carry-forwards	(2,434)	(2,288)
Deferred tax assets for unused tax credits	(827)	(688)
Deferred tax assets on temporary differences, excess over threshold	(673)	
Goodwill, net of tax ¹	(6,292)	(6,207)
Intangible assets, net of tax	(95)	(103)
Expected losses on advanced internal ratings-based portfolio less provisions	(903)	(569)
Unrealized (gains) / losses from cash flow hedges, net of tax	1,339	2,585
Own credit related to (gains) / losses on financial liabilities measured at fair value that existed at the balance sheet date, net of tax	1,728	1,179
Own credit related to (gains) / losses on derivative financial instruments that existed at the balance sheet date	(65)	(62)
Prudential valuation adjustments	(148)	(167)
Accruals for dividends to shareholders for 2024		(13,000)
Accruals for proposed dividends to shareholders for 2025 ²	(9,000)	
Threshold 3 deductions	(63)	
Other	(74)	(69)
Total common equity tier 1 capital	70,394	73,792

¹ Includes goodwill related to significant investments in financial institutions of USD 34m as of 31 December 2025 (31 December 2024: USD 19m) presented on the balance sheet line Investments in associates.

² Reflects a proposed ordinary dividend distribution of USD 4.5bn and the appropriation of USD 4.5bn to a special dividend reserve, both subject to approval at the Annual General Meeting in the second quarter of 2026. The decision on the distribution of the special dividend is intended to be made at an Extraordinary General Meeting in the second half of 2026 and is subject to UBS AG meeting its capital requirements on a standalone and consolidated level, and the outcome and timing of the implementation of the new regulatory regime in Switzerland.

Total loss-absorbing capacity and movement

TLAC decreased by USD 1.6bn to USD 180.2bn as of 31 December 2025.

Going concern capital and movement

Audited | CET1 capital mainly consists of: share capital; share premium, which primarily consists of additional paid-in capital related to shares issued; and retained earnings. A detailed reconciliation of equity under IFRS Accounting Standards to CET1 capital is provided in the "Reconciliation of equity under IFRS Accounting Standards to Swiss SRB common equity tier 1 capital" table.

CET1 capital decreased by USD 3.4bn to USD 70.4bn as of 31 December 2025, mainly as operating profit before tax of USD 4.1bn and foreign currency translation gains of USD 3.2bn were more than offset by dividend accruals of USD 9.0bn and current tax expenses of USD 1.2bn.

Loss-absorbing AT1 capital issued by the Group and on lent to UBS AG increased by USD 3.8bn to USD 19.6bn, mainly driven by new issuances of AT1 capital instruments of USD 5.8bn and positive impacts from interest rate risk hedge, foreign currency translation and other effects. These increases were partly offset by the call of USD 3.2bn equivalent of AT1 capital instruments. ▲

Following the approval of a maximum amount of conversion capital by UBS Group AG's shareholders at the 2024 Annual General Meeting, AT1 capital instruments issued from the beginning of the fourth quarter of 2023 are, upon the occurrence of a trigger event or a viability event, subject to conversion into UBS Group AG ordinary shares rather than a write-down. AT1 capital instruments issued prior to the fourth quarter of 2023 remain subject to a write-down. The corresponding AT1 capital instruments on lent to UBS AG contain the same provisions.

› Refer to "Conversion capital" in the "Corporate Governance" section of the UBS Group Annual Report 2025, available under "Annual Reporting" at ubs.com/investors, for more information about conversion capital

Gone concern loss-absorbing capacity and movement

Audited | Total gone concern loss-absorbing capacity decreased by USD 2.0bn to USD 90.2bn as of 31 December 2025 and largely reflected USD 90.1bn of TLAC-eligible unsecured debt issued by the Group and on lent to UBS AG. ▲

The decrease of USD 2.0bn mainly reflected the redemption of USD 14.0bn equivalent of TLAC-eligible unsecured debt instruments and USD 5.8bn TLAC-eligible unsecured debt instruments that were repurchased in November 2025 under tender offers, as well as USD 5.5bn equivalent of TLAC-eligible unsecured debt instruments and USD 0.2bn of tier 2 instruments ceasing to be eligible as gone concern capital as they entered the final year before maturity. The aforementioned decreases were partly offset by new issuances of TLAC-eligible unsecured debt instruments totaling the equivalent of USD 17.8bn and positive effects from interest rate risk hedge, foreign currency translation and other effects.

Loss-absorbing capacity and leverage ratios

Our CET1 capital ratio decreased to 14.4% from 14.9%, reflecting a USD 3.4bn decrease in CET1 capital, partly offset by a USD 5.3bn decrease in RWA.

› Refer to "Risk-weighted assets" in this section for more information about RWA movements

Our CET1 leverage ratio decreased to 4.3% from 4.8%, due to a USD 99.6bn increase in the LRD and the aforementioned decrease in CET1 capital.

› Refer to "Leverage ratio denominator" in this section for more information about LRD movements

Our going concern capital ratio increased to 18.4% from 18.1%, reflecting the aforementioned decrease in RWA and a USD 0.4bn increase in going concern capital.

Our going concern leverage ratio decreased to 5.5% from 5.9%, reflecting the aforementioned increase in the LRD, partly offset by the aforementioned increase in going concern capital.

Our gone concern loss-absorbing capacity ratio decreased to 18.4% from 18.6%, reflecting a USD 2.0bn decrease in gone concern loss-absorbing capacity, partly offset by the aforementioned decrease in RWA.

Our gone concern leverage ratio decreased to 5.6% from 6.1%, driven by the aforementioned increase in the LRD and the aforementioned decrease in gone concern loss-absorbing capacity.

Swiss SRB total loss-absorbing capacity movement

USD m

	Swiss SRB
Going concern capital	
Common equity tier 1 capital as of 31.12.24	73,792
Operating profit / (loss) before tax	4,101
Current tax (expense) / benefit	(1,237)
Foreign currency translation effects, before tax	3,227
Accruals for proposed dividends to shareholders for 2025 ¹	(9,000)
Other	(490)
Common equity tier 1 capital as of 31.12.25	70,394
Loss-absorbing additional tier 1 capital as of 31.12.24	15,830
Issuance of high-trigger loss-absorbing additional tier 1 capital	5,827
Call of high-trigger loss-absorbing additional tier 1 capital	(1,921)
Call of low-trigger loss-absorbing additional tier 1 capital	(1,250)
Interest rate risk hedge, foreign currency translation and other effects	1,113
Loss-absorbing additional tier 1 capital as of 31.12.25	19,600
Total going concern capital as of 31.12.24	89,623
Total going concern capital as of 31.12.25	89,993
Gone concern loss-absorbing capacity	
Tier 2 capital as of 31.12.24	207
Debt no longer eligible as gone concern loss-absorbing capacity due to residual tenor falling to below one year	(203)
Interest rate risk hedge, foreign currency translation and other effects	21
Tier 2 capital as of 31.12.25	25
TLAC-eligible unsecured debt as of 31.12.24	91,970
Issuance of TLAC-eligible unsecured debt	17,816
Call of TLAC-eligible unsecured debt ²	(13,988)
Instruments repurchased under the tender offers	(5,824)
Debt no longer eligible as gone concern loss-absorbing capacity due to residual tenor falling to below one year	(5,525)
Interest rate risk hedge, foreign currency translation and other effects	5,689
TLAC-eligible unsecured debt as of 31.12.25	90,139
Total gone concern loss-absorbing capacity as of 31.12.24	92,177
Total gone concern loss-absorbing capacity as of 31.12.25	90,164
Total loss-absorbing capacity	
Total loss-absorbing capacity as of 31.12.24	181,800
Total loss-absorbing capacity as of 31.12.25	180,157

¹ Reflects a proposed ordinary dividend distribution of USD 4.5bn and the appropriation of USD 4.5bn to a special dividend reserve, both subject to approval at the Annual General Meeting in the second quarter of 2026. The decision on the distribution of the special dividend is intended to be made at an Extraordinary General Meeting in the second half of 2026 and is subject to UBS AG meeting its capital requirements on a standalone and consolidated level, and the outcome and timing of the implementation of the new regulatory regime in Switzerland. ² Includes one debt instrument (ISIN US902613AU26) that ceased to be eligible as gone concern capital when Group issued a notice of redemption of the instrument in the fourth quarter of 2025.

Additional information

Active management of sensitivity to foreign exchange movements

Group Treasury is mandated to minimize adverse effects from changes in foreign currency rates on our CET1 capital and / or CET1 capital ratio of UBS AG consolidated. A significant portion of our CET1 capital and RWA is denominated in Swiss francs, euro, pounds sterling and other currencies. In order to hedge the CET1 capital ratio, CET1 capital needs to have foreign currency exposure, leading to foreign currency rates sensitivity of CET1 capital.

Consequently, it is not possible to simultaneously fully hedge CET1 capital and the CET1 capital ratio. As the proportion of RWA denominated in currencies other than the US dollar outweighs CET1 capital in such currencies, a significant appreciation of the US dollar against such currencies could benefit our capital ratios, while a significant depreciation of the US dollar against these currencies could adversely affect our capital ratios.

The UBS AG Asset and Liability Committee has mandated Group Treasury to adjust the currency mix of CET1 capital of UBS AG consolidated, within limits set by the Board of Directors, to balance the effect of foreign exchange movements on CET1 capital and the CET1 capital ratio. Limits are in place for the sensitivity of both CET1 capital and the CET1 capital ratio to an appreciation or depreciation of 10% in the value of the US dollar against other currencies.

Sensitivity to currency movements

Risk-weighted assets

We estimate that a 10% depreciation of the US dollar against other currencies would have increased our RWA by USD 23bn and our CET1 capital by USD 2.7bn as of 31 December 2025 (31 December 2024: USD 21bn and USD 2.6bn, respectively) and decreased our CET1 capital ratio by 11 basis points (31 December 2024: 11 basis points). Conversely, a 10% appreciation of the US dollar against other currencies would have decreased our RWA by USD 21bn and our CET1 capital by USD 2.5bn (31 December 2024: USD 19bn and USD 2.3bn, respectively) and increased our CET1 capital ratio by 10 basis points (31 December 2024: 11 basis points).

Leverage ratio denominator

We estimate that a 10% depreciation of the US dollar against other currencies would have increased our LRD by USD 109bn as of 31 December 2025 (31 December 2024: USD 97bn) and decreased our CET1 leverage ratio by 12 basis points (31 December 2024: 13 basis points). Conversely, a 10% appreciation of the US dollar against other currencies would have decreased our LRD by USD 98bn (31 December 2024: USD 88bn) and increased our CET1 leverage ratio by 12 basis points (31 December 2024: 13 basis points).

The aforementioned sensitivities do not consider foreign currency translation effects related to defined benefit plans other than those related to the currency translation of the net equity of foreign operations.

Capital and capital ratios of our significant regulated subsidiaries

UBS AG has contributed a significant portion of capital to, and provided substantial liquidity to, its subsidiaries. Many of these subsidiaries are subject to regulations requiring compliance with minimum capital, liquidity and similar requirements. Supervisory authorities generally have discretion to impose higher requirements, or to otherwise limit the activities of subsidiaries. Supervisory authorities also may require entities to measure capital and leverage ratios on a stressed basis and may limit the ability of the entity to engage in new activities or take capital actions based on the results of those tests.

- › Refer to the “Significant regulated subsidiary and sub-group information” section of the UBS Group Annual Report 2025, available under “Annual reporting” at ubs.com/investors, for more information about the regulatory capital components and capital ratios of our significant regulated subsidiaries determined under the regulatory framework of each subsidiary’s home jurisdiction
- › Refer to the 31 December 2025 Pillar 3 Report, available under “Pillar 3 disclosures” at ubs.com/investors, for more capital and other regulatory information about our significant regulated subsidiaries and sub-groups

Joint liability of UBS AG and UBS Switzerland AG

In June 2015, upon the transfer of the Personal & Corporate Banking and Global Wealth Management businesses booked in Switzerland from UBS AG to UBS Switzerland AG, UBS AG and UBS Switzerland AG assumed joint liability for obligations transferred to UBS Switzerland AG and existing at UBS AG, respectively. Under certain circumstances, the Swiss Banking Act and FINMA’s Banking Insolvency Ordinance authorize FINMA to modify, extinguish or convert to common equity liabilities of a bank in connection with a resolution or insolvency of such bank.

The joint liability amounts have declined as obligations matured, terminated or were novated following the transfer date. As of 31 December 2025, the liability of UBS Switzerland AG amounted to CHF 1.5bn (USD 1.9bn), a decrease of CHF 0.9bn (USD 0.7bn) compared with 31 December 2024. The respective liability of UBS AG has been substantially extinguished.

Risk-weighted assets

RWA development in 2025

During 2025, RWA decreased by USD 5.3bn to USD 489.8bn, driven by a USD 15.5bn decrease resulting from asset size and other movements, an USD 8.6bn decrease as a result of the implementation of the final Basel III standards and a decrease of USD 4.2bn resulting from model updates and other methodology changes. These decreases were partly offset by a USD 23.1bn increase from currency effects.

- › Refer to the 31 December 2025 Pillar 3 Report, available under “Pillar 3 disclosures” at ubs.com/investors, for more information about RWA movements and definitions of RWA movement key drivers on a UBS Group AG consolidated basis

Movement in risk-weighted assets, by key driver

USD bn	RWA as of 31.12.24	Currency effects	Impact from the implementation of final Basel III standards	Model updates and other methodology changes	Asset size and other ¹	RWA as of 31.12.25
Credit and counterparty credit risk ²	292.3	22.2	(6.1)	(4.2)	(3.7)	300.4
Non-counterparty-related risk ³	30.2	0.9			(0.9)	30.1
Market risk	27.2		6.5		(9.9)	23.8
Operational risk	145.4		(9.0)		(1.0)	135.4
Total	495.1	23.1	(8.6)	(4.2)	(15.5)	489.8

¹ Includes the Pillar 3 categories “Asset size”, “Credit quality of counterparties”, “Acquisitions and disposals” and “Other”. For more information, refer to the 31 December 2025 Pillar 3 Report, available under “Pillar 3 disclosures” at ubs.com/investors. ² Includes settlement risk, credit valuation adjustments, equity and investments in funds exposures in the banking book, and securitization exposures in the banking book.

³ Non-counterparty-related risk includes deferred tax assets recognized for temporary differences, property, equipment, software and other items.

Credit and counterparty credit risk

Credit and counterparty credit risk RWA increased by USD 8.1bn to USD 300.4bn as of 31 December 2025, driven by a USD 22.2bn increase from currency effects, partly offset by a USD 6.1bn decrease as a result of the implementation of the final Basel III standards, a USD 4.2bn decrease reflecting model updates and methodology changes, and a decrease of USD 3.7bn from asset size and other movements.

In Switzerland, the amendments to the CAO that incorporate the final Basel III standards into Swiss law entered into force on 1 January 2025. The main changes relate to restrictions on using internal ratings-based (IRB) models for exposures to financial institutions and large corporate clients, a revised standardized approach with more granular risk weights, and a revised credit valuation adjustment framework.

The aforementioned impact from the implementation of the final Basel III standards on credit and counterparty credit risk RWA of USD 6.1bn was primarily due to the removal of a 1.06 multiplier on risk weights calculated using IRB models, which more than offset other changes, including the establishing of floors and the introduction of regulatory-mandated loss given default parameters to financial institutions and large corporate clients.

Asset size and other movements decreased RWA by USD 3.7bn, mainly due to lower RWA in Non-core and Legacy, primarily driven by our actions to actively unwind the portfolio, in addition to the natural roll-off, and, to a lesser extent, also due to lower RWA from derivatives, mainly in the Investment Bank. These decreases were partly offset by higher RWA from high-quality liquid assets, and also by loans and loan commitments across Personal & Corporate Banking and the Investment Bank.

Model updates and other methodology changes not related to the implementation of the final Basel III standards resulted in a USD 4.2bn decrease in RWA, mainly reflecting lower RWA on Lombard lending, improvements in the model for concentrated equity lending, the establishment of a new model for private equity subscription loans in Global Wealth Management, and an update in loss given default models for cash and balances at central banks. These decreases were partly offset by increases in RWA following the migration of exposures from Credit Suisse models.

- › Refer to “Credit risk” in the “Risk management and control” section of this report for more information about credit and counterparty credit risk developments
- › Refer to the 31 December 2025 Pillar 3 Report, available under “Pillar 3 disclosures” at ubs.com/investors, for more information about credit and counterparty credit risk developments on a UBS Group AG consolidated basis

Market risk

Market risk RWA decreased by USD 3.4bn to USD 23.8bn as of 31 December 2025, primarily driven by a decrease of USD 9.9bn due to asset size and other movements in the Investment Bank’s Global Markets business and de-risking within Non-core and Legacy, partly offset by a USD 6.5bn increase due to the implementation of the Fundamental Review of the Trading Book (the FRTB) framework.

The final Basel III standards on the minimum capital requirements for market risk from the BCBS, known as the FRTB framework, entered into force in Switzerland on 1 January 2025. UBS currently applies the standardized approach of the FRTB framework, in which minimum market risk capital requirements are computed on the basis of three components: the sensitivities-based method (the SBM), the default risk charge (the DRC) and the residual risk add-on (the RRAO). The SBM captures the delta, vega and curvature risk of the underlying trading positions, and the DRC captures the jump-to-default risk in positions subject to equity and credit risk. In addition, positions that may not be adequately capitalized by the SBM and the DRC additionally attract an RRAO charge. The new FRTB framework replaced the value-at-risk (VaR)- and stressed VaR-based Basel 2.5 market risk framework.

- › Refer to “Market risk” in the “Risk management and control” section of this report for more information about market risk developments
- › Refer to the 31 December 2025 Pillar 3 Report, available under “Pillar 3 disclosures” at ubs.com/investors, for more information about market risk developments on a UBS Group AG consolidated basis

Operational risk

Operational risk RWA decreased by USD 10.0bn to USD 135.4bn as of 31 December 2025, primarily driven by a decrease of USD 9.0bn as a result of the implementation of the standardized approach for determining regulatory capital and a decrease of USD 1.0bn from asset size and other movements. The allocation methodology for operational risk RWA has been adjusted to better reflect the contributions of each division to the RWA calculation under the final Basel III standards. Under the revised approach, allocations are based on historical losses and revenues in approximate proportion to the weight that these factors have in the standardized approach calculation.

The final Basel III standards on the operational risk capital requirements entered into force in Switzerland on 1 January 2025. The standardized approach is based on the business indicator component, which is derived from average revenue-based indicators over a period of three years, as well as the internal loss multiplier, which is derived from average historical operational losses over a period of ten years. The new framework replaced the advanced measurement approach.

- › Refer to “Non-financial risk capital measurement” in the “Risk management and control” section of this report for more information about the standardized approach, which has been used to measure operational risk exposure and calculate operational risk regulatory capital

Risk-weighted assets, by business division and Group Items

<i>USD bn</i>	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Non-core and Legacy	Group Items	Total RWA
	31.12.25						
Credit and counterparty credit risk ¹	99.5	131.1	6.7	55.1	3.8	4.2	300.4
Non-counterparty-related risk ²	5.4	2.3	0.6	3.5	0.2	18.2	30.1
Market risk	0.5	0.0		22.4	0.9	0.0	23.8
Operational risk	59.4	17.2	6.1	25.4	24.0	3.3	135.4
Total	164.9	150.6	13.4	106.4	28.8	25.7	489.8
	31.12.24						
Credit and counterparty credit risk ¹	93.6	120.7	7.0	56.3	10.6	4.1	292.3
Non-counterparty-related risk ²	5.3	2.2	0.5	3.1	0.8	18.3	30.2
Market risk	2.7	0.2	0.0	22.1	2.2	0.0	27.2
Operational risk	63.2	19.3	7.2	24.4	27.1	4.2	145.4
Total	164.8	142.5	14.8	106.0	40.6	26.6	495.1
	31.12.25 vs 31.12.24						
Credit and counterparty credit risk ¹	5.9	10.4	(0.3)	(1.2)	(6.8)	0.1	8.1
Non-counterparty-related risk ²	0.1	0.1	0.1	0.4	(0.6)	(0.1)	0.0
Market risk	(2.1)	(0.3)	0.0	0.3	(1.3)	0.0	(3.4)
Operational risk	(3.8)	(2.1)	(1.1)	1.0	(3.1)	(0.9)	(10.0)
Total	0.1	8.1	(1.4)	0.4	(11.7)	(0.9)	(5.3)

¹ Includes settlement risk, credit valuation adjustments, equity and investments in funds exposures in the banking book, and securitization exposures in the banking book. ² Non-counterparty-related risk includes deferred tax assets recognized for temporary differences (31 December 2025: USD 17.7bn; 31 December 2024: USD 17.9bn), as well as property, equipment, software and other items (31 December 2025: USD 12.5bn; 31 December 2024: USD 12.2bn).

Leverage ratio denominator

LRD development in 2025

During 2025, the LRD increased by USD 99.6bn to USD 1,622.9bn, mainly driven by a USD 110.6bn increase from currency effects and a USD 28.8bn increase as a result of the implementation of the final Basel III standards, partly offset by a USD 39.8bn decrease from asset size and other movements.

Movement in leverage ratio denominator, by key driver

<i>USD bn</i>	LRD as of 31.12.24	Currency effects	Impact from the implementation of final Basel III standards	Asset size and other	LRD as of 31.12.25
On-balance sheet exposures (excluding derivatives and securities financing transactions) ¹	1,143.9	92.8	(1.9)	23.2	1,258.0
Derivative exposures	132.2	5.1	37.5	(23.3)	151.4
Securities financing transaction exposures	177.1	8.0	(0.2)	(36.7)	148.2
Off-balance sheet items ¹	70.1	4.7	(6.5)	(3.0)	65.3
Total exposures	1,523.3	110.6	28.8	(39.8)	1,622.9

¹ From the first quarter of 2025 onward, we have included the assets deducted from tier 1 capital items in On-balance sheet exposures and Off-balance sheet items. Comparative-period information has been amended to reflect the disclosure format changes for the new final Basel III standards. Refer to the UBS AG Annual Report 2024, available under "Annual reporting" at ubs.com/investors, for more information about previously published disclosures.

The impact from the implementation of the final Basel III standards on the LRD was an increase of USD 28.8bn. In Switzerland, the amendments to the CAO that incorporate the final Basel III standards into Swiss law entered into force on 1 January 2025. The increase was mainly in derivatives, as a result of the standardized approach for counterparty credit risk, including the application of the prescribed 1.4x multiplier to address risks, for example wrong-way risk, that are not directly captured in the framework. This was partly offset by decreases in off-balance sheet positions resulting from a change to credit conversion factors and on-balance sheet exposures due to an alignment of the consolidation scope between RWA and LRD.

Asset size and other movements resulted in a USD 39.8bn decrease in the LRD.

On-balance sheet exposures (excluding derivatives and securities financing transactions) increased by USD 23.2bn, mainly due to increases in high-quality liquid asset portfolio securities, increases in lending assets driven by positive net new loans, mainly in Global Wealth Management, and higher trading assets reflecting higher inventory held to hedge client positions, as well as market-driven increases in the Investment Bank. These increases were partly offset by a decrease in cash and balances at central banks.

Derivatives exposures decreased by USD 23.3bn, mainly due to roll-offs of foreign currency contracts and higher netting in the Investment Bank. There was also a decrease from unwinding activities in Non-core and Legacy.

Securities financing transaction exposures decreased by USD 36.7bn, mainly reflecting roll-offs of cash reinvestment trades in Group Treasury, partly offset by an increase in brokerage receivables mainly reflecting higher levels of client activity in the Investment Bank.

Off-balance sheet items exposures decreased by USD 3.0bn, mainly driven by a decrease in commitments.

› Refer to the “Balance sheet and off-balance sheet” section of this report for more information about balance sheet and off-balance sheet movements

Leverage ratio denominator, by business division and Group Items

USD bn	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Non-core and Legacy	Group Items	Total
				31.12.25			
On-balance sheet exposures (excluding derivatives and securities financing transactions) ¹	513.6	444.2	4.5	271.2	12.4	12.2	1,258.0
Derivative exposures	26.7	6.1	0.0	115.2	3.0	0.3	151.4
Securities financing transaction exposures	49.8	36.3	0.1	58.7	3.5	0.0	148.2
Off-balance sheet items ¹	17.6	29.9	0.1	16.8	0.3	0.7	65.3
Total exposures	607.7	516.4	4.7	461.9	19.2	13.1	1,622.9
				31.12.24			
On-balance sheet exposures (excluding derivatives and securities financing transactions) ¹	475.4	399.8	3.8	211.1	39.3	14.5	1,143.9
Derivative exposures	12.2	6.0	0.0	104.6	9.7	(0.2)	132.2
Securities financing transaction exposures	71.6	44.8	0.1	59.2	2.3	(0.9)	177.1
Off-balance sheet items ¹	18.4	31.3	0.1	18.2	1.8	0.2	70.1
Total exposures	577.5	481.8	4.1	393.2	53.1	13.6	1,523.3
				31.12.25 vs 31.12.24			
On-balance sheet exposures (excluding derivatives and securities financing transactions)	38.2	44.4	0.7	60.1	(27.0)	(2.3)	114.1
Derivative exposures	14.6	0.1	0.0	10.7	(6.6)	0.5	19.3
Securities financing transaction exposures	(21.8)	(8.5)	0.0	(0.6)	1.2	0.9	(28.9)
Off-balance sheet items	(0.9)	(1.4)	(0.1)	(1.4)	(1.5)	0.5	(4.8)
Total exposures	30.1	34.6	0.6	68.7	(33.9)	(0.5)	99.6

¹ From the first quarter of 2025 onward, we have included the assets deducted from tier 1 capital items in On-balance sheet exposures and Off-balance sheet items. Comparative-period information has been amended to reflect the disclosure format changes for the new final Basel III standards. Refer to the UBS AG Annual Report 2024, available under “Annual reporting” at ubs.com/investors, for more information about previously published disclosures.

Liquidity and funding management

We manage the structural risks of our balance sheet, including interest rate risk, structural foreign exchange risk and collateral risk, as well as liquidity and funding risk. This section provides information about liquidity and funding governance, stress testing, management, contingency planning, and regulatory requirements. The balances disclosed in this section represent year-end positions, unless indicated otherwise. Intra-period balances fluctuate in the ordinary course of business and may differ from year-end positions.

Strategy, objectives and governance

Audited | Our management of liquidity and funding ensures that our business franchises are protected and that our internal and regulatory liquidity and funding requirements are prudently managed. We measure liquidity and funding risk using internal and regulatory models and metrics. We define and implement internal stress testing across different time horizons, scenarios and currencies to ensure we have sufficient liquidity and funding, while remaining compliant with regulatory liquidity and funding requirements. Our liquidity and funding strategy is proposed by Group Treasury and approved by the Asset and Liability Committee (the ALCO) of UBS AG, which is a committee of the Executive Board (the EB) and is overseen by the Board of Directors (the BoD).

Liquidity and funding limits and other constraints (including early-warning indicators) are set at UBS AG (consolidated) and, where appropriate, at legal entity and business-division levels. Key limits (which are under the authority of the BoD) and constraints linked to these limits are reviewed and reconfirmed at least once a year by the BoD of UBS AG, the EB of UBS AG, the ALCO of UBS AG and the Group Treasurer, taking into consideration the Group's business strategy and risk appetite. Treasury Risk Control provides independent oversight over liquidity and funding risk, including the setting of key internal limits and early-warning indicators associated with these limits. ▲

› Refer to the "Corporate governance" and "Risk management and control" sections of this report for more information

Group Treasury monitors and oversees the implementation and execution of our liquidity and funding strategy and manages liquidity and funding risk within the limits and other relevant constraints, thereby adhering to the internal risk appetite and regulatory requirements. Group Treasury manages our stock of high-quality liquid assets (HQLA), including the operational cash position, and our short- and long-term debt issuances. To safeguard our liquidity and funding position in times of stress, Group Treasury maintains a Contingency Funding Plan and contributes to plans for recovery and resolution, defining crisis management processes throughout the crisis continuum. Group Treasury reports on the liquidity and funding status and position, at least monthly, to the ALCO of UBS AG and the Risk Committee of the BoD, with more frequent reporting in times of stress.

Liquidity and funding stress testing

Audited I Our liquidity and funding risk appetite objective is to ensure that the firm has sufficient liquidity to survive a severe three-month idiosyncratic and market-wide liquidity stress event and to ensure that the firm has sufficient long-term funding to maintain franchise assets at a constant level under stressed market conditions for up to one year, in both cases without government support and allowing for discrete management actions.

Group Treasury maintains a diversified, high-quality pool of unencumbered liquid assets under Treasury control. The liquid asset portfolio is managed dynamically, in order to remain at all times within the internal risk appetite and other relevant Group, UBS AG and subsidiary liquidity and funding requirements. ▲

Our liquidity and funding stress testing covers three main stress scenarios: a combined (i.e. market and idiosyncratic) scenario, an idiosyncratic scenario and a structural market-wide scenario.

› Refer to "Risk measurement" in the "Risk management and control" section of this report for more information about stress testing

Combined (market and idiosyncratic) scenario

In this scenario, UBS faces the consequences of both a severely deteriorated macroeconomic and financial market environment and a UBS-specific event, resulting in an acute loss of liquidity over a relatively short period of time. This scenario represents severe yet plausible events encompassing both market-wide and idiosyncratic elements, in which, however, franchise client relationships are materially maintained.

UBS ensures that its liquidity risk appetite objective is met by maintaining a cumulative liquidity surplus on each day in the three-month stress horizon. The liquidity gap is assessed by modeling the stressed liquidity value of the liquidity buffer and stressed liquidity inflows and outflows under the scenario.

Idiosyncratic scenario

In this three-month stress scenario, UBS is subject to a significant and unforeseen event specific to UBS. This materially damages the market's perception of the reputation and creditworthiness of UBS. The event occurs in otherwise benign macroeconomic and financial market conditions. UBS's difficulties throughout the scenario are limited to UBS and do not trigger material market moves.

Structural market-wide scenario

In this scenario, UBS is subject to a significant deterioration of macroeconomic and financial market conditions globally. Macroeconomic shocks result in deteriorated financial market conditions over the scenario horizon of one year. UBS is assumed to be affected equally relative to other global financial institutions.

UBS ensures that its funding risk appetite objective is met by maintaining a positive cumulative behavioral liquidity gap across the 3-month, 6-month, 9-month and 12-month tenors. The liquidity gap is assessed by modeling the stressed liquidity value of the liquidity buffer and the stressed liquidity inflows and outflows under the scenario.

Management of liquidity and funding risk

Audited I Group Treasury monitors the Group's funding position, including concentration risk, aiming to ensure that UBS maintains a well-balanced and diversified liability structure. Group Treasury also looks to create the optimal liability structure to finance our businesses in a reliable and cost-efficient manner. Our funding activities are planned by analyzing the overall liquidity and funding requirements, taking into account the amount of stable funding that would be needed to support ongoing business activities through periods of difficult market conditions. ▲

The funding strategy of UBS AG is set annually in the Funding Plan and is reviewed on an ongoing basis. The Funding Plan is developed by Group Treasury and approved by the ALCO of UBS AG.

› Refer to the "Balance sheet and off-balance sheet" section of this report for more information about the development of our short- and long-term debt during 2025

Global Wealth Management and Personal & Corporate Banking provide significant, cost-efficient and stable sources of funding. These include deposits and debt issued through the Swiss central mortgage institution (Pfandbriefbank schweizerischer Hypothekarinstitute AG) and UBS's covered bond programs, which use a portion of our portfolio of Swiss residential mortgages as collateral to generate long-term funding. In addition, we have several short-, medium- and long-term funding programs under which we issue senior unsecured debt and structured notes, as well as short-term debt. These programs enable UBS to source funding from institutional and private investors who are active in Europe, the US and Asia Pacific. Collectively, these broad product offerings and funding sources, together with the global scope of our business activities, support our funding stability.

Internal funding and funds transfer pricing

We use our global liquidity and funding framework to govern the liquidity management of our branches and subsidiaries. Group Treasury meets internal demands for funding by channeling funds from entities generating surplus cash to those in need of financing, considering existing transfer restrictions.

Funding costs and benefits are allocated to our business divisions according to our liquidity and funding risk management framework. Our internal funds transfer pricing system aims to balance funding supply and demand.

Credit ratings

Credit ratings can affect the cost and availability of funding, especially from wholesale unsecured sources. UBS's credit ratings can also influence the performance of some of our businesses and the levels of client and counterparty confidence. Rating agencies take into account a range of factors when assessing creditworthiness and setting credit ratings. These include the company's strategy and business model, its franchise value and competitive position, stability and quality of earnings, capital adequacy, risk profile and management, liquidity management, diversification of funding sources, asset quality, and corporate governance. Credit ratings reflect the opinions of the rating agencies and can change at any time.

In evaluating our liquidity and funding requirements, we consider the potential effect of a reduction in our long-term credit ratings and a corresponding reduction in short-term ratings. If our credit ratings were to be downgraded, rating trigger clauses could result in an immediate cash settlement or the need to deliver additional collateral to counterparties from contractual obligations related to over-the-counter (OTC) derivative positions and other obligations. Based on our credit ratings as of 31 December 2025, in the event of a one-notch reduction in our long-term credit ratings of UBS AG, UBS Europe SE and UBS Switzerland AG, we would have been required to provide USD 0.2bn in cash or other collateral. In the event of a two-notch reduction, it would have been USD 0.5bn and for a three-notch downgrade, USD 0.8bn. In the two- and three-notch scenarios the collateral requirements predominantly relate to OTC derivative positions.

During 2025, Moody's Investors Service Limited changed the outlook on the long-term senior unsecured debt ratings of UBS AG from negative to stable, and Fitch Ratings Ireland Limited changed the Outlook on Long-Term Issuer Default Ratings of UBS AG to Positive from Stable.

› Refer to "Liquidity and funding management are critical to UBS AG's ongoing performance" in the "Risk factors" section of this report for more information

Contingency Funding Plan

Audited I We maintain our Contingency Funding Plan in preparation and as an action plan, aiming to ensure we maintain sufficient liquidity to meet payment obligations in a liquidity and funding stress scenario. The plan specifies the processes, tools and responsibilities that we have available to effectively manage liquidity and funding through these periods. Our funding diversification and global scope help to protect our liquidity position in the event of a crisis. Our contingent funding sources include our HQLA portfolios, available central bank-eligible non-HQLA collateral for liquidity facilities at several major central banks, contingent reductions of trading portfolio assets, and other actions available to management. ▲

Liquidity coverage ratio

The liquidity coverage ratio (the LCR) measures the short-term resilience of a bank's liquidity profile by assessing whether sufficient HQLA are available to meet expected net cash outflows from a significant liquidity stress scenario, as defined by the relevant regulator.

For UBS AG, HQLA are low-risk unencumbered assets under the control of Group Treasury that are easily and immediately convertible into cash at little or no loss of value, in order to meet liquidity needs. Our HQLA predominantly consist of assets that qualify as Level 1 in the LCR framework, including cash, central bank reserves and government bonds. HQLA are held by UBS AG and its subsidiaries and may include amounts that are available to meet funding and collateral needs in certain jurisdictions but are not readily available for use by UBS AG consolidated as a whole. These limitations are typically the result of local regulatory requirements, including local LCR and large exposure requirements. Funds that are effectively restricted in subsidiaries and branches are excluded from the calculation of UBS AG consolidated HQLA. On this basis, USD 51.8bn of assets were excluded from our daily average UBS AG consolidated HQLA for the fourth quarter of 2025. Amounts held in excess of local liquidity requirements that are not subject to other restrictions are generally available for transfer within UBS AG consolidated.

Consistent with the standards set by the Basel Committee on Banking Supervision (the BCBS), the Swiss Liquidity Ordinance requires Swiss banks to maintain a minimum LCR requirement of at least 100% at all times. In a period of financial stress, the Swiss Financial Market Supervisory Authority (FINMA) may permit banks to use their HQLA and allow their LCR to temporarily fall below the minimum threshold. We monitor the LCR in all significant currencies in order to manage any currency mismatches between HQLA and the net expected cash outflows in times of stress.

Our daily average LCR of UBS AG consolidated for the fourth quarter of 2025 was 176.2%, compared with 186.1% in the fourth quarter of 2024, remaining above the prudential requirement communicated by FINMA.

The decrease in the average LCR was primarily driven by a USD 10.2bn increase in net cash outflows, to USD 188.4bn, which was mainly attributable to higher outflows from customer and intercompany deposits, partly offset by higher net inflows from securities financing transactions. HQLA were broadly stable at USD 331.7bn.

› Refer to the 31 December 2025 Pillar 3 Report, available under "Pillar 3 disclosures" at ubs.com/investors, for more information about the LCR on a UBS Group AG consolidated basis

Liquidity coverage ratio

<i>USD bn, except where indicated</i>	Average 4Q25 ¹	Average 4Q24 ¹
High-quality liquid assets	331.7	331.6
Total net cash outflows ²	188.4	178.2
Liquidity coverage ratio (%)³	176.2	186.1

¹ Calculated based on an average of 64 data points in the fourth quarter of 2025 and 64 data points in the fourth quarter of 2024. ² Represents the net cash outflows expected over a stress period of 30 calendar days. ³ Calculated after the application of haircuts and inflow and outflow rates, as well as, where applicable, caps on Level 2 assets and cash inflows.

Too-big-to-fail liquidity requirements

UBS AG remained compliant throughout 2025 with the too-big-to-fail (TBTF) liquidity requirements communicated by FINMA for both the consolidated and standalone scopes. These additional liquidity requirements consider liquidity risks over a 90-day time horizon that are not covered or not sufficiently covered by the 30-day LCR stress scenario. The additional liquidity requirements are covered by eligible assets, which include, but are not limited to, available HQLA over and above the LCR requirements.

Net stable funding ratio

The net stable funding ratio (the NSFR) framework is intended to limit overreliance on short-term wholesale funding, to encourage a better assessment of funding risk across all on- and off-balance sheet items and to promote funding stability. The NSFR has two components: available stable funding (ASF), as numerator, and required stable funding (RSF), as denominator. ASF is the portion of capital and liabilities expected to be available over the period of one year. RSF is a measure of the stable funding requirement of assets and off-balance sheet exposures based on their maturity, encumbrance and other characteristics. Both the Swiss Liquidity Ordinance and the BCBS NSFR regulatory framework require a ratio of at least 100% at all times.

As of 31 December 2025, the NSFR of UBS AG consolidated decreased 8.4 percentage points to 115.7%, remaining above the prudential requirement communicated by FINMA.

ASF increased by USD 26.5bn to USD 873.5bn, predominantly reflecting higher customer deposits, largely due to currency effects.

RSF increased by USD 72.8bn to USD 755.3bn, mainly driven by higher lending assets, largely due to currency effects, and higher trading assets, partly offset by decreases in derivatives and cash collateral receivables on derivative instruments.

› Refer to the 31 December 2025 Pillar 3 Report, available under "Pillar 3 disclosures" at ubs.com/investors, for more information about the NSFR on a UBS Group AG consolidated basis

Net stable funding ratio

<i>USD bn, except where indicated</i>	31.12.25	31.12.24
Available stable funding (ASF)	873.5	847.0
Required stable funding (RSF)	755.3	682.5
Net stable funding ratio (%)	115.7	124.1

Balance sheet and off-balance sheet

The balances disclosed in this section represent year-end positions, unless indicated otherwise. Intra-period balances fluctuate in the ordinary course of business and may differ from year-end positions. Refer to the “Consolidated financial statements” section of this report for more information about the development of UBS AG’s financial position.

Balance sheet

Balance sheet assets

As of 31 December 2025, balance sheet assets totaled USD 1,617.2bn, an increase of USD 49.1bn compared with 31 December 2024.

Lending assets increased by USD 72.5bn, primarily driven by currency effects of approximately USD 60.0bn and positive net new loans, mainly in Global Wealth Management. Other financial assets measured at fair value and Other financial assets measured at amortized cost increased by USD 23.8bn and USD 12.7bn, respectively, primarily reflecting purchases of securities in UBS AG’s high-quality liquid asset (HQLA) portfolio and currency effects. Trading assets increased by USD 15.7bn, mainly in the Investment Bank, due to an increase in inventory held to hedge client positions, as well as market-driven increases. Brokerage receivables increased by USD 9.7bn, primarily reflecting higher levels of client activity.

These increases were partly offset by a decrease of USD 40.5bn in Derivatives and cash collateral receivables on derivative instruments, mainly in the Investment Bank. The decrease was driven by foreign currency contracts, mainly due to roll-offs, partly offset by an increase in equity contracts, reflecting market-driven increases. In addition, there was a decrease from unwinding activities in Non-core and Legacy. Securities financing transactions at amortized cost decreased by USD 34.6bn, mainly reflecting roll-offs of cash reinvestment trades in Group Treasury. Cash and balances at central banks decreased by USD 13.4bn, primarily due to outflows from purchases of securities in UBS AG’s HQLA portfolio, net redemptions and the repurchase of long-term debt issued measured at amortized cost, higher lending activity levels, and net new customer deposit outflows, partly offset by inflows from net roll-offs of securities financing transactions measured at amortized cost and also by currency effects.

› Refer to “Note 22 Restricted and transferred financial assets” in the “Consolidated financial statements” section of this report and, on a UBS Group consolidated basis, to the 31 December 2025 Pillar 3 Report, available under “Pillar 3 disclosures” at ubs.com/investors, for more information about on- and off-balance sheet assets that are pledged, restricted or unencumbered

Assets

	As of		% change from
USD bn	31.12.25	31.12.24	31.12.24
Cash and balances at central banks	209.9	223.3	(6)
Lending ¹	678.0	605.5	12
Securities financing transactions at amortized cost	83.7	118.3	(29)
Trading assets	174.9	159.2	10
Derivatives and cash collateral receivables on derivative instruments	189.9	230.4	(18)
Brokerage receivables	35.6	25.9	38
Other financial assets measured at amortized cost	72.0	59.3	22
Other financial assets measured at fair value ²	121.2	97.4	24
Non-financial assets	52.2	48.8	7
Total assets	1,617.2	1,568.1	3

¹ Consists of Loans and advances to customers and Amounts due from banks. ² Consists of Financial assets at fair value not held for trading and Financial assets measured at fair value through other comprehensive income.

Balance sheet liabilities

Total liabilities as of 31 December 2025 were USD 1,528.0bn, an increase of USD 54.6bn compared with 31 December 2024.

Customer deposits increased by USD 46.8bn, primarily reflecting currency effects, partly offset by net new deposit outflows, mainly in Global Wealth Management. Trading liabilities increased by USD 18.5bn, mainly in the Investment Bank, due to an increase in inventory held to hedge client positions, as well as market-driven increases. Brokerage payables increased by USD 13.2bn, primarily reflecting higher levels of client activity.

These increases were partly offset by a decrease of USD 26.0bn in Derivatives and cash collateral payables on derivative instruments, mainly reflecting the same drivers as on the asset side.

Equity

Equity attributable to shareholders decreased by USD 5,158m to USD 88,845m as of 31 December 2025.

This decrease was mainly driven by the 2024 dividend distribution of USD 13,000m to UBS Group AG, partly offset by total comprehensive income attributable to shareholders of USD 7,772m, reflecting net profit of USD 3,541m and other comprehensive income (OCI) of USD 4,231m. OCI mainly included OCI related to foreign currency translation of USD 3,381m and cash flow hedge OCI of USD 1,295m, partly offset by negative own credit OCI of USD 567m.

- › Refer to the “UBS AG consolidated performance” and “Consolidated financial statements” sections of this report for more information about OCI
- › Refer to the “Reconciliation of equity under IFRS Accounting Standards to Swiss SRB common equity tier 1 capital” table in the “Capital management” section of this report for more information about the effects of OCI on common equity tier 1 capital

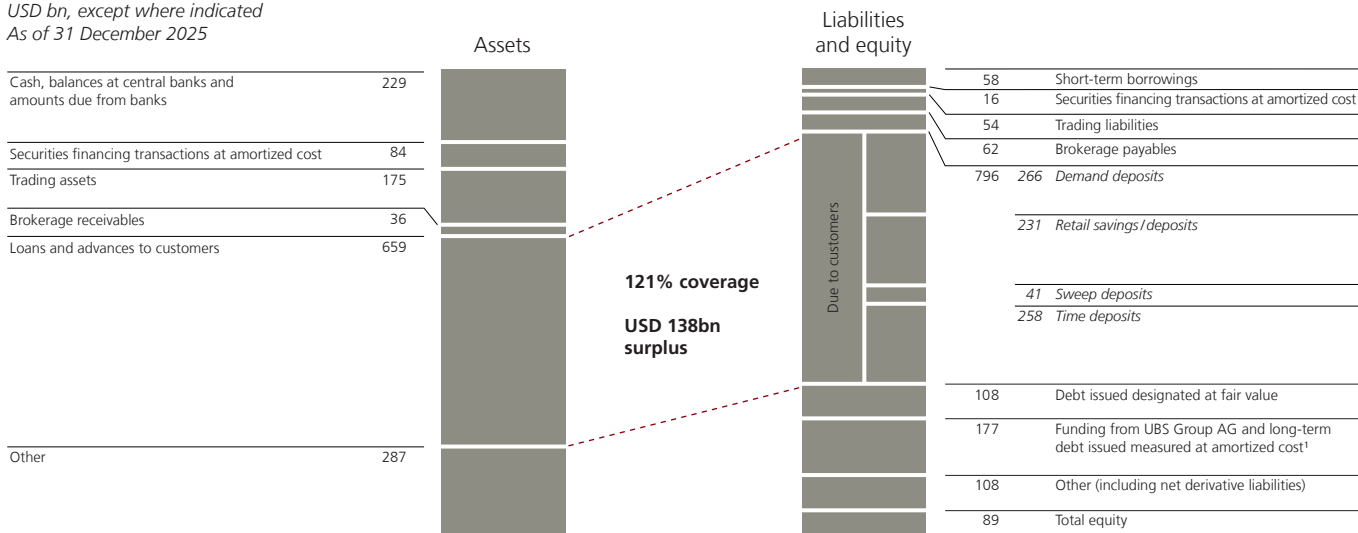
Liabilities and equity

USD bn	As of		% change from
	31.12.25	31.12.24	
Short-term borrowings ^{1,2}	58.3	53.9	8
Securities financing transactions at amortized cost	16.2	14.8	9
Customer deposits	796.3	749.5	6
Funding from UBS Group AG measured at amortized cost	110.6	107.9	2
Debt issued designated at fair value and long-term debt issued measured at amortized cost ²	173.9	173.1	0
Trading liabilities	53.7	35.2	52
Derivatives and cash collateral payables on derivative instruments	191.0	217.0	(12)
Brokerage payables	62.2	49.0	27
Other financial liabilities measured at amortized cost	16.6	21.8	(24)
Other financial liabilities designated at fair value	35.3	34.0	4
Non-financial liabilities	13.8	17.0	(19)
Total liabilities	1,528.0	1,473.4	4
Share capital	0.4	0.4	0
Share premium	84.8	84.8	0
Retained earnings	(2.1)	7.8	
Other comprehensive income ³	5.8	1.0	474
Total equity attributable to shareholders	88.8	94.0	(5)
Equity attributable to non-controlling interests	0.3	0.7	(50)
Total equity	89.2	94.7	(6)
Total liabilities and equity	1,617.2	1,568.1	3

¹ Consists of short-term debt issued measured at amortized cost and Amounts due to banks, which includes amounts due to central banks. ² The classification of debt issued measured at amortized cost into short-term and long-term is based on original contractual maturity and therefore long-term debt also includes debt with a remaining time to maturity of less than one year. This classification does not consider any early redemption features. ³ Excludes other comprehensive income related to defined benefit plans and own credit, which is recorded directly in Retained earnings.

Asset funding, UBS AG

USD bn, except where indicated
As of 31 December 2025



¹ The classification of debt issued measured at amortized cost into short- and long-term is based on original contractual maturity, and therefore long-term debt also includes debt with a remaining time to maturity of less than one year. This classification does not consider any early redemption features.

Liabilities, by product and currency

USD bn	All currencies		of which: USD		USD equivalent		of which: EUR	
	31.12.25	31.12.24	31.12.25	31.12.24	31.12.25	31.12.24	31.12.25	31.12.24
Short-term borrowings	58.3	53.9	25.6	22.5	5.8	5.7	13.5	11.7
of which: amounts due to banks	24.4	23.3	7.2	8.1	5.2	5.4	3.8	3.1
of which: short-term debt issued ^{1,2}	33.9	30.5	18.4	14.5	0.6	0.3	9.7	8.6
Securities financing transactions at amortized cost	16.2	14.8	8.6	7.9	5.8	3.8	0.8	2.9
Customer deposits	796.3	749.5	307.6	312.5	343.0	298.2	74.9	71.5
of which: demand deposits	265.8	225.0	57.3	55.7	140.7	108.7	36.4	33.2
of which: retail savings / deposits	230.8	182.3	38.1	34.9	187.5	143.3	5.1	4.0
of which: sweep deposits	41.5	41.9	41.5	41.9	0.0	0.0	0.0	0.0
of which: time deposits	258.3	300.3	170.8	179.9	14.8	46.1	33.4	34.3
Funding from UBS Group AG measured at amortized cost	110.6	107.9	74.9	74.4	2.7	2.6	29.4	27.6
Debt issued designated at fair value and long-term debt issued measured at amortized cost ²	173.9	173.1	77.6	86.2	43.0	40.5	38.9	30.4
Trading liabilities	53.7	35.2	20.3	14.4	1.5	1.3	15.5	10.0
Derivatives and cash collateral payables on derivative instruments	191.0	217.0	165.2	183.4	2.9	4.4	13.5	18.3
Brokerage payables	62.2	49.0	49.2	38.1	0.8	0.5	3.4	3.4
Other financial liabilities measured at amortized cost	16.6	21.8	8.6	12.9	3.1	3.2	1.7	1.9
Other financial liabilities designated at fair value	35.3	34.0	7.7	6.5	0.1	0.1	4.1	5.6
Non-financial liabilities	13.8	17.0	6.5	8.7	3.1	3.2	1.4	2.5
Total liabilities	1,528.0	1,473.4	751.7	767.5	411.7	363.3	197.0	185.8

¹ Short-term debt issued consists of certificates of deposit, commercial paper, acceptances and promissory notes, and other money market paper. ² The classification of debt issued measured at amortized cost into short-term and long-term is based on original contractual maturity and therefore long-term debt also includes debt with a remaining time to maturity of less than one year. This classification does not consider any early redemption features.

Off-balance sheet

In the normal course of business, UBS AG enters into transactions where, pursuant to IFRS Accounting Standards, the maximum contractual exposure may not be recognized in whole or in part on its balance sheet. Therefore, in certain instances the amount recognized on the balance sheet does not represent the full gain or loss potential inherent in such transactions. These transactions include derivative instruments, guarantees, loan commitments and similar arrangements.

The following paragraphs provide more information about certain off-balance sheet arrangements. Additional off-balance sheet information is primarily provided in Notes 9, 10, 17, 19, 20h, 22 and 27 in the "Consolidated financial statements" section of this report and on a UBS Group AG consolidated basis in the 31 December 2025 Pillar 3 Report, available under "Pillar 3 disclosures" at ubs.com/investors.

Guarantees, loan commitments and similar arrangements

UBS AG issues various forms of guarantees, commitments to extend credit, standby and other letters of credit, forward starting transactions, note issuance facilities, and revolving underwriting facilities. With the exception of related premiums, generally these guarantees and similar obligations are kept as off-balance sheet items, unless a provision to cover probable losses or expected credit losses is required.

Guarantees represent irrevocable assurances that, subject to the satisfying of certain conditions, UBS AG will make payments if its clients fail to fulfill their obligations to third parties. As of 31 December 2025, the net exposure (i.e. gross values less sub-participations) from guarantees and similar instruments was USD 45.8bn, compared with USD 38.4bn as of 31 December 2024. The increase of USD 7.4bn was mainly driven by an increase in sponsored repo clearing in Group Treasury. Fee income from issuing guarantees compared with total net fee and commission income was insignificant for 2025 and 2024.

UBS AG also enters into commitments to extend credit in the form of credit lines available to secure the liquidity needs of clients. For the majority of irrevocable loan commitments, UBS AG is committed to provide credit at any time within a contractual maturity period of up to three years from the balance sheet date, i.e. 31 December 2025. During 2025, Irrevocable loan commitments increased by USD 2.5bn, mainly driven by currency effects. Committed unconditionally revocable credit lines decreased by USD 25.8bn, mainly driven by decreases in facilities provided to clients in Personal & Corporate Banking and Global Wealth Management, partly offset by currency effects. Forward starting reverse repurchase and securities borrowing agreements decreased by USD 14.2bn, reflecting a decrease in levels of business division activity in short-dated securities financing transactions.

Off-balance sheet

USD bn	As of		% change from
	31.12.25	31.12.24	31.12.24
Guarantees ^{1,2}	45.8	38.4	19
Irrevocable loan commitments ¹	82.1	79.6	3
Committed unconditionally revocable credit lines	123.1	148.9	(17)
Forward starting reverse repurchase and securities borrowing agreements	10.7	24.9	(57)

¹ Guarantees and irrevocable loan commitments are shown net of sub-participations. ² Includes guarantees measured at fair value through profit or loss.

If customers fail to meet their obligations, the maximum exposure to credit risk of UBS AG is generally the contractual amount of these instruments. The risk is similar to the risk involved in extending loan facilities and is subject to the same risk management and control framework. In 2025, UBS AG recognized net credit loss expenses of USD 42m related to irrevocable loan commitments, guarantees and other credit facilities in the scope of expected credit loss measurement, compared with net credit loss releases of USD 11m in 2024. Provisions recognized for irrevocable loan commitments, guarantees and other credit facilities in the scope of expected credit loss measurement were USD 347m as of 31 December 2025, compared with USD 332m as of 31 December 2024.

- › Refer to “**Note 9 Financial assets at amortized cost and other positions in scope of expected credit loss measurement**” and “**Note 19 Expected credit loss measurement**” in the “**Consolidated financial statements**” section of this report for more information about provisions for expected credit losses

For certain obligations, UBS AG enters into partial sub-participations to mitigate various risks from guarantees and irrevocable loan commitments. A sub-participation is an agreement by another party to take a share of the loss in the event that the obligation is not fulfilled by the obligor and, where applicable, to fund a part of the credit facility. UBS AG retains the contractual relationship with the obligor, and the sub-participant has only an indirect relationship. Generally, UBS AG only enters into sub-participation agreements with banks to which it ascribes a credit rating equal to or better than that of the obligor.

UBS AG also provides representations, warranties and indemnifications to third parties in the normal course of business.

Support provided to non-consolidated investment funds

In 2025, UBS AG did not provide material support, financial or otherwise, to unconsolidated investment funds when it was not contractually obligated to do so, nor does it currently have an intention to do so.

Clearing house and exchange memberships

UBS AG is a member of numerous securities and derivative exchanges and clearing houses. In connection with some of these memberships, UBS AG may be required to pay a share of the financial obligations of another member that defaults, or UBS AG may be otherwise exposed to additional financial obligations. While the membership rules vary, obligations generally would arise only if the exchange or clearing house had exhausted its resources. UBS AG considers the probability of a material loss due to such obligations to be remote.

Deposit insurance

Swiss banking law and the deposit insurance system require Swiss banks and securities dealers to jointly guarantee an amount of up to CHF 7.9bn for privileged client deposits in the event that a Swiss bank or securities dealer becomes insolvent. As of 31 December 2025, FINMA estimates UBS AG's share in the deposit insurance system to be CHF 1.5bn. This represents a contingent payment obligation and exposes UBS AG to additional risk. As of 31 December 2025, UBS AG considered the probability of a material loss from its obligations to be remote.

UBS AG is also subject to, or is a member of, other deposit protection schemes in other countries. However, no contingent payment obligation existed as of 31 December 2025 from any other material scheme.

Material cash requirements

The material cash requirements of UBS AG as of 31 December 2025 are represented by the residual contractual maturities for non-derivative and non-trading financial liabilities included in the table presented in “**Note 23b Maturity analysis of financial liabilities on an undiscounted basis**” in the “**Consolidated financial statements**” section of this report. Included in the table are Funding from UBS Group AG measured at amortized cost (USD 145.7bn), Debt issued measured at amortized cost (USD 106.6bn) and Debt issued designated at fair value (USD 116.1bn). The amounts represent estimated future interest and principal payments on an undiscounted basis.

In the normal course of business, UBS AG also issues or enters into various forms of guarantees, irrevocable loan commitments and other similar arrangements that may result in an outflow of cash in the future. The maturity profile of these obligations, which are presented off-balance sheet, are included in “**Note 23b Maturity analysis of financial liabilities on an undiscounted basis**” in the “**Consolidated financial statements**” section of this report. Refer to “**Guarantees, loan commitments and similar arrangements**” in this section for more information.

Cash flows

As we are a global financial institution, our cash flows are complex and often may bear little relation to our net earnings and net assets. Consequently, we believe that a traditional cash flow analysis is less meaningful when evaluating our liquidity position than the liquidity, funding and capital management frameworks and measures described elsewhere in this section.

- › Refer to the “**Liquidity and funding management**” section of this report for more information

Cash and cash equivalents

As of 31 December 2025, cash and cash equivalents totaled USD 231.0bn, a decrease of USD 12.4bn compared with 31 December 2024, driven by net cash outflows used in investing and financing activities. These effects were partly offset by net cash inflows from operating activities and USD 19.1bn of positive foreign currency effects, largely reflecting the weakening of the US dollar against the Swiss franc in 2025.

Operating activities

Net cash inflows from operating activities were USD 24.6bn in 2025, compared with net outflows of USD 27.1bn in 2024. The net positive change in operating assets and liabilities of USD 29.0bn was mainly driven by a USD 40.5bn decrease in receivables from securities financing transactions measured at amortized cost and a USD 24.9bn positive change in financial assets and liabilities at fair value held for trading and derivative financial instruments. These effects were partly offset by a USD 13.0bn negative movement in financial assets at fair value not held for trading and other financial assets and liabilities, outflows of USD 12.5bn into loans and advances to customers, and outflows of USD 9.3bn due to a decrease in customer deposits. Non-cash items included in net profit and other adjustments are mainly to remove the net impact of non-cash effects on the balance sheet, such as foreign currency effects.

Investing activities

Investing activities resulted in net cash outflows of USD 22.3bn in 2025, compared with USD 122.4bn of net cash inflows in 2024, primarily reflecting USD 11.5bn of net cash outflows from financial assets measured at fair value and USD 9.8bn of net cash outflows from debt securities measured at amortized cost, both largely reflecting net purchases of securities in our HQLA portfolio.

Financing activities

Financing activities resulted in net cash outflows of USD 33.8bn in 2025, compared with USD 32.1bn in 2024, mainly driven by a USD 21.1bn net repayment of debt issued designated at fair value and long-term debt issued measured at amortized cost, and a dividend distribution of USD 13.0bn to UBS Group AG. These effects were partly offset by inflows of USD 1.7bn from net issuances of short-term debt issued measured at amortized cost.

› Refer to "Primary financial statements and share information" in the "Consolidated financial statements" section of this report for more information about cash flows

Statement of cash flows (condensed)

	For the year ended	
<i>USD bn</i>	31.12.25	31.12.24
Net cash flow from / (used in) operating activities	24.6	(27.1)
Net cash flow from / (used in) investing activities	(22.3)	122.4
Net cash flow from / (used in) financing activities	(33.8)	(32.1)
Effects of exchange rate differences on cash and cash equivalents	19.1	(10.3)
Net increase / (decrease) in cash and cash equivalents	(12.4)	52.9
Cash and cash equivalents at the end of the year	231.0	243.4

Currency management

Strategy, objectives and governance

Group Treasury focuses on three main areas of currency risk management: (i) currency-matched funding and hedging of non-US-dollar net investments; (ii) the sell-down of foreign currency profits and losses under IFRS Accounting Standards; and (iii) selective hedging of expected non-US-dollar profits and losses to further mitigate the effect of structural imbalances in the balance sheet.

Currency-matched funding and hedging of non-US-dollar net investments

For monetary balance sheet items and other investments, as far as it is practical and efficient, UBS AG follows the principle of matching the currencies of its assets and liabilities for funding purposes. This avoids profits and losses arising from the translation of non-US-dollar assets and liabilities.

Net investment hedge accounting is applied to non-US-dollar core investments to balance the effect of foreign exchange movements on both common equity tier 1 (CET1) capital and the CET1 capital ratio.

- › Refer to **“Note 1 Summary of material accounting policies”** and **“Note 24 Hedge accounting”** in the **“Consolidated financial statements”** section of this report for more information
- › Refer to the **“Capital management”** section of this report for more information about UBS AG’s active management of sensitivity to currency movements and the effect thereof on the key ratios

Sell-down of non-US-dollar profits and losses

Income statement items of UBS AG subsidiaries and branches with a functional currency other than the US dollar are translated into US dollars at average exchange rates. To reduce the profit-and-loss volatility from the translation of previously recognized earnings in foreign currencies, Group Treasury centralizes the profits and losses (under IFRS Accounting Standards) arising in UBS AG and its branches and sells or buys the profit or loss for US dollars on a monthly basis. UBS AG subsidiaries follow a similar monthly sell-down process into their own functional currencies. The equity in subsidiaries and branches with a functional currency other than the US dollar is integrated and managed as part of UBS AG’s net investment hedge accounting program.

Corporate governance

Management report

Audited information according to the Swiss law and applicable regulatory requirements and guidance

Disclosures provided are in line with the requirements of the Swiss Code of Obligations (tables containing such information are marked as "Audited" throughout this section), as well as other applicable regulations and guidance.

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Corporate governance

UBS AG is incorporated and domiciled in Switzerland and operates under Art. 620 et seq. of the Swiss Code of Obligations and Swiss banking law as an *Aktiengesellschaft*, a corporation limited by shares. The addresses and telephone numbers of the two registered offices of UBS AG are: Bahnhofstrasse 45, CH-8001 Zurich, Switzerland, telephone +41-44-234 11 11; and Aeschenvorstadt 1, CH-4051 Basel, Switzerland, telephone +41-61-288 50 50. The corporate identification number is CHE-101.329.561.

The company was established with unlimited duration on 29 June 1998, when Union Bank of Switzerland and Swiss Bank Corporation merged to form UBS AG. On 31 May 2024, Credit Suisse AG merged with and into UBS AG. UBS AG is a regulated bank in Switzerland and is 100% owned by UBS Group AG, the ultimate parent of the UBS Group. UBS AG's purpose, in accordance with art. 2 of its Articles of Association, as amended on 23 April 2024, is the operation of a bank and its scope extends to a full range of financial services activities in Switzerland and abroad.

As a non-US company with securities listed on the New York Stock Exchange (the NYSE), UBS AG complies with all relevant corporate governance standards applicable to foreign private issuers listing debt securities. In addition, it also follows the standards established in the Swiss Code of Best Practice for Corporate Governance. The Organization Regulations of UBS AG, adopted by the Board of Directors of UBS AG (the BoD) based on Art. 716b of the Swiss Code of Obligations and Art. 24 and 26 of the Articles of Association of UBS AG (the AoA), constitute UBS AG's primary corporate governance guidelines.

Operational structure

Operational structure

As at 31 December 2025, the operational structure of UBS AG is composed of the Global Wealth Management, Personal & Corporate Banking, Asset Management, Investment Bank, and Non-core and Legacy business divisions, as well as Group functions.

› Refer to the "Our businesses" section of this report for more information about our business divisions and Group functions

Share capital structure

Ordinary share capital

At the end of 2025, UBS AG had 3,858,408,466 issued fully paid registered shares, with a nominal value of USD 0.10 each, equating to a share capital of USD 385,840,846.60.

Under Swiss company law, shareholders must approve, in a general meeting of shareholders, any increase or reduction in the ordinary share capital, the creation of conditional or conversion share capital, and the introduction of a capital band or reserve capital.

Conditional capital

At the end of 2025, the following conditional capital was available to the BoD.

– Conditional capital in the amount of USD 38,000,000, for the issuance of a maximum of 380,000,000 fully paid registered shares with a nominal value of USD 0.10 each, to be issued through the voluntary or mandatory exercise of conversion rights and / or warrants granted in connection with the issuance of bonds or similar financial instruments on national or international capital markets. This conditional capital allowance was approved at the Extraordinary General Meeting (the EGM) held on 26 November 2014, having originally been approved at the Annual General Meeting (the AGM) of UBS AG on 14 April 2010. The BoD has not made use of such allowance.

› Refer to article 4a of the AoA for more information about the terms and conditions of the issue of shares out of existing conditional capital – the AoA are available at ubs.com/governance

Conversion capital

On 31 December 2025, UBS AG had conversion capital in the amount of USD 70,000,000, for the issuance of a maximum of 700,000,000 fully paid registered shares with a nominal value of USD 0.10 each. The issuance of fully paid registered shares only occurs through the mandatory conversion of claims arising upon the occurrence of one or more trigger events under financial market instruments with contingent conversion features issued by UBS AG. The creation of this conversion capital was approved at the AGM held on 23 April 2024.

- › Refer to article 4b of the AoA for more information about the terms and conditions of the issue of shares out of existing conversion capital – the AoA are available at ubs.com/governance

Capital band and reserve capital

As of the date of this report, UBS AG had not introduced any capital band or any reserve capital.

Shares

UBS AG has a single class of shares, which are registered shares in the form of uncertificated securities (in the sense of the Swiss Code of Obligations) and intermediary-held securities (in the sense of the Swiss Federal Act on Intermediated Securities). Each registered share has a nominal value of USD 0.10 and carries one vote. UBS AG imposes no limitation on the rights to own its securities.

Dividend distributions

The decision to pay a dividend and the amount of any dividend depend on a variety of factors, including our profits, cash flow generation and capital ratios.

For the 2025 financial year, the BoD is proposing at the 2026 AGM to the shareholder for approval an ordinary dividend distribution of USD 4,500m, to be paid out shortly after the AGM, and the appropriation of USD 4,500m to a special dividend reserve. The decision on the distribution of the special dividend is intended to be made at an EGM in the second half of 2026, taking into account the ongoing discussion on Swiss regulatory capital requirements.

On 31 December 2025, UBS AG had 3,858,408,466 issued shares with a nominal value of USD 0.10 each, equating to a share capital of USD 385,840,846.60. All shares carry voting rights, were fully paid in and eligible for dividends. There are no preferential rights associated with these shares, and no other classes of shares have been issued by UBS AG.

Shareholders' participation rights

Voting rights

The sole direct shareholder of UBS AG is UBS Group AG, which holds 100% of UBS AG shares. These shares are entitled to voting rights without restriction.

Statutory quorums

Motions are decided at a general meeting by a majority of the votes represented, excluding blank and invalid ballots. For the approval of certain specific issues, the Swiss Code of Obligations requires a positive vote from a two-thirds majority of the votes represented at the given general meeting and from a majority of the nominal value of shares represented thereat. Such issues include creating shares with privileged voting rights, introducing restrictions on the transferability of registered shares, creating conditional capital or introducing a capital band or reserve capital and restricting or excluding shareholders' preemptive rights.

The AoA also require a two-thirds majority of votes represented for approval of any change to their provisions regarding the number of BoD members, any decision to remove one-quarter or more of the BoD members and any modification to the provision establishing this qualified quorum.

Convocation of general meetings of shareholders

The AGM must be held within six months of the close of the financial year (i.e. 31 December). In 2026, the AGM will take place on 14 April.

Extraordinary general meetings (EGM) may be convened whenever the BoD or the auditors consider it necessary. Shareholders individually or jointly representing at least 10% of the share capital may at any time, including during an AGM, require, by way of a written statement, that an EGM be convened to address a specific issue they put forward.

Board of Directors

The BoD, led by the Chairman, consists of at least 5 and no more than 12 members, as per our AoA.

The BoD, led by the Chairman, decides on the strategy of UBS AG upon recommendation by the President of its Executive Board (the EB) and exercises the ultimate supervision of management. Its ultimate responsibility for the success of UBS AG is exercised subject to the parameters set by the Group.

Members of the Board of Directors

Non-executive members of the Board	Position	Initial election	Step down	UBS business address
Colm Kelleher	Chairman of the BoD	5.4.2022		Bahnhofstrasse 45, 8001 Zurich, Switzerland
Lukas Gähwiler	Vice Chairman / member of the Risk Committee	5.4.2022	14.4.2026	Bahnhofstrasse 45, 8001 Zurich, Switzerland
Jeremy Anderson	Chairperson of Audit Committee	26.4.2018		Bahnhofstrasse 45, 8001 Zurich, Switzerland
Claudia Böckstiegel	Member of the BoD	7.4.2021	8.4.2025	Bahnhofstrasse 45, 8001 Zurich, Switzerland
William C. Dudley	Member of the Risk Committee	18.4.2019	14.4.2026	Bahnhofstrasse 45, 8001 Zurich, Switzerland
Patrick Firmenich	Member of the Audit Committee	7.4.2021		Bahnhofstrasse 45, 8001 Zurich, Switzerland
Fred Hu	Member of the Compensation Committee (until 10.4.2025)	26.4.2018		Bahnhofstrasse 45, 8001 Zurich, Switzerland
Mark Hughes	Chairperson of the Risk Committee	27.4.2020		Bahnhofstrasse 45, 8001 Zurich, Switzerland
Renata Jungo Brüngger	Member of the BoD	8.4.2025		Bahnhofstrasse 45, 8001 Zurich, Switzerland
Gail Kelly	Member of the Compensation Committee (as of 10.4.2025)	23.4.2024		Bahnhofstrasse 45, 8001 Zurich, Switzerland
Nathalie Rachou	Member of the Risk Committee (until 8.4.2025)	27.4.2020	8.4.2025	Bahnhofstrasse 45, 8001 Zurich, Switzerland
Julie G. Richardson	Chairperson of the Compensation Committee / member of the Risk Committee	27.4.2017		Bahnhofstrasse 45, 8001 Zurich, Switzerland
Lila Tretikov	Member of the Audit Committee (as of 10.4.2025)	8.4.2025		Bahnhofstrasse 45, 8001 Zurich, Switzerland
Jeanette Wong	Member of the Audit Committee / member of the Compensation Committee	18.4.2019	14.4.2026	Bahnhofstrasse 45, 8001 Zurich, Switzerland
Agustín Carstens	Candidate to the UBS AG Board	Proposed for election at the 2026 AGM		Bahnhofstrasse 45, 8001 Zurich, Switzerland
Luca Maestri	Candidate to the UBS AG Board	Proposed for election at the 2026 AGM		Bahnhofstrasse 45, 8001 Zurich, Switzerland
Markus Ronner	Candidate to the UBS AG Board	Proposed for election at the 2026 AGM		Bahnhofstrasse 45, 8001 Zurich, Switzerland

No current BoD member has either an employment contract or a significant business connection to UBS or any of its subsidiaries. No member of the BoD currently carries out operational management tasks within the Group. Except for the new Vice Chairman standing to be elected at the 2026 AGM, Markus Ronner, who was Group Chief Compliance and Governance Officer of UBS Group AG until the 2026 AGM, no BoD member has carried out operational management tasks within the Group over the past three years. All members of the BoD are also members of UBS Group AG's Board of Directors, and committee membership is the same for both entities for the committees they have in common.

In 2025, the BoD had three permanent committees: the Audit Committee, the Compensation Committee and the Risk Committee.

The following biographies provide information about the BoD members who were in office after the 2025 AGM.



Colm Kelleher

Chairman of the Board of Directors, independent and non-executive member of the Board since 2022

Nationality: Irish | **Year of birth:** 1957

Colm Kelleher was elected Chairman of UBS in April 2022. In March 2023, he led the successful negotiations for UBS to acquire the Credit Suisse Group. He served as President of Morgan Stanley until retiring from that firm in 2019, overseeing both the Institutional Securities Business and Wealth Management. Before that, he was Co-President and then President of Morgan Stanley Institutional Securities. During the global financial crisis, he held the position of CFO and Co-Head Corporate Strategy from 2007 to 2009. Mr. Kelleher is a well-respected leader in the financial services sector. His 30-year career with Morgan Stanley attests to his solid leadership experience in banking and excellent relationships around the world. He has a deep understanding of the global banking landscape and broad banking experience across all the geographical regions and major business areas in which UBS operates.

Professional experience

2016 – 2019	President, Morgan Stanley, responsible for Institutional Securities and Wealth Management
2011 – 2016	CEO of Morgan Stanley International, Morgan Stanley
2013 – 2015	President, Institutional Securities, Morgan Stanley
2010 – 2012	Co-President, Institutional Securities, Morgan Stanley
2007 – 2009	CFO and Co-Head Corporate Strategy, Morgan Stanley
2006 – 2007	Head Global Capital Markets, Morgan Stanley
2004 – 2006	Co-Head Fixed Income, Europe, Morgan Stanley
1989 – 2004	Various roles, Morgan Stanley

Education

- Master's degree, modern history, the University of Oxford
- Fellow of the Institute of Chartered Accountants in England and Wales

Other activities and functions

- Chairman of the Board of Directors of UBS Group AG
- Member of the Board of Directors of the Bretton Woods Committee
- Member of the Board of the Swiss Finance Council
- Member of the Board 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, non-independent and non-executive member of the Board since 2022

- Member of the Risk Committee of UBS Group AG and UBS AG since 2023

Nationality: Swiss | **Year of birth:** 1965

Lukas Gähwiler brings a wealth of industry experience and an in-depth understanding of UBS to the Board of Directors of UBS. He served as Chairman of the Board of UBS Switzerland AG for five years and was previously a member of the Group Executive Board of UBS and President UBS Switzerland, responsible for the private clients, wealth management, corporate and institutional clients, investment banking, and asset management businesses in UBS's home market. Before joining UBS, Mr. Gähwiler worked for Credit Suisse for over twenty years, his last role being Chief Credit Officer, Global Private and Corporate Banking. In addition to his leadership and industry experience across all parts of the banking business, his strong connections and network, particularly in Switzerland, are instrumental for the firm. After the acquisition of the Credit Suisse Group in 2023, Mr. Gähwiler served as Chairman of Credit Suisse AG.

Professional experience

2023 – 2024	Chairman of the Board of Directors of Credit Suisse AG
2017 – 2022	Chairman of the Board of Directors of UBS Switzerland AG
2010 – 2016	Member of the Group Executive Board, UBS and President UBS Switzerland
2003 – 2010	Chief Credit Officer, Global Private and Corporate Banking, Credit Suisse
2002 – 2003	Head Credit Risk Management, Corporate Clients Switzerland, Credit Suisse
1998 – 2001	Chief of Staff to CEO, Private and Corporate Clients, Credit Suisse
1990 – 1998	Various senior front office roles in Corporate Clients in Switzerland and North America, Credit Suisse
1981 – 1986	Client Advisor Retail and Wealth Management, St.Galler Kantonalbank

Education

- Advanced Management Program, Harvard Business School
- MBA program, International Bankers School, New York
- Bachelor's degree, business administration, University of Applied Sciences, St. Gallen

Non-listed company boards

- Vice Chairman of the Board of Directors of Pilatus Aircraft Ltd
- Member of the Board of Directors of Ringier AG

Other activities and functions

- Vice Chairman of the Board of Directors of UBS Group 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

Independent and non-executive member of the Board since 2018

- Chairperson of the Audit Committee of UBS Group AG and UBS AG since 2018

Nationality: British | **Year of birth:** 1958

Jeremy Anderson is a financial services veteran, with more than 30 years' experience working in the banking and insurance sector in an advisory capacity, covering a broad range of topics, including strategy, audit and risk management, technology-enabled transformation, mergers, and bank restructuring. Before retiring from KPMG in 2017, he was its Chairman of Global Financial Services. Mr. Anderson is also an IT expert, having started out as a software developer in the early 1980s, before working in IT consulting and developing a broad knowledge of systems integration and IT outsourcing services, as well as software development. He cemented his reputation as a tech specialist by becoming a founding sponsor of KPMG's Global Fintech Network in 2014.

Professional experience

2010 – 2017	Chairman of Global Financial Services, KPMG International
2008 – 2011	Head of Clients and Markets KPMG Europe, KPMG International
2006 – 2011	Head of Financial Services KPMG Europe, KPMG International
2004 – 2006	Head of Financial Services KPMG UK, KPMG International
2002 – 2004	Member of the Group Management Board and Head of UK operations, Atos Origin SA
1985 – 2002	KPMG consulting UK, KPMG
1980 – 1985	Software developer, Triad Computing Systems

Education

- Bachelor's degree, economics, University College London

Listed company boards

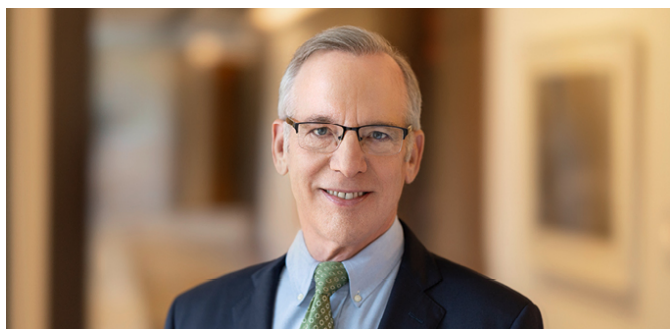
- Member of the Board of Prudential plc (chair of the risk committee)

Non-listed company boards

- Chairman of Lamb's Passage Holding Ltd

Other activities and functions

- Member of the Board of Directors of UBS Group AG
- Member of the Board of Credit Suisse International
- Trustee of the UK's Productivity Leadership Group



William C. Dudley

Independent and non-executive member of the Board since 2019

- Member of the Risk Committee of UBS Group AG and UBS AG since 2019

Nationality: American (US) | **Year of birth:** 1953

William C. Dudley served as the President and CEO of the Federal Reserve Bank of New York for nine years. He demonstrated exceptional leadership in monetary policy and as a top regulator, including during the years of the global financial crisis. During that period, his additional area of focus included cultural behavior and social and governance topics in the financial services industry. He also served as the Vice Chairman and a permanent member of the Federal Open Market Committee. Mr. Dudley brings a wealth of experience in banking and research thanks to his former management positions at Goldman Sachs Group and Morgan Guaranty Trust.

Professional experience

- 2009 – 2018 President and CEO, the Federal Reserve Bank of New York
- 2007 – 2009 Executive Vice President and Head Markets Group, the Federal Reserve Bank of New York
- 2006 Senior advisor (part-time), Goldman Sachs Group
- 2002 – 2005 Partner and Director US Economic Research Group, Goldman Sachs Group
- 1996 – 2002 Managing Director and Director US Economic Research Group, Goldman Sachs Group
- 1983 – 1996 Economist at Goldman Sachs Group, Morgan Guaranty Trust Company, and Board of Governors of the Federal Reserve System

Education

- Bachelor of Arts, New College of Florida
- Doctorate, economics, University of California, Berkeley

Listed company boards

- Member of the Global Advisory Council of Coinbase

Non-listed company boards

- Member of the Advisory Board of Suade Labs

Other activities and functions

- Member of the Board of Directors of UBS Group AG
- 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

Independent and non-executive member of the Board since 2021

- Member of the Audit Committee of UBS Group AG and UBS AG since 2021

Nationality: Swiss | **Year of birth:** 1962

Patrick Firmenich was Chairman of the Board of Firmenich International SA, a privately owned fragrances and flavorings company, from 2016 to 2023 and its CEO for 12 years. In 2023, he became Vice Chairman of dsm–firmenich, a listed company. He has demonstrated his entrepreneurial leadership by significantly advancing the Firmenich group's global position through organic and in-organic growth and succeeded in transforming the organization to continuously respond to client needs and the market environment. He developed an ambitious sustainability strategy for the group to lead the industry in health, safety and environmental performance. Before joining Firmenich, he held several positions in the legal and banking sectors, including working as an international investment banking analyst.

Professional experience

- 2016 – 2023 Chairman of the Board of Firmenich International SA, Geneva
- 2014 – 2016 Vice Chairman of the Board, Firmenich International SA, Geneva
- 2002 – 2014 CEO, Firmenich SA, Geneva
- 2001 – 2002 Corporate Vice President, Special Operations, Firmenich SA, Geneva
- 1997 – 2001 Vice President Fine Fragrance worldwide and Président Directeur Général, Firmenich & Cie, Paris, and Firmenich Inc, New York
- 1993 – 1997 Vice President Fine Fragrance North America, Firmenich Inc, New York
- 1990 – 1993 Account Manager, Firmenich & Cie, Paris
- 1988 – 1989 Analyst, International Investment Banking, Credit Suisse First Boston
- 1988 Production administrator, Firmenich SA de CV, Mexico
- 1984 – 1986 Attorney, Business Law, Patry, Junet, Simon & Le Fort, Geneva

Education

- Master's degree, law, University of Geneva, admitted to the bar in Geneva
- MBA, INSEAD Fontainebleau

Listed company boards

- Vice Chairman of the Board of dsm–firmenich (chair of the governance and nomination committee)

Other activities and functions

- Member of the Board of Directors of UBS Group AG
- Member of the Advisory Council of the Swiss Board Institute



Fred Hu

Independent and non-executive member of the Board since 2018

Nationality: Chinese | **Year of birth:** 1963

Fred Hu has been the Chairman and CEO of Primavera Capital Group, an Asia-based private investment firm focused on emerging technology and innovative industries, since founding it in 2010. In that role he oversees the overall strategy, talent development, and culture and assumes the primary responsibilities for establishing and maintaining the long-term partnerships with global investors. Prior to that, he was a Partner and Chairman for Greater China at Goldman Sachs. Mr. Hu has a profound understanding of China's economy and rapidly developing financial system, and a vast amount of experience in founding, advising and investing in leading firms in the tech, consumer and health-care sectors in China and globally. He has worked at the IMF and advised the Chinese government on economic policy.

Professional experience

2010 – date	Founder, Chairman and CEO, Primavera Capital Group, China
2008 – 2010	Partner and Chairman of Greater China, Goldman Sachs
2004 – 2008	Partner and Co-Head, Investment Banking, China, Goldman Sachs

Education

- Master's degree, engineering science, Tsinghua University
- Master's degree and doctorate, economics, Harvard University

Listed company boards

- Non-executive Chairman of the Board of Yum China Holdings (chair of the nomination and governance committee)
- Member of the Board of Chubb Limited

Non-listed company boards

- Chairman of Primavera Capital Ltd

Other activities and functions

- Member of the Board of Directors of UBS Group AG
- Trustee of the China Medical Board
- Member of the Global Board of The Nature Conservancy and Co-Chairman of its Asia Pacific Council
- Member of the Board of Trustees, the Institute for Advanced Study



Mark Hughes

Independent and non-executive member of the Board since 2020

– Chairperson of the Risk Committee of UBS Group AG and UBS AG since 2020

Nationality: Canadian, British and American (US) | **Year of birth:** 1958

Mark Hughes is a highly experienced professional in the financial services sector, having spent more than 35 years working for RBC (the Royal Bank of Canada) in Canada, the US and the UK. In his final role as Group Chief Risk Officer of RBC, he was responsible for the strategic management of risk on an enterprise-wide basis and oversaw all risk functions. During his career, Mr. Hughes has also held senior management positions in the front office and key operational roles. Currently, he is a frequent lecturer at the University of Leeds and the University of Manchester (both in England) and is Director Emeritus of the Global Risk Institute, bringing an enormous amount of experience as a risk specialist to the Board of Directors of UBS.

Professional experience

2014 – 2018	Group Chief Risk Officer and member Group Executive Committee, RBC
2013	Deputy Chief Risk Officer, RBC
2008 – 2013	COO, RBC Capital Markets, RBC
2001 – 2008	Head of Global Credit, RBC
1999 – 2001	Head of Debt Products, RBC
1998 – 1999	Senior Vice President and General Manager USA, RBC
1997 – 1998	Senior Vice President Financial Services, RBC
1982 – 1996	Various positions, RBC

Education

- Bachelor of Laws (LL.B.), University of Leeds
- MBA, finance, University of Manchester

Other activities and functions

- Member of the Board of Directors of UBS Group AG
- Senior advisor to McKinsey & Company



Renata Jungo Brüngger

Independent and non-executive member of the Board since 2025

Nationality: Swiss | **Year of birth:** 1961

Renata Jungo Brüngger is a highly respected professional with extensive experience in legal affairs, governance, integrity and sustainability. She was a member of the Board of Management of Daimler AG (now Mercedes-Benz Group AG) from 2016 to October 2025. Her responsibilities include the areas of integrity, governance and sustainability throughout the Mercedes-Benz Group AG, its group's legal department and the compliance, legal product and technology organization, as well as corporate data protection and corporate audit. She was also responsible for overseeing the implementation of integrity and sustainability management across the company. Ms. Jungo Brüngger joined the former Daimler AG as Head of Legal and Executive Vice President in 2011. Previously, she was General Counsel for Corporate EMEA and Vice President / General Counsel for Emerson Process Management EMEA, Emerson Electric (Switzerland and the US) and before that worked for the legal department of Metro Holding AG and the Swiss law firm Bär & Karrer.

Professional experience

- 2019 – October 2025 Member of the Board of Management for Integrity, Governance & Sustainability, Mercedes Benz Group AG (formerly Daimler AG) and Mercedes Benz AG
- 2016 – 2019 Member of the Board of Management for Integrity & Legal Affairs, Daimler AG
- 2011 – 2015 Head of Legal and Executive Vice President, Daimler AG
- 2000 – 2011 General Counsel Corporate EMEA & Vice President / General Counsel Emerson Process Management EMEA, Emerson Electric
- 1995 – 2000 Corporate Legal Counsel, Divisional Director, Metro Holding AG
- 1994 Secondment, Sidley & Austin
- 1990 – 1994 Lawyer (associate), Bär & Karrer

Education

- Masters of Laws (LL.M.) in international commercial law, University of Zurich
- Admission to the bar
- Licentiate (bilingual German / French) in Law (Lic. iur.), University of Fribourg

Listed company boards

- Member of the Supervisory Board of Daimler Truck Holding AG
- Member of the Supervisory Board of Daimler Truck AG
- Member of the Supervisory Board of Munich Re (chair of remuneration committee)

Other activities and functions

- Member of the Board of Directors of UBS Group AG
- Member of the Board of Trustees of Internationale Bachakademie Stuttgart
- Member of the Board of Trustees of Gesellschaft der Freunde von Bayreuth e. V. (Friends of Bayreuth)



Gail Kelly

Independent and non-executive member of the Board since 2024

– Member of the Compensation Committee of UBS Group AG and UBS AG since 2025

Nationality: Australian | **Year of birth:** 1956

Gail Kelly brings to the board more than 35 years of executive financial services experience in South Africa and Australia. She served as the Group CEO and Managing Director for two banks in Australia: St. George Bank, from 2002 to 2007, followed by Westpac Banking Corporation, from 2008 to 2015. During her tenure as CEO, Ms. Kelly navigated Westpac through the challenges of the global financial crisis in 2008 and 2009 and the successful merger with St. George Bank in 2008, the largest in-market financial services merger in Australia. Westpac's market capitalization more than doubled over her tenure as CEO. After her executive career, Ms. Kelly continues to hold a portfolio of roles, leveraging her experience and insights as a global leader. She was a Senior Global Advisor for UBS from 2016 to 2023.

Professional experience

- 2008 – 2015 Group CEO and Managing Director, Westpac Banking Corporation
- 2002 – 2007 Group CEO and Managing Director, St. George Bank
- 1999 – 2001 Group Executive, Customer Service Division, Commonwealth Bank of Australia
- 1997 – 1999 Group Manager, Strategic Marketing, Commonwealth Bank of Australia
- 1990 – 1997 Various General Manager positions, Nedbank Group, South Africa

Education

- Bachelor of Arts, the University of Cape Town
- MBA, University of Witwatersrand, Johannesburg

Listed company boards

- Member of the Board of Singtel Communications (chair of the executive resource and compensation committee)

Other activities and functions

- Member of the Board of Directors of UBS Group AG
- Member of the Group of Thirty
- Member of the Board of Directors of the Bretton Woods Committee
- Member of the Australian American Leadership Dialogue Advisory Board
- Senior advisor to McKinsey & Company



Julie G. Richardson

Independent and non-executive member of the Board since 2017

- Chairperson of the Compensation Committee of UBS Group AG and UBS AG since 2019
- Member of the Risk Committee of UBS Group AG and UBS AG since 2017

Nationality: American (US) | **Year of birth:** 1963

Julie G. Richardson spent more than 25 years on Wall Street as a senior investment banker and private equity investor, with a focus on telecom, media and technology. She began her career at Merrill Lynch, before moving to JPMorgan Chase, where she headed the telecommunications, media and technology investment banking group. Later, she moved into private equity, as head, and subsequently senior advisor, of the New York office of Providence Equity Partners, where she spearheaded many important investments and buyouts. Throughout her career, Ms. Richardson has spent substantial amounts of time with both incumbent and new technology companies, acting as an independent board member of a digital knowledge management company, a leading cloud monitoring firm and a cyber insurance company.

Professional experience

- 2012 – 2014 Senior advisor, Providence Equity Partners, New York
- 2003 – 2012 Partner and Head of the New York office, Providence Equity Partners, New York
- 1998 – 2003 Vice Chairman of the Investment Banking division of JPMorgan Chase & Co. and Head of its Global Telecommunications, Media and Technology group
- 1986 – 1998 Various positions at Merrill Lynch, final position: Managing Director Media and Communications Investment Banking

Education

- Bachelor's degree, business administration, University of Wisconsin–Madison

Listed company boards

- Member of the Board of BXP
- Member of the Board of Datadog (chair of the audit committee)

Non-listed company boards

- Member of the Board of Fivetran
- Member of the Board of Coalition, Inc.

Other activities and functions

- Member of the Board of Directors of UBS Group AG



Lila Tretikov

Independent and non-executive member of the Board since 2025

- Member of the Audit Committee of UBS Group AG and UBS AG since 2025

Nationality: American (US) and French | **Year of birth:** 1978

Lila Tretikov is widely recognized as a leading authority on artificial intelligence (AI) and technology-driven business transformation. She currently serves as a Partner at New Enterprise Associates, Inc. (NEA), a prominent Silicon Valley venture capital firm, where she leads AI strategy. From 2018 to 2024, Ms. Tretikov held senior executive roles at Microsoft Corporation, culminating in her position as Deputy Chief Technology Officer, overseeing major AI initiatives that drove significant strategic transformation. Prior to that, she served as Senior Vice President and CEO & Vice Chair Terrawatt at Engie SA, a global energy company headquartered in France. Earlier in her career, Ms. Tretikov was CEO of the Wikimedia Foundation & Wikipedia Endowment, where she pioneered Wikipedia's AI strategy. A distinguished software engineer and programmer, she continues to shape the landscape of AI adoption, innovation and policy worldwide.

Professional experience

- 2024 – date Partner and Head of Artificial Intelligence Strategy, New Enterprise Associates, Inc.
- 2020 – 2024 Corporate Vice President and Deputy Chief Technology Officer, Microsoft Corporation
- 2018 – 2020 Corporate Vice President, Artificial Intelligence, Perception and Mixed Reality, Microsoft Corporation
- 2016 – 2018 Senior Vice President and CEO & Vice Chair Terrawatt, Engie SA / Terrawatt initiative
- 2014 – 2016 CEO, Wikimedia Foundation & Wikipedia Endowment
- 2007 – 2014 Chief Product Officer and Chief Officer of product, marketing, cloud infrastructure, IT, support and services, SugarCRM
- 2005 – 2007 General Manager, mobile and software, Evolving Systems
- 2004 – 2005 General Manager, risk & compliance, SOX digital, Bank of America Corporation
- 1993 – 2004 Various technical roles, early career

Education

- Computer science (specializing in AI) and visual art, the University of California, Berkeley
- Post-graduate-level studies at the University of Oxford Saïd Business School and University of Stanford Directors' College

Listed company boards

- Member of the Board of Capgemini SE
- Member of the Board of Volvo Car Corporation
- Member of the Board of Xylem Inc.

Non-listed company boards

- Member of the Board of Zendesk Inc.
- Member of the Board of Backflip AI, Inc.
- Member of the Board of Cusp AI Limited
- Member of the Board of Horizon 3 AI, Inc.

Other activities and functions

- Member of the Board of Directors of UBS Group AG



Jeanette Wong

Independent and non-executive member of the Board since 2019

- Member of the Audit Committee of UBS Group AG and UBS AG since 2019
- Member of the Compensation Committee of UBS Group AG and UBS AG since 2020

Nationality: Singaporean | **Year of birth:** 1960

Jeanette Wong has more than 30 years of operational experience in the financial sector in Singapore. She retired from DBS Group in 2019, where she was Group Executive responsible for the institutional banking business, a post that encompassed corporate banking, global transaction services, strategic advisory, and mergers and acquisitions. She has also held the positions of Director of DBS Bank (China) Limited, Chairperson of DBS Bank (Taiwan) Ltd and CFO of DBS Group. During a 16-year career with JPMorgan, Ms. Wong helped build up its Asia FX, fixed income and emerging markets business. She brings extensive experience from serving as a member of the board of directors of two high-value listed companies.

Professional experience

- 2008 – 2019 Group Executive institutional banking business, DBS Bank, Singapore
- 2003 – 2008 CFO, DBS Bank, Singapore
- 2003 Chief Administration Officer, DBS Bank, Singapore
- 1997 – 2002 Country Manager Singapore, JPMorgan, Singapore
- 1986 – 1997 Various roles in Global Markets and Emerging Markets Sales and Trading business, Asia, JPMorgan, Singapore
- 1984 – 1986 Manager, Private Banking, Citibank, Singapore
- 1982 – 1984 Manager, Corporate Banking, Paribas, Singapore

Education

- Bachelor's degree, business administration, the National University of Singapore
- MBA, University of Chicago

Listed company boards

- Member of the Board of Prudential plc (chair of the audit committee)
- Member of the Board of Singapore Airlines Limited (chair of the board compensation and industrial relations committee)

Non-listed company boards

- Member of the Board of GIC Pte Ltd
- Member of the Board of PSA International

Other activities and functions

- Member of the Board of Directors of UBS Group AG
- Chairman of the CareShield Life Council
- Member of the Securities Industry Council
- Member of the Board of Trustees of the National University of Singapore

Elections and terms of office

UBS AG's sole shareholder, UBS Group AG, annually elects each member of the BoD individually.

Organizational principles and structure

Following each AGM, the BoD meets to appoint one or more Vice Chairmen, the BoD committee members and the respective committee Chairpersons. At the same meeting, the BoD appoints the Company Secretary, who, pursuant to the Organization Regulations, acts as secretary to the BoD and its committees.

Pursuant to the AoA and the Organization Regulations, the BoD meets as often as business requires, but it must meet at least six times a year. In 2025, the BoD met 38 times jointly with the Board of Directors of UBS Group AG and four times in standalone UBS AG meetings.

BoD committees

The committees listed below assist the BoD in fulfilling its responsibilities. Each committee meets as often as its business requires, but at least four times a year for the Audit Committee, the Compensation Committee and the Risk Committee.

Audit Committee

Throughout 2025, the Audit Committee consisted of four independent BoD members. Jeremy Anderson (Chairperson), Patrick Firmenich, Nathalie Rachou and Jeanette Wong. After the 2025 AGM, Lila Tretikov joined the committee when Nathalie Rachou stepped down from the BoD. All Audit Committee members have accounting or related financial management expertise and, in compliance with the rules established pursuant to the 2002 US Sarbanes–Oxley Act, at least one member qualifies as a financial expert. The NYSE standards on corporate governance and Rule 10A-3 under the US Securities Exchange Act set more stringent independence requirements for members of audit committees than for the other members of the BoD. Throughout 2025, all members of the Audit Committee satisfied these requirements, in that they did not receive, directly or indirectly, any consulting, advisory or compensatory fees from any member of the Group other than in their capacity as a BoD member, did not hold, directly or indirectly, UBS AG shares in excess of 5% of the outstanding capital and did not serve on the audit committees of more than two other public companies. The function of the Audit Committee is to support the Board in fulfilling its oversight duty relating to financial reporting and internal controls over financial reporting, the effectiveness of the external and internal audit functions and whistleblowing procedures. Management is responsible for the preparation, presentation and integrity of the financial statements, while the external auditors are responsible for auditing financial statements. The Audit Committee's responsibility is one of oversight and review.

Compensation Committee

Throughout 2025, the Compensation Committee consisted of three BoD members. Julie G. Richardson (Chairperson), Fred Hu and Jeanette Wong, at the 2025 AGM, Gail Kelly was elected to the committee replacing Fred Hu, who stepped down from this committee. The function of the Compensation Committee is to support the Board in its duties to set guidelines on compensation and benefits, to oversee implementation thereof, to approve certain compensation and to scrutinize executive performance.

Risk Committee

In 2025, the Risk Committee consisted of three independent BoD members, Mark Hughes (Chairperson), William C. Dudley and Julie G. Richardson, as well as the Vice Chairman of the BoD, Lukas Gähwiler. The function of the Risk Committee is to oversee and support the Board in fulfilling its duty to set and supervise an appropriate risk management and control framework in the areas of:

- (i) financial and non-financial risks; and
- (ii) balance sheet, treasury and capital management, including funding, liquidity and equity attribution.

Cybersecurity governance

Cybersecurity, as one of the inherently highest and most rapidly evolving non-financial risks, is a key focus for the BoD. It is primarily covered at the joint meetings between the Risk Committee and the Audit Committee with the Quarterly Cyber Risk Updates. These quarterly updates, combined with dedicated deep dives for the full BoD, provide the BoD with assessments of the firm's cyber-risk posture, cyber-attack surfaces and vectors and security measures, cyber maturity, and associated improvement measures, as well as updates on the cybersecurity threat environment and lessons learned from cybersecurity incidents across the globe and industries. Cyber risk is also covered in the quarterly Group Technology Risk Taxonomies Report discussed at the Risk Committee.

› Refer to "Non-financial risk" in the "Risk management and control" section of this report for information about cybersecurity

Important business connections of independent members of the Board of Directors

As a global financial services provider and a major Swiss bank, we enter into business relationships with many large companies, including some in which BoD members have management or independent board responsibilities.

Our Organization Regulations require one-third of the members of the BoD to be independent. For this purpose, independence is determined in accordance with FINMA Circular 2017/1 "Corporate governance – banks".

In 2025, our BoD met the standards of the Organization Regulations for the percentage of directors who are considered independent under the criteria described above.

All relationships and transactions with UBS AG's independent BoD members are conducted in the ordinary course of business and are on the same terms as those prevailing at the time for comparable transactions with non-affiliated persons. All relationships and transactions with BoD members' associated companies are conducted at arm's length.

Checks and balances: Board of Directors and Executive Board

We operate under a strict dual board structure, as mandated by Swiss banking law. The separation of responsibilities between the BoD and the Executive Board (the EB) is clearly defined in the Organization Regulations. The BoD decides on the strategy of UBS AG, upon recommendations by the President of the EB, and exercises ultimate supervision over management; whereas the EB, headed by the President of the EB, has executive management responsibility. The functions of Chairman and President of the EB are assigned to two different persons, leading to a separation of powers. This structure establishes checks and balances and preserves the institutional independence of the BoD from the executive management of UBS AG, for which responsibility is delegated to the EB. No member of one board may simultaneously be a member of the other.

Supervision and control of the EB remain with the BoD. The authorities and responsibilities of the two bodies are governed by the AoA and the Organization Regulations.

Although the recruiting process for BoD and EB members takes into account a broad spectrum of factors, such as skills, backgrounds, experience and expertise, our approach with regard to diversity considerations does not constitute a diversity policy within the meaning of the EU Directive on Non-Financial Reporting, and Swiss law does not require UBS to maintain such a policy.

Executive Board

The BoD delegates the management of the business to the EB.

Responsibilities, authorities and organizational principles of the Executive Board

At UBS AG, management of the business is also delegated, and its EB, under the leadership of the President of the EB, has executive management responsibility for UBS AG and its business. All members of the EB are members of the GEB. Sabine Keller-Busse, who serves as President UBS Switzerland AG, is not a member of the EB. In 2025, the EB held 27 combined meetings with the GEB and four UBS AG standalone meetings.

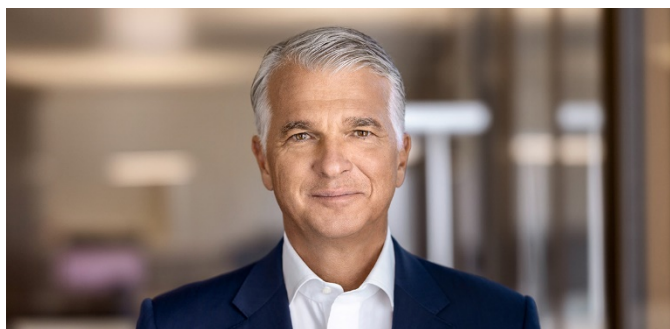
UBS AG EB has two permanent committees: the Asset and Liability Committee (the ALCO) and the Finance and Risk Committee (the FRC).

The ALCO is responsible for managing UBS AG's assets and liabilities in line with the UBS AG and Group strategy and regulatory requirements. In 2025, the ALCO held 12 meetings.

The FRC is responsible for supervising and controlling UBS AG's business, financial and risk profile of the overall UBS AG standalone, as well as the entity's business activities in Switzerland and cross-jurisdictional branch-related matters, in line with the UBS AG and Group strategy and regulatory requirements. The FRC is also responsible for ensuring the financial and risk profile of UBS AG standalone complies with the agreed risk appetite, by ascertaining that appropriate and timely actions are taken. In 2025, the FRC held four meetings.

Executive Board	Position	Initial appointment to the EB	Step-down date	UBS business address
Sergio P. Ermotti	President of the Executive Board (also from 2011 to 2020)	2023		Bahnhofstrasse 45, 8001 Zurich, Switzerland
George Athanasopoulos	Co-President Investment Bank	2024		Bahnhofstrasse 45, 8001 Zurich, Switzerland
Michelle Beraux	Integration Officer	2023		Bahnhofstrasse 45, 8001 Zurich, Switzerland
Michael Dargan	Chief Operations and Technology Officer	2021	31.12.2025	Bahnhofstrasse 45, 8001 Zurich, Switzerland
Aleksandar Ivanovic	President Asset Management	2024		Bahnhofstrasse 45, 8001 Zurich, Switzerland
Robert Karofsky	Co-President Global Wealth Management and President UBS Americas	2018		Bahnhofstrasse 45, 8001 Zurich, Switzerland
Iqbal Khan	Co-President Global Wealth Management and President UBS Asia Pacific	2019		Bahnhofstrasse 45, 8001 Zurich, Switzerland
Barbara Levi	General Counsel	2021		Bahnhofstrasse 45, 8001 Zurich, Switzerland
Beatriz Martin Jimenez	Head Non-core and Legacy and President UBS Europe, Middle East and Africa	2023		Bahnhofstrasse 45, 8001 Zurich, Switzerland
Markus Ronner	Chief Compliance and Governance Officer	2018	31.12.2025	Bahnhofstrasse 45, 8001 Zurich, Switzerland
Stefan Seiler	Head Human Resources & Corporate Services	2023		Bahnhofstrasse 45, 8001 Zurich, Switzerland
Todd Tuckner	Chief Financial Officer	2023		Bahnhofstrasse 45, 8001 Zurich, Switzerland
Marco Valla	Co-President Investment Bank	2024		Bahnhofstrasse 45, 8001 Zurich, Switzerland
Damian Vogel	Chief Risk Officer	2024		Bahnhofstrasse 45, 8001 Zurich, Switzerland

The following biographies provide information about the EB members in office on 31 December 2025.



Sergio P. Ermotti

President of the Executive Board, member of the EB from 2011 to 2020 and since 2023

Nationality: Swiss | **Year of birth:** 1960

Sergio P. Ermotti has been Group CEO of UBS Group AG and President of the Executive Board of UBS AG since 2023. He was also the Group CEO from 2011 to 2020. He re-joined UBS from Swiss Re, where he was Chairman of the Board of Directors until 2023. Prior to joining UBS in 2011, he was at UniCredit Group, where from 2007 to 2010 he served as Group Deputy CEO and Head of Corporate & Investment Banking and Private Banking, prior to which he served as Head of the Markets & Investment Banking Division. Before that, he held various positions at Merrill Lynch & Co. in the areas of equity derivatives and capital markets. He became Co-Head of Global Equity Markets and a member of the Executive Management Committee for Global Markets & Investment Banking in 2001.

Professional experience

2023 – date	Group CEO, UBS Group AG, and President of the Executive Board, UBS AG
2021 – 2023	Chairman of the Board of Directors, Swiss Re
2020 – 2021	Member of the Board of Directors, Swiss Re
2011 – 2020	Group CEO, UBS
2011	Chairman and CEO UBS Group Europe, Middle East and Africa, and member of the Group Executive Board, UBS
2007 – 2010	Group Deputy CEO and Head Corporate & Investment Banking and Private Banking, UniCredit
2005 – 2007	Head Markets & Investment Banking Division, UniCredit
1987 – 2004	Various senior management positions, Merrill Lynch & Co

Education

- Swiss-certified banking expert
- Advanced Management Programme, the University of Oxford

Listed company boards

- Member of the Board of Ermenegildo Zegna N.V. (Lead Non-Executive Director)

Non-listed company boards

- Member of the Board of Società Editrice del Corriere del Ticino SA

Other activities and functions

- Group CEO of UBS Group AG
- 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



George Athanasopoulos

Co-President Investment Bank, member of the EB since 2024

Nationality: Greek and British | **Year of birth:** 1969

George Athanasopoulos became Co-President of the Investment Bank in 2024. He jointly manages the Investment Bank with Marco Valla across all regions to ensure an unparalleled global offering for our client franchise. Since joining UBS in 2010, Mr. Athanasopoulos has held various senior roles, including Co-Head of Global Markets from 2020 to 2024 and Head of Global Family and Institutional Wealth from 2022 to 2024. Before joining UBS in 2010, he was General Manager at Eurobank EFG and previously worked for Barclays Capital, most recently responsible for Global Foreign Exchange and Global Emerging Markets Distribution. He started his career in 1992, working in Europe and Asia for NatWest Markets and Merrill Lynch.

Professional experience

2024 – date	Co-President of the Investment Bank, UBS Group AG and UBS AG
2022 – 2024	Head Global Family and Institutional Wealth, UBS
2020 – 2024	Co-Head of Global Markets, UBS
2016 – 2019	Global Head of Foreign Exchange, Rates and Credit and Head of Non-Core, UBS
2013 – 2016	Global Co-Head of Foreign Exchange, Rates and Credit, UBS
2011 – 2013	Co-Head of Global Foreign Exchange and Precious Metals, UBS
2010 – 2011	Head of Global Foreign Exchange Distribution, UBS
2009 – 2010	General Manager, Group Head of Trading, Sales and Structuring, Eurobank EFG
2008 – 2009	Global Head of Foreign Exchange and Emerging Markets Distribution, Barclays Capital
2004 – 2008	Various management positions in FX Markets, Barclays Capital

Education

- Master's degree, shipping, trade and finance, Bayes Business School
- Diploma in mechanical engineering, the National Technical University of Athens

Other activities and functions

- Member of the Group Executive Board of UBS Group AG



Michelle Bereaux

Integration Officer until December 2025, Chief Compliance and Operational Risk Control Officer since January 2026, member of the EB since 2023

Nationality: British and Trinidadian & Tobagonian | **Year of birth:** 1964

Michelle Bereaux was appointed Group Chief Compliance and Operational Risk Control Officer in January 2026. In this role, she is responsible for developing UBS's risk management and control framework for non-financial risks and implementing the independent control framework for these non-financial risks. Ms. Bereaux has been at UBS for more than 25 years and has held various leadership roles across the firm. She has been a member of the GEB since 2023 and acted as Group Integration Officer from 2023 to 2025 to integrate Credit Suisse into UBS. Previously, she served as both COO and UK Country Head of Asset Management and, prior to that, as COO and Head HR for our Investment Bank.

Professional experience

January 2026 – date	Group Chief Compliance and Operational Risk Control Officer, UBS Group AG and Chief Compliance and Operational Risk Control Officer, UBS AG
2023 – December 2025	Group Integration Officer, UBS Group AG and Integration Officer, UBS AG
2021 – 2023	Country Head UBS Asset Management UK and CEO Asset Management UK Ltd
2020 – 2023	COO, UBS Asset Management
2018 – 2020	Head of Group Efficiency and Cost Management, UBS Business Solutions AG
2015 – 2018	Non-Executive Director and Chairman Remuneration Committee, UBS Limited
2011 – 2014	Global Head Human Resources, UBS Investment Bank
2011	Global Strategic Projects at CEO Management Office, UBS Investment Bank
2009 – 2010	Chief of Staff and Joint Global COO, UBS Investment Bank

Education

- Bachelor's degree, law, the University of Cambridge
- Bachelor's degree, politics, economics and law, the University of Buckingham

Other activities and functions

- Member of the Group Executive Board of UBS Group AG



Mike Dargan

Chief Operations and Technology Officer, member of the EB since 2021 (stepped down on 31 December 2025)

Nationality: British | **Year of birth:** 1977

Mike Dargan was appointed Group Chief Operations and Technology Officer in 2023 and was accountable for delivering digital platforms, technology services, infrastructure and operations, including cybersecurity and information security. until he stepped down in December 2025. In his role, he drove Group-wide innovative and emerging technology solutions and digitalization and delivered technology services, tools and infrastructure, including cyber protection and technology security. Previously, he was Group Chief Digital and Information Officer (CDIO), having lead Group Technology since joining UBS in 2016. Prior to joining UBS, he held various senior roles in technology, corporate strategy and investment banking at Standard Chartered Bank, Merrill Lynch and Oliver Wyman.

Professional experience

2023 – December 2025	Group Chief Operations and Technology Officer, UBS Group AG, and Chief Operations and Technology Officer, UBS AG
2021 – December 2025	President of the Executive Board, UBS Business Solutions AG
2021 – 2023	Group CDIO, UBS Group AG, and CDIO, UBS AG
2016 – 2021	Head Group Technology, UBS
2015 – 2016	CIO for Corporate and Institutional Banking, Standard Chartered Bank
2014 – 2015	Global Group Technology and Operations Head for Global Markets, Wealth Management, Private Banking and Securities Services, Group Technology and Operations Engineering, Standard Chartered Bank
2013 – 2014	CIO for Financial Markets, Standard Chartered Bank
2009 – 2013	Global Head of Strategy and Corporate M&A, Global Markets, Standard Chartered Bank
2005 – 2009	Head Corporate Strategy & M&A, EMEA and Pacific Rim, Merrill Lynch

Education

- Master's degree, politics, philosophy and economics, St. John's College, the University of Oxford

Other activities and functions

- Member of the Group Executive Board of UBS Group AG
- Member of the Board of Directors and President of the Executive Board of UBS Business Solutions AG
- Member of the Board of the UBS Optimus Foundation
- Member of the Advisory Board of SCION Association



Aleksandar Ivanovic

President Asset Management, member of the EB since 2024

Nationality: Swiss | **Year of birth:** 1976

Aleksandar Ivanovic was appointed President Asset Management in 2024. With his experience and broad network across the UBS Group, he is leading the Asset Management business division forward, creating an even stronger organization through integration and offering investment capabilities and investment styles with industry-leading capabilities on a truly global scale. Before joining the GEB, he was Head Client Coverage and Head of the Europe, Middle East and Africa and Switzerland regions for Asset Management at UBS. Starting as an apprentice at UBS in 1992, he has worked in all our business divisions and later held various leadership roles at Credit Suisse and Morgan Stanley.

Professional experience

2024 – date	President Asset Management, UBS Group AG and UBS AG
2019 – 2024	Head Region Europe, Middle East and Africa, Asset Management, UBS
2018 – 2024	Head Client Coverage, Asset Management, UBS
2018 – 2024	Head Region Switzerland, Asset Management, UBS
2017 – 2018	Head Institutional Client Coverage, Asset Management, UBS
2011 – 2016	Head of Europe, Middle East and Africa, Distribution, Financial Engineering, Structured Products, Institutional Equity Derivatives, London, Morgan Stanley
2008 – 2011	Head of Distribution Northern Europe, Structured Products, Institutional Equity Derivatives, London, Credit Suisse
2000 – 2008	Various positions in Global Markets, UBS Investment Bank, London / Switzerland, UBS

Education

- Master's degree, finance, London Business School
- Bachelor's degree, Economics and Business Administration, Hochschule für Wirtschaft Zurich

Other activities and functions

- Member of the Group Executive Board of UBS Group AG
- Chairman of UBS Asset Management AG
- Chairman of UBS Asset Management Switzerland AG
- Member of the Board of the UBS Optimus Foundation



Robert Karofsky

Co-President Global Wealth Management and President UBS Americas, member of the EB since 2018

Nationality: American (US) | **Year of birth:** 1967

Robert Karofsky became Co-President Global Wealth Management and President UBS Americas in 2024. He jointly manages Global Wealth Management across all regions to ensure an unparalleled global offering for our wealth management client franchise. As President UBS Americas, he is responsible for the cross-divisional collaboration and represents the Group to the broader public in the Americas. Mr. Karofsky was President Investment Bank from 2021 to 2024 and previously Co-President Investment Bank from 2018 to 2021. Before that, he was President UBS Securities LLC from 2015 to 2021. Prior to joining UBS, he acquired know-how in investment banking as an analyst and trader, working for various financial institutions, including Morgan Stanley, Deutsche Bank and AllianceBernstein.

Professional experience

2024 – date	Co-President Global Wealth Management and President UBS Americas, UBS Group AG and UBS AG
2021 – 2024	President Investment Bank, UBS
2018 – 2021	Co-President Investment Bank, UBS
2015 – 2021	President UBS Securities LLC, UBS
2014 – 2018	Global Head Equities, UBS
2011 – 2014	Global Head of Equity Trading, AllianceBernstein
2008 – 2010	Co-Head of Global Equities, Deutsche Bank
2005 – 2008	Head of North American Equities, Deutsche Bank

Education

- Bachelor's degree, economics, Hobart and William Smith Colleges, New York
- MBA, finance and statistics, the University of Chicago Booth School of Business

Other activities and functions

- Member of the Group Executive Board of UBS Group AG
- Member of the Board of UBS Americas Holding LLC
- Chair of the Board of the UBS Optimus Foundation US
- Member of the Board of the American Swiss Foundation



Iqbal Khan

Co-President Global Wealth Management and President UBS Asia Pacific, member of the EB since 2019

Nationality: Swiss | **Year of birth:** 1976

Iqbal Khan became Co-President Global Wealth Management and President UBS Asia Pacific in 2024. He jointly manages Global Wealth Management across all regions to ensure an unparalleled global offering for our wealth management client franchise. As Regional President UBS Asia Pacific, he is responsible for the cross-divisional collaboration and represents the Group to the broader public in the Asia Pacific region. Previously, he was President Global Wealth Management from 2022 to 2024 and President UBS Europe, Middle East and Africa from 2021 to 2023. He joined UBS in 2019 as Co-President Global Wealth Management. Prior to UBS, Mr. Khan was at Credit Suisse, holding senior leadership positions as CFO Private Banking & Wealth Management and CEO International Wealth Management. He joined Ernst & Young in 2001, where he held numerous leadership positions and, upon leaving that company, he served as lead auditor of UBS.

Professional experience

2024 – date	President UBS Asia Pacific, UBS Group AG and UBS AG
2024 – date	Co-President Global Wealth Management, UBS Group AG and UBS AG
2022 – 2024	President Global Wealth Management, UBS
2021 – 2023	President UBS Europe, Middle East and Africa, UBS
2019 – 2022	Co-President Global Wealth Management, UBS
2015 – 2019	CEO International Wealth Management, Credit Suisse
2013 – 2015	CFO Private Banking & Wealth Management, Credit Suisse
2011 – 2013	Managing Partner Assurance and Advisory Services – Financial Services, Ernst & Young
2009 – 2011	Industry Lead Partner Banking and Capital Markets, Switzerland and EMEA Private Banking, Ernst & Young
2001 – 2009	Various positions in Ernst & Young

Education

- Swiss Certified Public Accountant
- Advanced Master of International Business Law (LL.M.) degree, University of Zurich

Other activities and functions

- Member of the Group Executive Board of UBS Group AG



Barbara Levi

General Counsel, member of the EB since 2021

Nationality: Italian | **Year of birth:** 1971

Barbara Levi has been Group General Counsel since 2021. In her role, she provides legal advice and manages the Group's legal affairs, ensuring effective and timely assessment of legal matters impacting the Group and its businesses. Before joining UBS, she served as Chief Legal Officer & External Affairs at Rio Tinto Group and, before that, as General Counsel, based in London. In both roles, she was a member of that company's executive committee. Ms. Levi began her corporate career with Novartis Group in 2004 and worked there for 16 years, holding a number of senior legal roles across Europe.

Professional experience

2021 – date	Group General Counsel, UBS Group AG, and General Counsel, UBS AG
2021	Chief Legal Officer & External Affairs, Rio Tinto Group
2020 – 2021	Group General Counsel, Rio Tinto Group
2019	Group Legal Head, M&A and Strategic Transactions, Novartis
2016 – 2019	Global General Counsel, Sandoz International GmbH, Novartis
2014 – 2016	Global Legal Head, Product Strategy & Commercialization, Novartis
2013 – 2014	Global Legal Head, TechOps, Primary Care and Established Medicines, Novartis
2009 – 2013	Head of Legal & Compliance, Region Asia-Pacific, Middle East, and African Countries, Region Group Emerging Markets, Novartis

Education

- Law degree, the University of Milan
- Master of Laws (LL.M.), banking, corporate and finance law, Fordham University School of Law, New York

Other activities and functions

- Member of the Group Executive Board of UBS Group AG
- 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

Chief Operating Officer since January 2026, Head Non-Core and Legacy and President UBS Europe, Middle East and Africa since 2023, member of the EB since 2023

Nationality: Spanish | **Year of birth:** 1973

Beatriz Martin Jimenez became Group COO in January 2026, with the Group Technology function reporting to her. Since 2023, she has served as President UBS Europe, Middle East, and Africa and Head Non-Core and Legacy. As Group COO, her responsibilities encompass developing and coordinating the Group-wide operational integration, driving Group-wide innovative technology solutions and digitalization, delivering technology services, and overseeing technology enabled change initiatives. The Group COO is also responsible for the implementation of the Group's sustainability and impact strategy, which has been led by Ms. Martin Jimenez since 2024. Her regional position as President UBS Europe, Middle East and Africa involves promoting collaboration across business divisions and representing UBS throughout the region. In addition, Ms. Martin Jimenez also serves as the Chief Executive for UBS in the UK. As Head Non-Core and Legacy, she focuses on managing derisking and cost-reduction efforts tied to the integration process. Before joining UBS, Ms. Martin Jimenez held a variety of leadership roles in fixed income sales and trading at both Morgan Stanley and Deutsche Bank.

Professional experience

January 2026 – date	Group Chief Operating Officer; UBS Group AG and Chief Operating Officer, UBS AG
2023 – date	President UBS Europe, Middle East and Africa, UBS Group AG and UBS AG
2023 – date	Head Non-core and Legacy, UBS Group AG and UBS AG
2019 – date	UK Chief Executive, UBS AG London Branch
2024 – 2026	UBS GEB Lead for Sustainability and Impact, UBS Group AG (transitioned to Group COO responsibilities in 2026)
2022 – 2023	Chief Transformation Officer, UBS Group AG
2020 – 2023	Group Treasurer, UBS Group AG
2015 – 2020	COO, UBS Investment Bank
2015 – 2019	UK COO, UBS AG London Branch and UBS Limited
2012 – 2015	Chief of Staff to CEO, UBS Investment Bank
1996 – 2012	Various positions in Global Markets, Morgan Stanley and Deutsche Bank

Education

- Master of Business Administration, Universidad Autónoma de Madrid, Madrid
- Erasmus Exchange programme, Hochschule für Bankwirtschaft, Frankfurt

Other activities and functions

- Member of the Group Executive Board of UBS Group AG
- Member of the Board of Directors and President of the Executive Board of UBS Business Solutions AG (as of February 2026)
- Member of the Supervisory Board of UBS Europe SE
- Member of the Board of Directors of Credit Suisse International



Markus Ronner

Chief Compliance and Governance Officer, member of the EB since 2018 (stepped down on 31 December 2025)

Nationality: Swiss | **Year of birth:** 1965

Markus Ronner has served as Group Chief Compliance and Governance Officer from 2018 to December 2025, overseeing compliance, financial crime prevention and operational risk control as well as regulatory and governance functions at the Group level. In more than 40 years at UBS, he acquired deep expertise across businesses and in non-financial risk management and control. In that time, Mr. Ronner held a variety of senior positions across the firm, including managing the Group-wide too-big-to-fail program, COO Wealth Management & Swiss Bank, Head Products and Services of Wealth Management & Swiss Bank, COO Asset Management, and Head Group Internal Audit. From 2022 until 2023, he served as Chairman of UBS Switzerland AG, the leading Swiss universal bank.

Professional experience

2018 – December 2025	Group Chief Compliance and Governance Officer, UBS Group AG, and Chief Compliance and Governance Officer, UBS AG
2022 – 2023	Chairman of UBS Switzerland AG
2012 – 2018	Head Group Regulatory and Governance, UBS
2011 – 2013	Manager Group-wide too-big-to-fail program, UBS
2010 – 2011	COO Wealth Management & Swiss Bank, UBS
2009 – 2010	Head Products and Services of Wealth Management & Swiss Bank, UBS
2007 – 2009	COO Asset Management, UBS
2001 – 2007	Head Group Internal Audit, UBS

Education

- Swiss Banking Diploma

Other activities and functions

- Member of the Group Executive Board of UBS Group AG



Stefan Seiler

Head Human Resources and Corporate Services, member of the EB since 2023

Nationality: Swiss | **Year of birth:** 1974

Stefan Seiler was appointed Head Group Human Resources and Corporate Services in 2023. In this role, he manages the people, real estate, vendor management, communications, branding and marketing, and security functions that support the firm's long-term success. Since joining UBS in 2011, he has held several key leadership roles, including Head HR for Switzerland and Group Functions, Global Head Talent and Recruiting, and Group Head HR since 2018. He started his career at the Swiss Military Academy at the Swiss Federal Institute of Technology (ETH) Zurich, where he later returned as Department Head of Leadership and Communication after broadening his experience in the financial sector at Credit Suisse from 2002 to 2006. He has worked in Switzerland, the UK, the US and Singapore.

Professional experience

2023 – date	Head Group Human Resources and Corporate Services, UBS Group AG and Head Human Resources & Corporate Services, UBS AG
2018 – 2023	Group Head Human Resources, UBS
2016 – 2018	Global Head Talent & Recruiting, UBS
2014 – 2016	Head HR UBS Switzerland and Global Head HR Group Control & CEO Functions, UBS
2012 – 2016	Head HR UBS Switzerland, UBS
2011 – 2012	Global Head HR Corporate Center, UBS
2010 – 2011	Visiting Professor, Nanyang Business School, Singapore
2006 – 2011	Department Head of Leadership and Communication, Swiss Military Academy, ETH Zurich
2002 – 2006	Assessment specialist, HR Transformation Manager and Global Lead for Human Capital Management Implementation Group Functions, Credit Suisse, Zurich and New York

Education

- Master of Science (lic. Phil.), Educational Psychology, University of Fribourg
- PhD in Educational Psychology, University of Fribourg

Other activities and functions

- Member of the Group Executive Board of UBS Group AG
- Member of the Board of the UBS Optimus Foundation
- Member of the Foundation Board of the Pension Fund of UBS
- Member of the Foundation Council of the UBS Center for Economics in Society, University of Zurich
- 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

Chief Financial Officer, member of the EB since 2023

Nationality: American (US) | **Year of birth:** 1965

Todd Tuckner became Group CFO in 2023. In January 2026, he also took over responsibility for overseeing the Group's governmental and regulatory affairs, including developing and maintaining the Group's recovery and resolution plans. As Group CFO, he oversees the Group's financial accounting, controlling, forecasting, planning and reporting processes, ensuring the transparency in and the assessment of the financial performance of the Group and the business divisions. He is also responsible for managing and controlling the Group's tax affairs, treasury and capital management, including funding and liquidity risk, and regulatory capital ratios. Additionally, he coordinates relations with analysts and investors alongside the Group CEO. He was previously CFO and Head Business Performance and Risk Management for our Global Wealth Management business. Mr. Tuckner joined UBS in 2004 after working for KPMG for 17 years and has since held various leadership roles across the Group Finance function.

Professional experience

2023 – date	Group CFO, UBS Group AG and CFO, UBS AG
2020 – 2023	CFO and Head Business Performance and Risk Management, Global Wealth Management, UBS
2016 – 2021	Group Controller and Chief Accounting Officer, UBS
2012 – 2019	Group Finance COO, UBS
2009 – 2012	Group Head Tax & Accounting Policy, UBS
2004 – 2009	Group Head Tax – Americas, UBS
1987 – 2004	Various management positions, KPMG LLP, New York

Education

- Bachelor's degree, economics, Princeton University
- MBA, accounting, New York University

Other activities and functions

- Member of the Group Executive Board of UBS Group AG
- Member of the Financial Services Chapter Board of the Swiss-American Chamber of Commerce



Marco Valla

Co-President Investment Bank, member of the EB since 2024

Nationality: American (US) | **Year of birth:** 1972

Marco Valla became Co-President of the Investment Bank in 2024 and Head of Global Banking in September 2025. He jointly manages the Investment Bank with George Athanasopoulos across all regions to ensure an unparalleled global offering for our client franchise. He began his career at Credit Suisse First Boston in 1994 as an Investment Banking analyst, before working for Lehman Brothers and Barclays. During his tenure at Barclays, he was the Global Head of Technology, Media and Telecommunications (TMT) and Consumer Retail Investment Banking, overseeing the coverage of technology, media, telecommunications, consumer and retail clients, and a member of the Investment Banking Management Committee.

Professional experience

2024 – date	Co-President of the Investment Bank, UBS Group AG and UBS AG
September 2025 – date	Head of Global Banking
2023 – 2024	Co-Head of Global Banking, Investment Banking, UBS
2020 – 2023	Global Head of TMT and Consumer Retail, Investment Banking Member of the Investment Banking Management Committee, Barclays
2013 – 2019	Global Co-Head of Consumer Retail Group, Investment Banking, Barclays
2008 – 2013	Managing Director, Retail Group, Investment Banking, Barclays
2005 – 2008	Managing Director, Retail Group, Investment Banking, Lehman Brothers
1994 – 2005	Investment Banking, Credit Suisse First Boston

Education

- Bachelor's degree, economics and Italian literature, University of California, Berkeley

Other activities and functions

- Member of the Group Executive Board of UBS Group AG
- Member of the Board of Directors of Good Shepherd Services
- Member of the Board of the Mount Sinai Department of Urology



Damian Vogel

Chief Risk Officer, member of the EB since 2024

Nationality: Swiss | **Year of birth:** 1972

Damian Vogel was appointed Group Chief Risk Officer in 2024 and is responsible for the development of the Group's risk management and control framework for various risk categories and the implementation of its independent control frameworks. Since joining UBS in 2010, he held various risk-related leadership roles across Global Wealth Management, Personal & Corporate Banking and the Switzerland region before being appointed Chief Risk Officer for Credit Suisse and Group Risk Control Head of Integration in 2023. Previously, he worked for Credit Suisse as Credit Risk Manager and Head Structured Lombard Solutions.

Professional experience

2024 – date	Group Chief Risk Officer, UBS Group AG and Chief Risk Officer, UBS AG
2023 – 2024	Chief Risk Officer, Credit Suisse AG Group Risk Control Head Integration, UBS
2018 – 2023	Chief Risk Officer Global Wealth Management, UBS
2016 – 2018	Chief Risk Officer Personal & Corporate Banking and Region Switzerland, Zurich, UBS
2012 – 2016	Portfolio Underwriter and Head Risk Control Swiss Corporates, Zurich, UBS
2010 – 2011	Project Manager within Chief Risk Officer Wealth Management and Swiss Bank, Zurich, UBS
2009 – 2010	Credit Risk Manager, Credit Risk Management Investment Banking, New York, Credit Suisse
2008 – 2009	Head Structured Lombard Solutions, Credit Risk Management Private Banking, Zurich, Credit Suisse
1999 – 2008	Various management positions in Credit Suisse

Education

- Bachelor's degree, business and administration, University of Applied Sciences, Visp
- Executive Program, Stanford University Graduate School of Business
- Master of Advanced Study, corporate finance, University of Lucerne

Other activities and functions

- Member of the Group Executive Board of UBS Group AG
- Member of the Board of Directors of UBS Switzerland AG
- Member of Foundation Board of the International Financial Risk Institute

Change of control and defense measures

Our Articles of Association (the AoA) do not provide any measures for delaying, deferring or preventing a change of control.

Clauses on change of control

Neither the terms regulating the BoD members' mandate nor any employment contracts with EB members contain change of control clauses.

All employment contracts with EB members stipulate a notice period of six to twelve months. During the notice period, EB members are entitled to their salaries and the continuation of existing employment benefits and may be eligible to be considered for a discretionary performance award based on their contribution during their tenure.

In case of a change of control, we may, at our discretion, accelerate the vesting of and / or relax applicable forfeiture provisions of employees' awards.

Auditors

Audit is an integral part of corporate governance. While safeguarding their independence, the external auditors closely coordinate their work with Internal Audit. The Audit Committee and, ultimately, the BoD supervise the effectiveness of audit work.

› Refer to "Board of Directors" in this section for more information about the Audit Committee

External independent auditors

The 2025 AGM re-elected Ernst & Young Ltd (EY) as auditors for UBS AG for the 2025 financial year. EY assumes virtually all auditing functions according to laws, regulatory requests and the AoA. In 2025, Isabelle Santenac became the EY lead partner in charge of the UBS AG financial and regulatory audits and the lead audit partner for the Group financial statement audit, with an incumbency limit of five years. Since 2023, Robert Wadley has been a partner on the financial statement audit, and in 2025 he became the co-signing partner, with an incumbency limit of seven years. In 2021, Hannes Smit became the Lead Auditor to the Swiss Financial Market Supervisory Authority (FINMA), with an incumbency limit of seven years. Daniel Martin has been the co-signing partner for the FINMA audit since 2019, with an incumbency limit of seven years. Mr. Martin will be succeeded in 2026 by Martin Waurick, who will assume the role of co-signing partner for the FINMA audits, with an incumbency limit of seven years.

During 2025, the Audit Committee held 12 meetings with the external auditors.

Audit effectiveness assessment

The Audit Committee assesses the performance, effectiveness and independence of the external auditors on an annual basis. The assessment is generally based on interviews with senior management and survey feedback from stakeholders across the Group. Assessment criteria include quality of service delivery, quality and competence of the audit team, value added as part of the audit, insightfulness, and the overall relationship with EY. Based on its own analysis and the assessment results, including feedback received as part of the review of the Group audit engagement described above, the Audit Committee concluded that EY's audit has been effective.

Services performed by EY and related fees

The Audit Committee oversees all services provided to UBS by the external auditors. For services requiring the approval from the Audit Committee, a preapproval may be granted either for a specific mandate or in the form of a blanket preapproval authorizing a limited and well-defined type and scope of services. The fees (including expenses) paid to EY are set forth in the table below.

Audit work includes all services necessary to perform the audit for UBS AG in accordance with applicable laws and generally accepted auditing standards, as well as other assurance services that conventionally only the auditor can provide. These include statutory and regulatory audits, attestation services and the review of documents to be filed with regulatory bodies. The additional services classified as audit in 2025 included several engagements for which EY was mandated at the request of FINMA.

Audit-related work consists of assurance and related services traditionally performed by auditors, such as attestation services related to financial reporting, internal control reviews and performance standard reviews, as well as consultation concerning financial accounting and reporting standards.

Tax work involves services performed by professional staff in EY's tax division and includes tax compliance and tax consultation with respect to our own affairs.

"Other" services are permitted services, which include technical IT security control reviews and assessments.

In addition, EY received USD 53m in 2025 (USD 52m in 2024) for services performed on behalf of our investment funds, many of which have independent fund boards or trustees.

Fees paid to EY

UBS AG and its subsidiaries paid the following fees (including expenses) to EY.

USD m	For the year ended	
	31.12.25	31.12.24
Audit		
Global audit fees	99	120
Additional services classified as audit (services required by law or statute, including work of a non-recurring nature mandated by regulators)	50	24
Total audit	149	144
Non-audit		
Audit-related fees	19	18
<i>of which: assurance and attestation services</i>	12	13
<i>of which: control and performance reports</i>	7	5
<i>of which: consultation concerning financial accounting and reporting standards</i>	0	0
Tax fees	2	2
All other fees	0	1
Total non-audit	20	21

Special auditors for potential capital increases

At the AGM on 23 April 2024, BDO AG was reappointed as special auditors for a three-year term of office. Special auditors provide audit opinions in connection with potential capital increases independently from other auditors.

Internal Audit

Internal Audit performs the internal auditing role for UBS AG. It is an independent function that provides expertise and insights to confirm controls are functioning correctly and highlight where UBS needs to better manage current and emerging risks.

Internal Audit supports the BoD in discharging its governance responsibilities by taking a dynamic approach to audit, issue assurance and risk assessment, confirming where controls are functioning well and highlighting where UBS needs to better manage current and emerging risks. By doing so, it drives action to prevent unexpected loss or damage to the firm's reputation. To support the achievement of UBS's objectives, Internal Audit independently, objectively and systematically assesses the:

- (i) soundness of UBS AG's risk and control culture;
- (ii) reliability and integrity of financial and operational information, including whether activities are properly, accurately and completely recorded, and the quality of underlying data and models; and
- (iii) design, operating effectiveness and sustainability of:
 - processes to define strategy and risk appetite, as well as the overall adherence to the approved strategy;
 - governance processes;
 - risk management, including whether risks are appropriately identified and managed;
 - internal controls, specifically whether they are commensurate with the risks taken;
 - remediation activities; and
 - processes to comply with legal and regulatory requirements, internal policies, and UBS AG's constitutional documents and contracts.

Audit reports that include significant issues are provided to the President of the EB, relevant EB members and other responsible management. The Chairman, the Audit Committee and the Risk Committee of the BoD are regularly informed of such issues.

In addition, Internal Audit provides independent assurance on the effective and sustainable remediation of control deficiencies within its mandate, taking a prudent and conservative risk-based approach and assessing at the issue level whether the root cause and the potential exposure for the firm have been holistically and sustainably addressed. Internal Audit also cooperates closely with risk control functions and internal and external legal advisors on investigations into major control issues.

To ensure Internal Audit's independence from management, the Internal Audit Executive UBS AG reports to the Chairman of the BoD and to the Audit Committee, which assesses annually whether Internal Audit has sufficient resources to perform its function, as well as its independence and performance. In the Audit Committee's assessment, Internal Audit is sufficiently resourced to fulfill its mandate and complete its auditing objectives. Internal Audit's role, position, responsibilities and accountability are set out in UBS AG's Organization Regulations and the Charter for Internal Audit. Internal Audit has unrestricted access to all accounts, books, records, systems, property and personnel, and must be provided with all information and data that it needs to fulfill its auditing responsibilities. Internal Audit also conducts special audits at the request of the Audit Committee, or other BoD members, committees or the President of the EB in consultation with the Audit Committee.

Internal Audit enhances the efficiency of its work through coordination and close cooperation with the external auditors.

Information policy

We provide regular information to our shareholder and to the wider financial community.

Financial reports for UBS AG are expected to be published on the following dates:

First quarter 2026	5 May 2026
Second quarter 2026	31 July 2026
Third quarter 2026	30 October 2026

The annual general meetings of the shareholders of UBS AG will take place on the following dates:

2026	14 April 2026
2027	7 April 2027

- › Refer to the corporate calendar available at ubs.com/investors for the dates of the publication of financial reports and other key dates

Our annual and quarterly publications are available in fully online and .pdf formats at ubs.com/investors, under "Financial information".

Financial reporting policies

We report UBS AG's results for each financial quarter, with the exception of the fourth quarter, including a breakdown of results by business division and disclosures or key developments relating to risk management and control, capital, liquidity and funding management. With the exception of the fourth quarter, each quarter we publish quarterly financial reports for UBS AG.

The consolidated financial statements of UBS AG are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

- › Refer to "Note 1 Summary of material accounting policies" in the "Consolidated financial statements" section of this report for more information about the basis of accounting

US disclosure requirements

As a foreign private issuer, we must file reports and other information, including certain financial reports, with the US Securities and Exchange Commission (the SEC) under the US federal securities laws.

An evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15e) under the US Securities Exchange Act of 1934 has been carried out, under the supervision of management, including the Group CEO, the Group CFO and the Group Controller. Based on that evaluation, and reflecting the determination that our internal control over financial reporting was effective as of 31 December 2025, the President of the Executive Board and the CFO concluded that our disclosure controls and procedures were effective as of 31 December 2025.

No significant changes have been made to our internal controls or to other factors that could significantly affect these controls subsequent to the date of their evaluation.

- › Refer to the "Consolidated financial statements" section of this report for more information

Financial statements

Consolidated financial statements

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Management's report on internal control over financial reporting

Management's responsibility for internal control over financial reporting

The Board of Directors and management of UBS AG are responsible for establishing and maintaining adequate internal controls over financial reporting. UBS AG's internal controls over financial reporting are designed to provide reasonable assurance regarding the preparation and fair presentation of published financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

UBS AG's internal controls over financial reporting include those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation and fair presentation of financial statements, and that receipts and expenditures of the company are being made only in accordance with authorizations of UBS AG management; and
- provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management's assessment of internal control over financial reporting as of 31 December 2025

UBS AG management has assessed the effectiveness of UBS AG's internal control over financial reporting as of 31 December 2025 based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control – Integrated Framework (2013 Framework). Based on this assessment, management believes that, as of 31 December 2025, UBS AG's internal control over financial reporting was effective.

Remediation of Credit Suisse material weaknesses

In March 2023, prior to the acquisition by UBS Group AG, the Credit Suisse Group and Credit Suisse AG disclosed that their management had identified material weaknesses in internal control over financial reporting as a result of which the Credit Suisse Group and Credit Suisse AG had concluded that, as of 31 December 2022 and 2021, their internal control over financial reporting was not effective. Following the acquisition and merger of Credit Suisse Group AG into UBS Group AG in June 2023, Credit Suisse AG concluded that as of 31 December 2023 its internal control over financial reporting continued to be ineffective.

Since the Credit Suisse acquisition, UBS has executed a remediation program to address the identified material weaknesses and has implemented additional controls and procedures.

As of 31 December 2024, management assessed that the changes to internal controls made to address the material weaknesses relating to the classification and presentation of the consolidated statement of cash flows, as well as assessment and communication of the severity of deficiencies, were designed and operating effectively. The remaining material weakness related to the risk assessment of internal controls. During 2024, UBS integrated the Credit Suisse control framework into the UBS internal control framework and risk assessment and evaluation processes. In addition, UBS reviewed the processes, systems and internal controls in connection with the integration of Credit Suisse into UBS and implemented additional processes and controls to reflect the increase in complexity of the accounting and financial control environment following the acquisition. Management assessed that the risk assessment process was designed effectively.

However, considering the increased complexity of the internal accounting and control environment, the remaining migration efforts still underway and limited time to demonstrate operating effectiveness and sustainability of the post-merger integrated control environment, management concluded that additional evidence of effective operation of the remediated controls was required to conclude that the risk assessment processes were operating effectively on a sustainable basis. In light of the above, management concluded that there was a material weakness in internal control over financial reporting at 31 December 2024.

As of 31 December 2025, UBS AG management has assessed the effectiveness of UBS AG's risk assessment process and concluded that changes made to the risk assessment processes were designed and operating effectively, with significant integration and migration steps completed. UBS AG management has therefore concluded that the risk assessment material weakness has been remediated.

Reports of the independent registered public accounting firm / statutory auditor included in this report

The accompanying report of the independent registered public accounting firm on the consolidated financial statements *Report of independent registered public accounting firm on the consolidated financial statements* of UBS AG is included in our filing on 9 March 2026 with the Securities and Exchange Commission on Form 20-F pursuant to US reporting obligations.

The accompanying statutory auditor's report on the audit of the consolidated financial statements of UBS AG *Statutory auditor's report on the audit of the consolidated financial statements*, in addition to the aforementioned report, is included in our UBS AG Annual Report 2025 available on our website and filed on 9 March 2026 with all other relevant non-US exchanges.



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Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of UBS AG

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of UBS AG and subsidiaries (“the Group”) as of 31 December 2025 and 2024, the related consolidated income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended 31 December 2025, and the related notes to the consolidated financial statements, including the information identified as “audited” as described in Note 1 (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group at 31 December 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended 31 December 2025, in conformity with the IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

These financial statements are the responsibility of the Group’s Board of Directors and management. Our responsibility is to express an opinion on the Group’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Group in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.



Valuation of complex or illiquid instruments at fair value

Description of the Matter At 31 December 2025, as explained in Notes 1 and 20 to the consolidated financial statements, the Group held financial assets measured at fair value of USD 492,977 million (of which USD 262,551 million are classified as Level 2 in the fair value hierarchy and USD 14,536 million are classified as Level 3) and financial liabilities measured at fair value of USD 415,001 million (of which USD 355,584 million are classified as Level 2 in the fair value hierarchy and USD 19,415 million are classified as Level 3). These instruments are reported within the following accounts: financial assets and liabilities at fair value held for trading, derivative financial instruments, financial assets at fair value not held for trading, debt issued designated at fair value, and other financial liabilities designated at fair value. In determining the fair value of these financial instruments, the Group used valuation techniques, modelling assumptions, and estimates of unobservable market inputs which required significant management judgment.

Auditing management's judgments and assumptions used in the estimation of the fair value of these instruments was complex due to the highly judgmental nature of valuation techniques, key modelling assumptions and significant unobservable inputs. Auditing the valuation of complex or illiquid instruments at fair value included consideration of any incremental risks arising from the impact of current macroeconomic influences on valuation techniques and inputs. The valuation techniques that required especially complex judgement included discounted cash flow, earnings-based valuation techniques and complex derivative pricing models. Valuation inputs which were particularly complex and subjective included those with a limited degree of observability and the associated extrapolation, interpolation or calibration of inputs using limited and proxy data points. Examples of such inputs included unobservable credit spreads and interest rates, equity valuations, and equity volatility.

How We Addressed the Matter in Our Audit We obtained an understanding, evaluated the design and tested the operating effectiveness of the controls over management's financial instrument valuation processes. This included controls over independent price verification, independent validation of methodologies, independent validation and usage monitoring of valuation models, and the calculation of fair value adjustments.

We tested the valuation techniques, models and methodologies, as well as the key inputs used in those models. We performed an independent revaluation of a sample of complex or illiquid financial assets and liabilities with the support of specialists using independent models and inputs. We also independently assessed the appropriateness of a sample of key inputs by comparing them to available market data or evaluating the suitability of proxy inputs where relevant.

Additionally, alongside our valuation specialists, we also independently challenged methodologies and key inputs in relation to fair value adjustments and performed recalculations for a sample of these using our own independent data and methodologies. We reviewed the observability of material Day 1 profit and loss adjustments by evaluating the availability and reliability of market data supporting initial valuations and evaluated management's processes for identifying and assessing unobservable inputs.

We also assessed management's disclosures over fair value measurement (within Notes 1 and 20 to the consolidated financial statements).



Expected credit losses

Description of the Matter At 31 December 2025, the Group's allowances and provisions for expected credit losses ("ECL") were USD 3,982 million. As explained in Notes 1, 9 and 19 to the consolidated financial statements, ECL is recognized for financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, fee and lease receivables, financial guarantees, and loan commitments not measured at fair value. ECL is also recognized on the undrawn portion of committed unconditionally revocable credit lines, which include the Group's credit card limits and master credit facilities. The allowances and provisions for ECL consist of exposures that are in default which are individually evaluated for impairment ("stage 3"), as well as losses inherent in the loan portfolio that are not specifically identified ("stage 1" and "stage 2"). Management's ECL estimates represent the difference between contractual cash flows and those the Group expects to receive, discounted at the effective interest rate.

Auditing management's estimate of the allowances and provisions for ECL was complex due to the judgmental nature of forward-looking economic scenarios that form the basis of the ECL calculation and their probability weightings. Macroeconomic developments during 2025, such as geopolitical tensions and trade-policy, contributed to further uncertainty and complexity in estimating ECL. As a result, the ECL estimation required heightened management judgement, specifically in connection with the scenario selection, which involves assumptions about the scenario severity, underlying macroeconomic variables, and the number of scenarios needed to adequately capture the range of potential outcomes, along with their associated weights. Additionally, auditing the measurement of certain individual ECL for stage 3 in the Personal and Corporate Banking business division was complex due to the high degree of judgment involved in management's process for estimating ECL based on assumptions. These assumptions take into account expected future cash flows from collateral and other credit enhancements or expected payouts from bankruptcy proceedings for unsecured claims and, where applicable, time to realization of collateral and the seniority of claims.

How We Addressed the Matter in Our Audit We obtained an understanding, evaluated the design and tested the operating effectiveness of management's controls over the ECL estimate. This included assessing management's selection of forward-looking economic scenarios used to measure ECL and the probability weightings assigned to those scenarios. We evaluated management's methodologies and governance controls for developing and monitoring the economic scenarios used and their associated probability weightings. With the support of specialists, we assessed key macroeconomic variables used in the forward-looking scenarios, such as real gross domestic product growth, unemployment rates, interest rates and house price indices. We also evaluated the modelled correlation and translation of these macroeconomic factors to the ECL estimate.

For the measurement of certain individual ECL for stage 3 in the Personal and Corporate Banking business division, we obtained an understanding, evaluated the design and tested the operating effectiveness of controls over management's process, including an evaluation of the assumptions used by management regarding the future cash flows from debtors' continuing operations and/or the liquidation of collateral. Supported by specialists in certain areas, we additionally tested collateral valuation, cash flow assumptions and exit strategies by performing inquiries of management, inspecting underlying documents, such as loan contracts, financial statements, covenants, budgets and business plans, collateral valuation reports and by re-performing discounted cash flow calculations among other procedures, on a sample basis.

We also assessed management's disclosures regarding expected credit loss measurement (within Notes 1, 9 and 19 of the consolidated financial statements).



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Recognition of deferred tax assets

Description of the Matter At 31 December 2025, the Group's deferred tax assets ("DTAs") were USD 11,085 million (see Note 8 to the consolidated financial statements). DTAs are recognized to the extent it is probable that taxable profits will be available, against which applicable deductible temporary differences or the carryforward of unused tax losses within the loss carryforward period can be used. Judgment is exercised when estimating future taxable income that is not based on the reversal of taxable temporary differences. Management's estimate of future taxable profits is based on its strategic plan and tax planning strategies which would be executed if necessary to generate additional future taxable income as well as the consideration of expiry dates of unused tax losses.

Auditing management's assessment of the recognition of the Group's DTAs was complex due to the judgmental nature of estimating future taxable profits and the consideration of tax planning strategies. Estimating future profitability is inherently subjective and tax planning strategies require judgement in applying applicable tax law.

How We Addressed the Matter in Our Audit We obtained an understanding, evaluated the design, and tested the operating effectiveness of management's controls over DTA valuation, which included assumptions used in developing the strategic plan and estimating future taxable income and the consideration of tax planning strategies.

We assessed the completeness and accuracy of the input data used for the estimations of future taxable income and the appropriateness of tax planning strategies used in management's DTA recognition assessment. This included consideration of the expiry dates of unused tax losses.

We involved specialists to assist in assessing the key economic assumptions embedded in the strategic plans. We compared key assumptions used to forecast future taxable income to externally available historical and prospective data and assumptions and assessed the sensitivity of the outcomes using reasonably possible changes in assumptions.

We also assessed management's disclosure regarding recognized and unrecognized deferred tax assets (within Note 8 to the consolidated financial statements).

Ernst & Young Ltd

We have served as the Group's auditor since 1998.

Basel, Switzerland

6 March 2026



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To the General Meeting of
UBS AG, Zurich & Basel

Basel, 6 March 2026

Statutory auditor's report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of UBS AG and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of 31 December 2025 and 31 December 2024, and the consolidated income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended 31 December 2025, and the related notes to the consolidated financial statements, including the information identified as "audited" as described in Note 1 (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025 and 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended 31 December 2025 in accordance with IFRS Accounting Standards and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISA) 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 consolidated financial statements* section of our report.

We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession that are relevant to audits of the financial statements of public interest entities, as well as those of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) as applicable to audits of financial statements of public interest entities. We have also 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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



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Valuation of complex or illiquid instruments at fair value

Area of focus At 31 December 2025, as explained in Notes 1 and 20 to the consolidated financial statements, the Group held financial assets measured at fair value of USD 492,977 million (of which USD 262,551 million are classified as Level 2 in the fair value hierarchy and USD 14,536 million are classified as Level 3) and financial liabilities measured at fair value of USD 415,001 million (of which USD 355,584 million are classified as Level 2 in the fair value hierarchy and USD 19,415 million are classified as Level 3). These instruments are reported within the following accounts: financial assets and liabilities at fair value held for trading, derivative financial instruments, financial assets at fair value not held for trading, debt issued designated at fair value, and other financial liabilities designated at fair value. In determining the fair value of these financial instruments, the Group used valuation techniques, modelling assumptions, and estimates of unobservable market inputs which required significant management judgment.

Auditing management's judgments and assumptions used in the estimation of the fair value of these instruments was complex due to the highly judgmental nature of valuation techniques, key modelling assumptions and significant unobservable inputs. Auditing the valuation of complex or illiquid instruments at fair value included consideration of any incremental risks arising from the impact of current macroeconomic influences on valuation techniques and inputs. The valuation techniques that required especially complex judgement included discounted cash flow, earnings-based valuation techniques and complex derivative pricing models. Valuation inputs which were particularly complex and subjective included those with a limited degree of observability and the associated extrapolation, interpolation or calibration of inputs using limited and proxy data points. Examples of such inputs included unobservable credit spreads and interest rates, equity valuations, and equity volatility.

Our audit response

We obtained an understanding, evaluated the design and tested the operating effectiveness of the controls over management's financial instrument valuation processes. This included controls over independent price verification, independent validation of methodologies, independent validation and usage monitoring of valuation models, and the calculation of fair value adjustments.

We tested the valuation techniques, models and methodologies, as well as the key inputs used in those models. We performed an independent revaluation of a sample of complex or illiquid financial assets and liabilities with the support of specialists using independent models and inputs. We also independently assessed the appropriateness of a sample of key inputs by comparing them to available market data or evaluating the suitability of proxy inputs where relevant.

Additionally, alongside our valuation specialists, we also independently challenged methodologies and key inputs in relation to fair value adjustments and performed recalculations for a sample of these using our own independent data and methodologies. We reviewed the observability of material Day 1 profit and loss adjustments by evaluating the availability and reliability of market data supporting initial valuations and evaluated management's processes for identifying and assessing unobservable inputs.

We also assessed management's disclosures over fair value measurement (within Notes 1 and 20 to the consolidated financial statements).



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Expected credit losses

Area of focus

At 31 December 2025, the Group's allowances and provisions for expected credit losses ("ECL") were USD 3,982 million. As explained in Notes 1, 9 and 19 to the consolidated financial statements, ECL is recognized for financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, fee and lease receivables, financial guarantees, and loan commitments not measured at fair value. ECL is also recognized on the undrawn portion of committed unconditionally revocable credit lines, which include the Group's credit card limits and master credit facilities. The allowances and provisions for ECL consist of exposures that are in default which are individually evaluated for impairment ("stage 3"), as well as losses inherent in the loan portfolio that are not specifically identified ("stage 1" and "stage 2"). Management's ECL estimates represent the difference between contractual cash flows and those the Group expects to receive, discounted at the effective interest rate.

Auditing management's estimate of the allowances and provisions for ECL was complex due to the judgmental nature of forward-looking economic scenarios that form the basis of the ECL calculation and their probability weightings. Macroeconomic developments during 2025, such as geopolitical tensions and trade-policy, contributed to further uncertainty and complexity in estimating ECL. As a result, the ECL estimation required heightened management judgement, specifically in connection with the scenario selection, which involves assumptions about the scenario severity, underlying macroeconomic variables, and the number of scenarios needed to adequately capture the range of potential outcomes, along with their associated weights. Additionally, auditing the measurement of certain individual ECL for stage 3 in the Personal and Corporate Banking business division was complex due to the high degree of judgment involved in management's process for estimating ECL based on assumptions. These assumptions take into account expected future cash flows from collateral and other credit enhancements or expected payouts from bankruptcy proceedings for unsecured claims and, where applicable, time to realization of collateral and the seniority of claims.

Our audit response

We obtained an understanding, evaluated the design and tested the operating effectiveness of management's controls over the ECL estimate. This included assessing management's selection of forward-looking economic scenarios used to measure ECL and the probability weightings assigned to those scenarios. We evaluated management's methodologies and governance controls for developing and monitoring the economic scenarios used and their associated probability weightings. With the support of specialists, we assessed key macroeconomic variables used in the forward-looking scenarios, such as real gross domestic product growth, unemployment rates, interest rates and house price indices. We also evaluated the modelled correlation and translation of these macroeconomic factors to the ECL estimate.

For the measurement of certain individual ECL for stage 3 in the Personal and Corporate Banking business division, we obtained an understanding, evaluated the design and tested the operating effectiveness of controls over management's process, including an evaluation of the assumptions used by management regarding the future cash flows from debtors' continuing operations and/or the liquidation of collateral. Supported by specialists in certain areas, we additionally tested collateral valuation, cash flow assumptions and exit strategies by performing inquiries of management, inspecting underlying documents, such as loan contracts, financial statements, covenants, budgets and business plans, collateral valuation reports and by re-performing discounted cash flow calculations among other procedures, on a sample basis.

We also assessed management's disclosures regarding expected credit loss measurement (within Notes 1, 9 and 19 of the consolidated financial statements).



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Recognition of deferred tax assets

Area of focus At 31 December 2025, the Group's deferred tax assets ("DTAs") were USD 11,085 million (see Note 8 to the consolidated financial statements). DTAs are recognized to the extent it is probable that taxable profits will be available, against which applicable deductible temporary differences or the carryforward of unused tax losses within the loss carryforward period can be used. Judgment is exercised when estimating future taxable income that is not based on the reversal of taxable temporary differences. Management's estimate of future taxable profits is based on its strategic plan and tax planning strategies which would be executed if necessary to generate additional future taxable income as well as the consideration of expiry dates of unused tax losses.

Auditing management's assessment of the recognition of the Group's DTAs was complex due to the judgmental nature of estimating future taxable profits and the consideration of tax planning strategies. Estimating future profitability is inherently subjective and tax planning strategies require judgement in applying applicable tax law.

Our audit response We obtained an understanding, evaluated the design, and tested the operating effectiveness of management's controls over DTA valuation, which included assumptions used in developing the strategic plan and estimating future taxable income and the consideration of tax planning strategies.

We assessed the completeness and accuracy of the input data used for the estimations of future taxable income and the appropriateness of tax planning strategies used in management's DTA recognition assessment. This included consideration of the expiry dates of unused tax losses.

We involved specialists to assist in assessing the key economic assumptions embedded in the strategic plans. We compared key assumptions used to forecast future taxable income to externally available historical and prospective data and assumptions and assessed the sensitivity of the outcomes using reasonably possible changes in assumptions.

We also assessed management's disclosure regarding recognized and unrecognized deferred tax assets (within Note 8 to the consolidated financial statements).

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements of UBS Group AG and UBS AG, the standalone financial statements of UBS Group AG, the compensation report¹, and our auditor's reports thereon.

Our opinions on the consolidated financial statements of UBS Group AG and UBS AG, the standalone financial statements of UBS Group AG and the compensation report¹ do not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements 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

¹ Specifically, the following tables in the compensation report: "Share ownership/entitlements of GEB members," "Total of all vested and unvested shares of GEB members," "Number of shares of BoD members," and "Total of all blocked and unblocked shares of BoD Members."



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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 consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements, which give a true and fair view in accordance with IFRS Accounting Standards and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are 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, ISA 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 these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Isabelle Santenac
Licensed audit expert
(Auditor in charge)

Robert Wadley
Certified Public Accountant (U.S.)

UBS AG consolidated financial statements

Primary financial statements and share information

Audited I

Income statement

USD m	Note	For the year ended		
		31.12.25	31.12.24	31.12.23
Interest income from financial instruments measured at amortized cost and fair value through other comprehensive income	3	26,507	28,967	22,444
Interest expense from financial instruments measured at amortized cost	3	(26,477)	(29,745)	(19,643)
Net interest income from financial instruments measured at fair value through profit or loss and other	3	6,323	5,455	1,765
Net interest income	3	6,354	4,678	4,566
Other net income from financial instruments measured at fair value through profit or loss	3	13,952	12,959	9,934
Fee and commission income	4	30,069	25,806	20,399
Fee and commission expense	4	(2,669)	(2,369)	(1,790)
Net fee and commission income	4	27,400	23,438	18,610
Other income	5	(17)	1,248	566
Total revenues		47,688	42,323	33,675
Credit loss expense / (release)	19	549	544	143
Personnel expenses	6	22,702	19,958	15,655
General and administrative expenses	7	17,481	16,548	11,118
Depreciation, amortization and impairment of non-financial assets	11, 12	2,856	2,840	2,238
Operating expenses		43,038	39,346	29,011
Operating profit / (loss) before tax		4,101	2,433	4,521
Tax expense / (benefit)	8	534	900	1,206
Net profit / (loss)		3,566	1,533	3,315
Net profit / (loss) attributable to non-controlling interests		26	51	25
Net profit / (loss) attributable to shareholders		3,541	1,481	3,290

Statement of comprehensive income

USD m	Note	For the year ended		
		31.12.25	31.12.24	31.12.23
Comprehensive income attributable to shareholders				
Net profit / (loss)		3,541	1,481	3,290
Other comprehensive income that may be reclassified to the income statement				
Foreign currency translation				
Foreign currency translation movements related to net assets of foreign operations, before tax ¹		5,647	(2,629)	1,747
Effective portion of changes in fair value of hedging instruments designated as net investment hedges, before tax		(2,190)	1,340	(912)
Foreign currency translation differences on foreign operations reclassified to the income statement		(80)	15	58
Effective portion of changes in fair value of hedging instruments designated as net investment hedges reclassified to the income statement		8	(12)	(28)
Income tax relating to foreign currency translations, including the effect of net investment hedges		(4)	24	(17)
Subtotal foreign currency translation, net of tax		3,381 ²	(1,261)	849
Financial assets measured at fair value through other comprehensive income				
Net unrealized gains / (losses), before tax		69	0	4
Net realized (gains) / losses reclassified to the income statement from equity		0	0	1
Income tax relating to net unrealized gains / (losses)		3	0	0
Subtotal financial assets measured at fair value through other comprehensive income, net of tax		72	0	5
Cash flow hedges of interest rate risk				
	24			
Effective portion of changes in fair value of derivative instruments designated as cash flow hedges, before tax		464	(1,198)	(36)
Net (gains) / losses reclassified to the income statement from equity		1,134	1,907	1,745
Income tax relating to cash flow hedges		(302)	(74)	(309)
Subtotal cash flow hedges, net of tax		1,295	635	1,400
Cost of hedging				
	24			
Cost of hedging, before tax		56	(87)	(19)
Income tax relating to cost of hedging		0	0	0
Subtotal cost of hedging, net of tax		56	(87)	(19)
Total other comprehensive income that may be reclassified to the income statement, net of tax		4,804	(714)	2,235
Other comprehensive income that will not be reclassified to the income statement				
Defined benefit plans				
	25			
Gains / (losses) on defined benefit plans, before tax		30	(106)	(103)
Income tax relating to defined benefit plans		(36)	20	(33)
Subtotal defined benefit plans, net of tax		(6)	(86)	(136)
Own credit on financial liabilities designated at fair value				
	20			
Gains / (losses) from own credit on financial liabilities designated at fair value, before tax		(569)	75	(861)
Income tax relating to own credit on financial liabilities designated at fair value		2	(10)	71
Subtotal own credit on financial liabilities designated at fair value, net of tax		(567)	65	(790)
Total other comprehensive income that will not be reclassified to the income statement, net of tax		(573)	(21)	(927)
Total other comprehensive income		4,231	(735)	1,308
Total comprehensive income attributable to shareholders		7,772	747	4,598
Comprehensive income attributable to non-controlling interests				
Net profit / (loss)		26	51	25
Total other comprehensive income that will not be reclassified to the income statement, net of tax		15	(48)	2
Total comprehensive income attributable to non-controlling interests		40	3	27
Total comprehensive income				
Net profit / (loss)		3,566	1,533	3,315
Other comprehensive income		4,246	(783)	1,311
<i>of which: other comprehensive income that may be reclassified to the income statement</i>		4,804	(714)	2,235
<i>of which: other comprehensive income that will not be reclassified to the income statement</i>		(558)	(69)	(924)
Total comprehensive income		7,812	749	4,625

¹ Includes foreign currency translation differences as incurred by UBS AG's associates where UBS AG has recorded its share in these differences. The year ended 31 December 2025 includes a USD 93m gain from UBS AG's share of a reclassification of foreign currency translation differences to the income statement as recorded by an associate of UBS AG. ² Mainly reflects a weakening of the US dollar against the Swiss franc and the euro.

Balance sheet

USD m	Note	31.12.25	31.12.24
Assets			
Cash and balances at central banks		209,858	223,329
Amounts due from banks	9	19,243	18,111
Receivables from securities financing transactions measured at amortized cost	9, 21	83,656	118,302
Cash collateral receivables on derivative instruments	9, 21	41,552	43,959
Loans and advances to customers	9	658,760	587,347
Other financial assets measured at amortized cost	9, 13a	72,025	59,279
Total financial assets measured at amortized cost		1,085,094	1,050,326
Financial assets at fair value held for trading	20	174,854	159,223
<i>of which: assets pledged as collateral that may be sold or repledged by counterparties</i>		<i>44,627</i>	<i>38,532</i>
Derivative financial instruments	10, 20, 21	148,325	186,435
Brokerage receivables	20	35,579	25,858
Financial assets at fair value not held for trading	20	107,293	95,203
Total financial assets measured at fair value through profit or loss		466,051	466,719
Financial assets measured at fair value through other comprehensive income	20	13,868	2,195
Investments in associates	27b	2,331	2,306
Property, equipment and software	11	12,125	12,091
Goodwill and intangible assets	12	6,734	6,661
Deferred tax assets	8	11,085	10,481
Other non-financial assets	13b	19,884	17,282
Total assets		1,617,173	1,568,060
Liabilities			
Amounts due to banks	14a	24,434	23,347
Payables from securities financing transactions measured at amortized cost	21	16,225	14,824
Cash collateral payables on derivative instruments	21	34,742	36,366
Customer deposits	14a	796,330	749,476
Funding from UBS Group AG measured at amortized cost	14b	110,614	107,918
Debt issued measured at amortized cost	16	100,207	101,104
Other financial liabilities measured at amortized cost	18a	16,617	21,762
Total financial liabilities measured at amortized cost		1,099,169	1,054,796
Financial liabilities at fair value held for trading	20	53,700	35,247
Derivative financial instruments	10, 20, 21	156,267	180,678
Brokerage payables designated at fair value	20	62,202	49,023
Debt issued designated at fair value	15, 20	107,544	102,567
Other financial liabilities designated at fair value	18b, 20	35,287	34,041
Total financial liabilities measured at fair value through profit or loss		415,001	401,555
Provisions	17a	3,564	5,131
Other non-financial liabilities	18c	10,260	11,911
Total liabilities		1,527,994	1,473,394
Equity			
Share capital		386	386
Share premium		84,849	84,777
Retained earnings		(2,147)	7,838
Other comprehensive income recognized directly in equity, net of tax		5,757	1,002
Equity attributable to shareholders		88,845	94,003
Equity attributable to non-controlling interests		334	662
Total equity		89,179	94,666
Total liabilities and equity		1,617,173	1,568,060

Statement of changes in equity

<i>USD m</i>	Share capital	Share premium	Retained earnings
Balance as of 31 December 2022	338	24,648	31,746
Premium on shares issued and warrants exercised		(19) ²	
Tax (expense) / benefit		12	
Dividends			(6,000)
Translation effects recognized directly in retained earnings			127
Share of changes in retained earnings of associates and joint ventures			(1)
Share capital currency change	48	(48)	
New consolidations / (deconsolidations) and other increases / (decreases)		45 ³	0
Total comprehensive income for the year			2,363
<i>of which: net profit / (loss)</i>			<i>3,290</i>
<i>of which: OCI, net of tax</i>			<i>(927)</i>
Balance as of 31 December 2023	386	24,638	28,235
Equity recognized due to the merger of UBS AG and Credit Suisse AG ⁴		60,571	(18,848)
Premium on shares issued and warrants exercised		(20) ²	
Tax (expense) / benefit		18	
Dividends			(3,000)
Translation effects recognized directly in retained earnings			(33)
Share of changes in retained earnings of associates and joint ventures			(3)
New consolidations / (deconsolidations) and other increases / (decreases)		(431) ⁵	26
Total comprehensive income for the year			1,460
<i>of which: net profit / (loss)</i>			<i>1,481</i>
<i>of which: OCI, net of tax</i>			<i>(21)</i>
Balance as of 31 December 2024	386	84,777	7,838
Premium on shares issued and warrants exercised		(1) ²	
Tax (expense) / benefit		160	
Dividends			(13,000)
Translation effects recognized directly in retained earnings			50
Share of changes in retained earnings of associates and joint ventures			(2)
New consolidations / (deconsolidations) and other increases / (decreases)		(86)	0
Total comprehensive income for the year			2,968
<i>of which: net profit / (loss)</i>			<i>3,541</i>
<i>of which: OCI, net of tax</i>			<i>(573)</i>
Balance as of 31 December 2025	386	84,849	(2,147)

¹ Excludes other comprehensive income related to defined benefit plans and own credit, which is recorded directly in Retained earnings. ² Includes decreases related to recharges by UBS Group AG for share-based compensation awards granted to employees of UBS AG or its subsidiaries. ³ Includes an increase of USD 45m related to the issuance of high-trigger loss-absorbing additional tier 1 capital with an equity conversion feature. ⁴ Refer to Note 28 for more information. ⁵ Mainly reflecting effects from transactions between Credit Suisse AG and its subsidiaries and UBS AG and its subsidiaries prior to the merger in May 2024. ⁶ Includes an increase of USD 490m in the second quarter of 2024 due to the merger of UBS AG and Credit Suisse AG. ⁷ Mainly reflects effects from UBS AG's increase in its stake in UBS Securities China from 67% to 100% and UBS AG's sale of a 36.01% stake in another subsidiary, Credit Suisse Securities (China) Limited. Refer to Note 28 for more information.

Other comprehensive income recognized directly in equity, net of tax ¹	<i>of which: foreign currency translation</i>	<i>of which: financial assets at fair value through OCI</i>	<i>of which: cash flow hedges</i>	<i>of which: cost of hedging</i>	Total equity attributable to shareholders	Non-controlling interests	Total equity
(133)	4,098	(4)	(4,234)	7	56,598	342	56,940
					(19)		(19)
					12		12
					(6,000)	(4)	(6,004)
(127)		0	(127)	0	0		0
					(1)		(1)
					0		0
					45	(31)	15
2,235	849	5	1,400	(19)	4,598	27	4,625
					3,290	25	3,315
2,235	849	5	1,400	(19)	1,308	2	1,311
1,974	4,947	1	(2,961)	(13)	55,234	335	55,569
(291)			(291)		41,432		41,432
					(20)		(20)
					18		18
					(3,000)	(30)	(3,029)
33		0	33	0	0		0
					(3)		(3)
					(405)	355 ⁶	(51) ⁶
(714)	(1,261)	0	635	(87)	747	3	749
					1,481	51	1,533
(714)	(1,261)	0	635	(87)	(735)	(48)	(783)
1,002	3,686	0	(2,585)	(100)	94,003	662	94,666
					(1)		(1)
					160		160
					(13,000)	(86)	(13,086)
(50)		0	(50)	0	0		0
					(2)		(2)
					(86)	(283) ⁷	(370) ⁷
4,804	3,381	72	1,295	56	7,772	40	7,812
					3,541	26	3,566
4,804	3,381	72	1,295	56	4,231	15	4,246
5,757	7,067	73	(1,339)	(44)	88,845	334	89,179

Share information and earnings per share

Ordinary share capital

As of 31 December 2025, UBS AG had 3,858,408,466 issued fully paid registered shares (31 December 2024: 3,858,408,466 shares) with a nominal value of USD 0.10 each, leading to a share capital of USD 385,840,846.60. The shares were entirely held by UBS Group AG.

Conditional capital

As of 31 December 2025, the following conditional capital was available to the Board of Directors (the BoD) of UBS AG:

- Conditional capital in the amount of USD 38,000,000, for the issuance of a maximum of 380,000,000 fully paid registered shares with a nominal value of USD 0.10 each, to be issued through the voluntary or mandatory exercise of conversion rights and / or warrants granted in connection with the issuance of bonds or similar financial instruments on national or international capital markets. This conditional capital allowance was approved at the Extraordinary General Meeting held on 26 November 2014, having originally been approved at the Annual General Meeting (the AGM) of UBS AG on 14 April 2010. The BoD has not made use of such allowance.

Conversion capital

As of 31 December 2025, UBS AG had conversion capital in the amount of USD 70,000,000, for the issuance of a maximum of 700,000,000 fully paid registered shares with a nominal value of USD 0.10 each. The issuance of fully paid registered shares only occurs through the mandatory conversion of claims arising upon the occurrence of one or more trigger events under financial market instruments with contingent conversion features issued by UBS AG. The creation of this conversion capital was approved at the AGM held on 23 April 2024.

Capital band and reserve capital

As of 31 December 2025, UBS AG had not introduced any capital band or any reserve capital.

Earnings per share

In 2015, UBS AG shares were delisted from the SIX Swiss Exchange and the New York Stock Exchange. As of 31 December 2025, 100% of UBS AG's issued shares were held by UBS Group AG and therefore were not publicly traded. Accordingly, earnings per share information is not provided for UBS AG.

Statement of cash flows

USD m	For the year ended		
	31.12.25	31.12.24	31.12.23
Cash flow from / (used in) operating activities			
Net profit / (loss)	3,566	1,533	3,315
Non-cash items included in net profit and other adjustments			
Depreciation, amortization and impairment of non-financial assets	2,856	2,840	2,238
Credit loss expense / (release)	549	544	143
Share of net (profit) / loss of associates and joint ventures and impairment related to associates	(77)	(73)	163
Deferred tax expense / (benefit)	(703)	(1,106)	(222)
Net loss / (gain) from investing activities	(346)	207	(225)
Net loss / (gain) from financing activities	17,687	(3,643)	4,919
Other net adjustments ¹	(27,927)	14,292	(10,383)
Net change in operating assets and liabilities^{1,2}			
Amounts due from banks and amounts due to banks	(154)	(708)	(10,093) ³
Receivables from securities financing transactions measured at amortized cost	40,505	(19,580)	(4,993)
Payables from securities financing transactions measured at amortized cost	810	471	1,543
Cash collateral on derivative instruments	1,183	(6,132)	1,162
Loans and advances to customers	(12,523)	21,240	3,707
Customer deposits	(9,259)	(13,407)	6,521
Financial assets and liabilities at fair value held for trading and derivative financial instruments	24,867	(27,623)	(16,017)
Brokerage receivables and payables	2,928	1,842	(6,101)
Financial assets at fair value not held for trading and other financial assets and liabilities	(12,965)	2,272	(4,661)
Provisions and other non-financial assets and liabilities	(4,590)	1,465	2,325
Income taxes paid, net of refunds	(1,844)	(1,500)	(1,541)
Net cash flow from / (used in) operating activities⁴	24,562	(27,065)	(28,202)
Cash flow from / (used in) investing activities			
Cash and cash equivalents obtained due to the merger of UBS AG and Credit Suisse AG ⁵		121,258	
Purchase of subsidiaries, businesses, associates and intangible assets	(17)	(64)	(4)
Disposal of subsidiaries, businesses, associates and intangible assets ⁶	653 ⁷	233	109
Purchase of property, equipment and software	(1,859)	(1,512)	(1,283)
Disposal of property, equipment and software	209	71	33
Purchase of financial assets measured at fair value ⁸	(16,717)	(4,638)	(4,157)
Disposal and redemption of financial assets measured at fair value ⁸	5,210	4,635	4,187
Purchase of debt securities measured at amortized cost	(21,569)	(5,962)	(14,244)
Disposal and redemption of debt securities measured at amortized cost	11,791	8,384	10,435
Net cash flow from / (used in) investing activities	(22,299)	122,406	(4,924)

Table continues below.

Statement of cash flows (continued)

Table continued from above.

USD m	For the year ended		
	31.12.25	31.12.24	31.12.23
Cash flow from / (used in) financing activities			
Repayment of Swiss National Bank funding ⁹		(10,304)	
Net issuance (repayment) of short-term debt measured at amortized cost	1,692	(6,163)	7,181
Distributions paid on UBS AG shares	(13,000)	(3,000)	(6,000)
Issuance of debt designated at fair value and long-term debt measured at amortized cost ¹⁰	131,936	102,997	104,551
Repayment of debt designated at fair value and long-term debt measured at amortized cost ¹⁰	(153,038)	(118,286)	(85,541)
Inflows from securities financing transactions measured at amortized cost ¹¹	2,319	6,273	
Outflows from securities financing transactions measured at amortized cost ¹¹	(2,734)	(2,688)	
Net cash flows from other financing activities	(935)	(965)	(501)
Net cash flow from / (used in) financing activities	(33,760)	(32,137)	19,690
Total cash flow			
Cash and cash equivalents at the beginning of the year	243,359	190,469	195,200
Net cash flow from / (used in) operating, investing and financing activities	(31,497)	63,205	(13,435)
Effects of exchange rate differences on cash and cash equivalents ¹	19,103	(10,315)	8,704
Cash and cash equivalents at the end of the year¹²	230,965	243,359	190,469
<i>of which: cash and balances at central banks³</i>	<i>209,858</i>	<i>223,329</i>	<i>171,723</i>
<i>of which: amounts due from banks³</i>	<i>17,882</i>	<i>16,654</i>	<i>12,078</i>
<i>of which: money market paper^{3,14}</i>	<i>3,224</i>	<i>3,115</i>	<i>6,668</i>

Additional information

Net cash flow from / (used in) operating activities includes:

Interest received in cash	42,714	48,253	32,576
Interest paid in cash	37,874	41,454	26,711
Dividends on equity investments, investment funds and associates received in cash ⁶	3,204	2,780	2,241

¹ Foreign currency translation and foreign exchange effects on operating assets and liabilities and on cash and cash equivalents are presented within the Other net adjustments line, with the exception of foreign currency hedge effects related to foreign exchange swaps, which are presented on the line Financial assets and liabilities at fair value held for trading and derivative financial instruments. ² Excludes non-cash items arising from the accounting for the merger of UBS AG and Credit Suisse AG. Refer to Note 28 for more information. ³ Mainly reflects funding provided to Credit Suisse. ⁴ Includes cash receipts from the sale of loans and loan commitments of USD 780m and USD 4,237m within Non-core and Legacy for the years ended 31 December 2025 and 31 December 2024, respectively. ⁵ Refer to Note 28 for more information. ⁶ Includes dividends received from associates. ⁷ Includes cash proceeds of USD 767m, net of outflows related to cash and cash equivalents of USD 276m, mainly from: the sale of Select Portfolio Servicing, the US mortgage servicing business of Credit Suisse; the sale of a stake in Credit Suisse Securities (China) Limited; and the sale of a wealth management business in India. For the comparative periods the cash proceeds received were not materially different from the cash flows net of cash and cash equivalents disposed from losing control of subsidiaries and other businesses as reported. Refer to Note 28 for more information. ⁸ Includes cash flows in relation to financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss. ⁹ Reflects the repayment of the Emergency Liquidity Assistance facility to the Swiss National Bank, which was recognized in the Amounts due to banks balance sheet line. ¹⁰ Includes funding from UBS Group AG measured at amortized cost (recognized on the balance sheet in Funding from UBS Group AG) and measured at fair value (recognized on the balance sheet in Other financial liabilities designated at fair value). ¹¹ Reflects cash flows from securities financing transactions measured at amortized cost that use UBS AG debt instruments as the underlying. ¹² As of 31 December 2025, the balance included USD 19,118m (31 December 2024: USD 16,555m; 31 December 2023: USD 9,209m) of Cash and cash equivalents not available for general use by the UBS AG, which consisted of USD 5,169m (31 December 2024: USD 4,701m; 31 December 2023: USD 4,553m) considered by UBS AG as restricted (refer to Note 22 for more information) and USD 13,950m (31 December 2024: USD 11,855m; 31 December 2023: USD 4,656m) placed at central banks to meet local statutory minimum reserve requirements. ¹³ Includes only balances with an original maturity of three months or less. ¹⁴ Money market paper is included in the balance sheet under Financial assets at fair value not held for trading (31 December 2025: USD 2,779m; 31 December 2024: USD 2,589m; 31 December 2023: USD 6,345m), Other financial assets measured at amortized cost (31 December 2025: USD 437m; 31 December 2024: USD 400m; 31 December 2023: USD 295m) and Financial assets at fair value held for trading (31 December 2025: USD 8m; 31 December 2024: USD 126m; 31 December 2023: USD 29m).

Changes in liabilities arising from financing activities

USD m	Debt issued measured at amortized cost		Securities financing transactions measured at amortized cost ³		Swiss National Bank funding ⁴		Over-the-counter debt instruments ⁵		Funding from UBS Group AG ⁶		Total
	of which: short-term ¹	of which: long-term ²	Debt issued designated at fair value	Debt issued designated at fair value	Swiss National Bank funding ⁴	Over-the-counter debt instruments ⁵	Funding from UBS Group AG ⁶				
Balance as of 31 December 2023	69,784	37,285	32,499	86,341	10,240	1,566	70,232	227,923			
Changes arising upon the merger of UBS AG and Credit Suisse AG ⁷	44,521	44,521	5,333	25,947	10,240	2,499	47,116	135,654			
Cash flows	(10,590)	(6,163)	(4,427)	(10,059)	(10,304)	1,797	(2,601)	(28,172)			
Non-cash changes	(2,610)	(613)	(1,997)	338	64	(326)	(1,487)	(4,166)			
<i>of which: foreign currency translation</i>	<i>(2,045)</i>	<i>(613)</i>	<i>(1,432)</i>	<i>(146)</i>	<i>64</i>	<i>(104)</i>	<i>(2,558)</i>	<i>(7,117)</i>			
<i>of which: fair value changes</i>				2,887		(207)	(66)	2,613			
<i>of which: hedge accounting and other effects</i>	<i>(565)</i>	<i>(565)</i>		(221)		(14)	1,138	338			
Balance as of 31 December 2024	101,104	30,509	70,595	8,772	102,567	5,536	113,260	331,239			
Cash flows	(8,836)	1,692	(10,529)	(416)	(5,688)	(1,277)	(3,608)	(19,825)			
Non-cash changes	7,940	1,669	6,271	719	10,665	(981)	8,065	26,408			
<i>of which: foreign currency translation</i>	<i>8,246</i>	<i>1,669</i>	<i>6,577</i>	<i>719</i>	<i>4,531</i>	<i>121</i>	<i>4,728</i>	<i>18,346</i>			
<i>of which: fair value changes</i>				5,024		(23)	319	5,320			
<i>of which: hedge accounting and other effects</i>	<i>(306)</i>	<i>(306)</i>		1,110		(1,080)	3,018	2,742			
Balance as of 31 December 2025	100,207	33,870	66,337	9,076	107,544	3,277	117,717	337,822			

¹ Debt with an original contractual maturity of less than one year. ² Debt with an original maturity greater than or equal to one year. The classification of debt issued into short-term and long-term does not consider any early redemption features. ³ Reflects securities financing transactions measured at amortized cost that use UBS AG debt instruments as the underlying. ⁴ Reflects the Emergency Liquidity Assistance facility from the Swiss National Bank, which was recognized in the Amounts due to banks balance sheet line. ⁵ Included in the balance sheet line Other financial liabilities designated at fair value. ⁶ Includes funding from UBS Group AG measured at amortized cost (refer to Note 14b) and measured at fair value (refer to Note 18b). ⁷ Refer to Note 28 for more information about the merger of UBS AG and Credit Suisse AG.

Notes to the UBS AG consolidated financial statements

Note 1 Summary of material accounting policies

The following table provides an overview of information included in this Note.

152	a) Material accounting policies	162	<i>i. Offsetting</i>
152	Basis of accounting	162	<i>j. Hedge accounting</i>
152	Comparability	163	3) Fee and commission income and expenses
152	1) Consolidation and business combinations	163	4) Share-based and other deferred compensation plans
152	<i>Consolidation</i>	164	5) Post-employment benefit plans
153	<i>Business combinations</i>	164	6) Income taxes
153	<i>Business combinations under common control</i>	165	7) Investments in associates
153	2) Financial instruments	165	8) Property, equipment and software
153	<i>a. Recognition</i>	165	9) Goodwill and other separately identifiable intangible assets
153	<i>b. Classification, measurement and presentation</i>	166	10) Provisions and contingent liabilities
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157	<i>e. Derecognition</i>		
158	<i>f. Fair value of financial instruments</i>	167	b) Changes in IFRS Accounting Standards and Interpretations
158	<i>g. Allowances and provisions for expected credit losses</i>		
161	<i>h. Restructured and modified financial assets</i>		

Note 1 Summary of material accounting policies (continued)

a) Material accounting policies

This Note describes the material accounting policies applied in the preparation of the consolidated financial statements (the Financial Statements) of UBS AG and its subsidiaries (UBS AG). On 6 March 2026, the Financial Statements were authorized for issue by the UBS AG Board of Directors (the BoD) and are subject to approval by the Annual General Meeting of Shareholders on 14 April 2026.

Basis of accounting

The Financial Statements have been prepared in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board (the IASB), and are presented in US dollars.

Disclosures marked as audited in the "Risk, capital, liquidity and funding, and balance sheet" section of this report form an integral part of the Financial Statements. These disclosures relate to requirements under IFRS 7, *Financial Instruments: Disclosures*, and IAS 1, *Presentation of Financial Statements*, and are not repeated in this section.

The accounting policies described in this Note have been applied consistently in all years presented unless otherwise stated in Note 1b.

Critical accounting estimates and judgments

Preparation of these Financial Statements under IFRS Accounting Standards requires management to apply judgment and make estimates and assumptions that affect reported amounts of assets, liabilities, income and expenses and disclosure, of contingent assets and liabilities, and may involve significant uncertainty at the time they are made. Such estimates and assumptions are based on the best available information. UBS AG regularly reassesses such estimates and assumptions, which encompass historical experience, expectations of the future and other pertinent factors, to determine their continuing relevance based on current conditions, updating them as necessary. Changes in those estimates and assumptions may have a significant effect on the Financial Statements. Furthermore, actual results may differ significantly from UBS AG's estimates, which could result in significant losses to UBS AG, beyond what was anticipated or provided for.

The following areas contain estimation uncertainty or require critical judgment and have a significant effect on amounts recognized in the Financial Statements:

- determination of carrying amounts of assets and liabilities and treatment of reserves for business combinations under common control (refer to item 1 in this Note and Note 28)
- expected credit loss measurement (refer to item 2g in this Note and to Note 19);
- fair value measurement (refer to item 2f in this Note and to Note 20);
- income taxes (refer to item 6 in this Note and to Note 8);
- provisions and contingent liabilities (refer to item 10 in this Note and to Note 17); and
- goodwill (refer to item 9 in this Note and to Note 12).

Comparability

The income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended 31 December 2025 are based entirely on consolidated data following the merger of UBS AG and Credit Suisse AG. The income statement, the statement of comprehensive income, the statement of changes in equity (following the addition of the equity reserve balances of Credit Suisse AG recorded from 31 May 2023 to 31 May 2024 as described in Note 28) and the statement of cash flows for the year ended 31 December 2024 include seven months of consolidated data following the merger of UBS AG and Credit Suisse AG (June through December 2024) and five months of pre-merger UBS AG data only (January through May 2024). Comparative information for the year ended 31 December 2023 is based entirely on pre-merger UBS AG data only.

The balance sheet information as at 31 December 2025 and as at 31 December 2024 is based entirely on post-merger consolidated information.

› Refer to Note 28 for more information

1) Consolidation and business combinations

Consolidation

The Financial Statements include the financial statements of UBS AG and its subsidiaries, presented as a single economic entity; intercompany transactions and balances have been eliminated. UBS AG consolidates all entities that it controls, including structured entities (SEs), which is the case when it has: (i) power over the relevant activities of the entity; (ii) exposure to the variable returns from involvement with the entity; and (iii) the ability to use its power to affect its own returns.

Consideration is given to all facts and circumstances to determine whether UBS AG has power over another entity, i.e. the current ability to direct the relevant activities of an entity when decisions about those activities need to be made.

Subsidiaries, including SEs, are consolidated from the date when control is gained and deconsolidated from the date when control ceases. Control, or the lack thereof, is reassessed if facts and circumstances indicate that there is a change to one or more elements required to establish that control is present.

› Refer to Note 27 for more information

Note 1 Summary of material accounting policies (continued)

Transactions with subsidiaries of UBS Group AG that are outside of the consolidation scope of UBS AG are not eliminated in these financial statements. This may lead to differences in presentation between the financial statements of UBS Group and those of UBS AG, e.g. personnel expenses incurred by UBS Business Solutions entities and recharged to UBS AG entities are presented by UBS AG in *General and administrative expenses*.

Business combinations

Business combinations are accounted for using the acquisition method. The amount of non-controlling interests, if any, is measured at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Business combinations under common control

A business combination in which the combining entities or businesses are ultimately controlled by UBS both before and after the business combination and where that control is not transitory is considered to constitute a business combination under common control as defined by IFRS 3, *Business Combinations*. Business combinations under common control are outside the scope of IFRS 3.

Critical accounting estimates and judgments

UBS AG accounts for business combinations under common control using the historic carrying values of assets and liabilities of the transferred entity or business as of the date of the transfer, determined under IFRS Accounting Standards. The balances of each of the equity reserves of the transferred entity, accumulated after that entity becomes part of the UBS Group, are combined with the corresponding equity reserves (*Share premium, Retained earnings and Other comprehensive income recognized directly in equity, net of tax*) of UBS AG. The difference between the aggregate carrying value of the assets and liabilities and equity reserves is recognized as an adjustment to *Share premium*, net of any consideration that may be payable. Comparative periods prior to the date of the business combination under common control are not restated, because such transactions are accounted for prospectively.

› Refer to Note 28 for more information

2) Financial instruments

a. Recognition

UBS AG generally recognizes financial instruments when it becomes a party to contractual provisions of an instrument. However, UBS AG does not recognize assets received in transfers that do not qualify for derecognition by the transferor (symmetrically applying derecognition principles under IFRS Accounting Standards as described in item 2e below). UBS AG applies settlement date accounting to all standard purchases and sales of non-derivative financial instruments.

UBS AG may act in a fiduciary capacity for individuals, trusts, retirement benefit plans and other institutions, holding or placing assets on their behalf. Unless these activities qualify for recognition, applying the above criteria, such assets are not recognized on UBS AG's balance sheet.

Client cash balances associated with derivatives clearing and execution services are not recognized on the balance sheet if, through contractual agreement, regulation or practice, UBS AG neither obtains benefits from nor controls such cash balances.

b. Classification, measurement and presentation

Financial assets

Where the contractual terms of a debt instrument held result in cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, the debt instrument is classified as measured at amortized cost if it is held within a business model that has an objective of holding financial assets to collect contractual cash flows, or at fair value through other comprehensive income (FVOCI) if it is held within a business model that has an objective of both collecting contractual cash flows and selling financial assets.

All other financial assets are measured at fair value through profit or loss (FVTPL), including those held for trading or those managed on a fair value basis, except for derivatives designated in certain hedge accounting relationships (refer to item 2j in this Note for more information).

UBS AG determines the nature of a business model by considering the way portfolios of financial assets are managed to achieve a particular business objective at the time an asset is recognized.

In assessing whether contractual cash flows are SPPI, UBS AG considers whether the contractual terms of the financial asset contain a term that could change the timing or amount of contractual cash flows arising over the life of the instrument by a significant amount. This assessment includes contractual cash flows that may vary due to environmental, social and governance (ESG) triggers.

Note 1 Summary of material accounting policies (continued)

Financial liabilities

Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost include *Debt issued measured at amortized cost* and *Funding from UBS Group AG measured at amortized cost*. The latter includes contingent capital instruments issued to UBS Group AG prior to November 2023 that contain contractual provisions under which the principal amounts would be written down upon either a specified common equity tier 1 (CET1) ratio breach or a determination by the Swiss Financial Market Supervisory Authority (FINMA) that a viability event has occurred. Such contractual provisions are not derivatives, as the underlying is deemed to be a non-financial variable specific to a party to the contract. Issuances after November 2023 include a contractual equity conversion feature with the same triggers, i.e. a CET1 ratio breach or a FINMA-determined viability event. When the debt is issued in US dollars, these conversion features are classified as equity and are presented in *Share premium* separately from the amortized cost debt host.

When the legal bail-in mechanism for write-down or conversion into equity does not form part of the contractual terms of issued debt instruments, it does not affect the accounting classification of these instruments as debt or equity.

If a debt were to be written down or converted into equity in a future period, it would be partially or fully derecognized, with the difference between its carrying amount and the fair value of any equity issued recognized in the income statement, with the conversion features classified as equity always remaining in *Equity attributable to shareholders*.

Financial liabilities measured at fair value through profit or loss

UBS AG designates certain issued debt instruments as financial liabilities at fair value through profit or loss, on the basis that such financial instruments include embedded derivatives that are not closely related to the host contract and that significantly impact the cash flows of the instrument and / or are managed on a fair value basis (refer to the table below for more information). Financial instruments including embedded derivatives arise predominantly from the issuance of certain structured debt instruments.

Measurement and presentation

On initial recognition, financial instruments are measured at fair value adjusted for directly attributable transaction costs, unless the instrument is classified at FVTPL, in which case transaction costs are excluded. Financial instruments acquired through business combinations under common control are initially measured using the historic carrying values of financial assets and financial liabilities of the transferred entity or business as of the date of the transfer, determined under IFRS Accounting Standards.

After initial recognition, UBS AG classifies, measures and presents its financial assets and liabilities in accordance with IFRS 9, as described in the table below.

Classification, measurement and presentation of financial assets

Financial assets classification	Significant items included	Measurement and presentation
Measured at amortized cost	<p>This classification includes:</p> <ul style="list-style-type: none"> – cash and balances at central banks; – amounts due from banks; – receivables from securities financing transactions; – cash collateral receivables on derivative instruments; – residential and commercial mortgages; – corporate loans; – secured loans, including Lombard loans, and unsecured loans; and – debt securities held as high-quality liquid assets (HQLA). 	<p>Measured at amortized cost using the effective interest method less allowances for expected credit losses (ECL) (refer to items 2d and 2g in this Note for more information).</p> <p>The following items are recognized in the income statement:</p> <ul style="list-style-type: none"> – interest income, which is accounted for in accordance with item 2d in this Note; – ECL and reversals; and – foreign exchange (FX) translation gains and losses. <p>When a financial asset at amortized cost is derecognized, the gain or loss is recognized in the income statement.</p> <p>For amounts arising from daily settlement of certain derivatives, see below in this table.</p>
Measured at FVOCI	<p>Debt instruments measured at FVOCI</p> <p>This classification primarily includes debt securities held as HQLA.</p>	<p>Measured at fair value, with unrealized gains and losses reported in <i>Other comprehensive income</i>, net of applicable income taxes, until such instruments are derecognized. Upon derecognition, any accumulated balances in <i>Other comprehensive income</i> are reclassified to the income statement and reported within <i>Other income</i>.</p> <p>The following items, which are determined on the same basis as for financial assets measured at amortized cost, are recognized in the income statement:</p> <ul style="list-style-type: none"> – interest income, which is accounted for in accordance with item 2d in this Note; – ECL and reversals; and – FX translation gains and losses.

Note 1 Summary of material accounting policies (continued)

Classification, measurement and presentation of financial assets

Financial assets classification	Significant items included	Measurement and presentation	
Measured at FVTPL	Held for trading	<p>Financial assets held for trading include:</p> <ul style="list-style-type: none"> – all derivatives with a positive replacement value, except those that are designated and effective hedging instruments; and – other financial assets originated or acquired principally for the purpose of selling or repurchasing in the near term, or that are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Included in this category are debt instruments (including those in the form of securities, money market paper, and traded corporate and bank loans) and equity instruments. 	<p>Measured at fair value, with changes recognized in the income statement.</p> <p>Derivative assets (including derivatives that are designated and effective hedging instruments) are generally presented as <i>Derivative financial instruments</i>, except those exchange-traded derivatives (ETD) and over-the-counter (OTC)-cleared derivatives that are legally settled on a daily basis or economically net settled on a daily basis, which are presented within <i>Cash collateral receivables on derivative instruments</i>.</p>
	Mandatorily measured at FVTPL – Other	<p>Financial assets mandatorily measured at FVTPL that are not held for trading include:</p> <ul style="list-style-type: none"> – certain structured instruments and receivables from securities financing transactions that are managed on a fair value basis; – loans managed on a fair value basis, including those hedged with credit derivatives; – certain debt securities held as HQLA and managed on a fair value basis; – brokerage receivables, for which contractual cash flows do not meet the SPPI criterion because the aggregate balance is accounted for as a single unit of account, with interest being calculated on the individual components; – equity instruments; and – assets held under unit-linked investment contracts. 	<p>Changes in fair value, initial transaction costs, dividends and gains and losses arising on disposal or redemption are recognized in <i>Other net income from financial instruments measured at fair value through profit or loss</i>, except interest income on instruments other than derivatives (refer to item 2d in this Note), interest on derivatives designated as hedging instruments in hedges of interest rate risk and forward points on certain short- and long-duration FX and interest rate contracts acting as economic hedges, which are reported in <i>Net interest income</i>.</p> <p>Changes in the fair value of derivatives that are designated and effective hedging instruments are presented either in the income statement or <i>Other comprehensive income</i>, depending on the type of hedge relationship (refer to item 2j in this Note for more information).</p>

Note 1 Summary of material accounting policies (continued)

Classification, measurement and presentation of financial liabilities

Financial liabilities classification	Significant items included	Measurement and presentation	
Measured at amortized cost	<p>This classification includes:</p> <ul style="list-style-type: none"> – demand and time deposits; – retail savings / deposits; – sweep deposits; – payables from securities financing transactions; – non-structured debt issued; – subordinated debt; – commercial paper and certificates of deposit; – obligations against funding from UBS Group AG; and – cash collateral payables on derivative instruments. 	<p>Measured at amortized cost using the effective interest method.</p> <p>When a financial liability at amortized cost is derecognized, the gain or loss is recognized in the income statement.</p> <p>Interest income generated from client deposits derecognized pursuant to certain deposit sweep programs is presented within <i>Net interest income from financial instruments measured at fair value through profit or loss and other</i>.</p> <p>For amounts arising from daily settlement of certain derivatives, see below in this table.</p>	
Measured at FVTPL	Held for trading	<p>Financial liabilities held for trading include:</p> <ul style="list-style-type: none"> – all derivatives with a negative replacement value (including certain loan commitments), except those that are designated and effective hedging instruments; and – obligations to deliver financial instruments, such as debt and equity instruments, that UBS AG has sold to third parties but does not own (short positions). 	<p>Measurement and presentation of financial liabilities classified at FVTPL follow the same principles as for financial assets classified at FVTPL, except that the amount of change in the fair value of a financial liability designated at FVTPL that is attributable to changes in UBS AG's own credit risk is presented in <i>Other comprehensive income</i> directly within <i>Retained earnings</i> and is never reclassified to the income statement.</p>
	Designated at FVTPL	<p>Financial liabilities designated at FVTPL include:</p> <ul style="list-style-type: none"> – issued hybrid debt instruments, primarily equity-linked, credit-linked and rates-linked bonds or notes; – issued debt instruments managed on a fair value basis; – obligations against funding from UBS Group AG managed on a fair value basis; – certain payables from securities financing transactions; – amounts due under unit-linked investment contracts, the cash flows of which are linked to financial assets measured at FVTPL and eliminate an accounting mismatch; and – brokerage payables, which arise in conjunction with brokerage receivables and are measured at FVTPL to achieve measurement consistency. 	<p>Derivative liabilities (including derivatives that are designated and effective hedging instruments) are generally presented as <i>Derivative financial instruments</i>, except those ETD and OTC-cleared derivatives that are legally settled on a daily basis or economically net settled on a daily basis, which are presented within <i>Cash collateral payables on derivative instruments</i>.</p>

Note 1 Summary of material accounting policies (continued)

c. Loan commitments and financial guarantees

Loan commitments are arrangements to provide credit under defined terms and conditions. Irrevocable loan commitments are classified as: (i) derivative loan commitments measured at fair value through profit or loss; (ii) loan commitments designated at fair value through profit or loss; or (iii) loan commitments not measured at fair value, in which case the ECL requirements as set out in item 2g in this Note apply.

Financial guarantee contracts are contracts that require UBS AG to make specified payments to reimburse the holder for an incurred loss because a specified debtor fails to make payments when due in accordance with the terms of a specified debt instrument. The ECL requirements as set out in item 2g in this Note apply to financial guarantees issued that are not accounted for at FVTPL.

Financial guarantee contracts held by UBS AG for credit risk mitigation purposes that are assessed to be integral to the guaranteed exposure are accounted for as a component of that exposure, with cash flows expected from the credit enhancement included in the measurement of the ECL of the respective exposure. Rights to reimbursement arising from financial guarantees held that are not integral to the terms of the exposure they cover are recognized when their realization is considered to be virtually certain.

d. Interest income and expense

Interest income from financial instruments measured at amortized cost and FVOCI and interest expense from financial instruments measured at amortized cost are recognized in the income statement based on the effective interest method. When calculating the effective interest rate (the EIR) for financial instruments (other than credit-impaired financial instruments), UBS AG estimates future cash flows considering all contractual terms of the instrument, but not expected credit losses, with the EIR applied to the gross carrying amount of the financial asset or the amortized cost of a financial liability. However, when a financial asset becomes credit impaired after initial recognition, interest income is determined by applying the EIR to the amortized cost of the instrument, which represents the gross carrying amount adjusted for any credit loss allowance.

Upfront fees, including fees on loan commitments not measured at fair value where a loan is expected to be issued, and direct costs are included within the initial measurement of a financial instrument measured at amortized cost or FVOCI and recognized over the expected life of the instrument as part of its EIR.

Interest income on financial assets, excluding derivatives, is included in interest income when positive and in interest expense when negative. Similarly, interest expense on financial liabilities, excluding derivatives, is included in interest expense, except when interest rates are negative, in which case it is included in interest income.

› Refer to item 2b in this Note and Note 3 for more information

e. Derecognition

Financial assets

UBS AG derecognizes a transferred financial asset, or a portion of a financial asset, if the purchaser has obtained substantially all the risks and rewards of the asset or a significant part of the risks and rewards combined with a practical ability to sell or pledge the asset.

Where financial assets have been pledged as collateral or in similar arrangements, they are considered to have been transferred if the counterparty has received the contractual rights to the cash flows of the pledged assets, as may be evidenced by, for example, the counterparty's right to sell or repledge the assets. In transfers where control over the financial asset is retained, UBS AG continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset following the transfer.

› Refer to Note 22 for more information

Financial liabilities

UBS AG derecognizes a financial liability when it is extinguished, i.e. when the obligation specified in the contract is discharged, canceled or expires. When an existing financial liability is exchanged for a new one from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, the original liability is derecognized and a new liability recognized with any difference in the respective carrying amounts recorded in the income statement.

Most OTC derivative contracts and ETD futures and option contracts cleared through central clearing counterparties and exchanges are considered to be settled on a daily basis, as the payment or receipt of a variation margin on a daily basis represents a legal or economic settlement, which results in derecognition of the associated derivatives.

› Refer to Note 21 for more information

Note 1 Summary of material accounting policies (continued)

f. Fair value of financial instruments

UBS AG accounts for a significant portion of its financial assets and liabilities at fair value. Fair value is the price on the measurement date that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market, or in the most advantageous market in the absence of a principal market.

› Refer to Note 20 for more information

Critical accounting estimates and judgments

The use of valuation techniques, modeling assumptions and estimates of unobservable market inputs in the fair valuation of financial instruments requires significant judgment and could affect the amount of gain or loss recorded for a particular position. Valuation techniques that rely more heavily on unobservable inputs and sophisticated models inherently require a higher level of judgment and may require adjustment to reflect factors that market participants would consider in estimating fair value, such as close-out costs, which are presented in Note 20d.

UBS AG's governance framework over fair value measurement is described in Note 20b, and UBS AG provides a sensitivity analysis of the estimated effects arising from changing significant unobservable inputs in Level 3 financial instruments to reasonably possible alternative assumptions in Note 20f.

› Refer to Note 20 for more information

g. Allowances and provisions for expected credit losses

ECL are recognized for financial assets measured at amortized cost, financial assets measured at FVOCI, fee and lease receivables, financial guarantees, and loan commitments not measured at fair value, including those acquired through a business combination under common control. ECL are also recognized on the undrawn portion of committed unconditionally revocable credit lines, which include UBS AG's credit card limits and master credit facilities, as UBS AG is exposed to credit risk because the borrower has the ability to draw down funds before UBS AG can take credit risk mitigation actions.

Recognition of expected credit losses

ECL are recognized on the following basis.

- Stage 1 – those instruments for which no significant increase in credit risk (SICR) has been observed (see *Significant increase in credit risk* below): maximum 12-month ECL are recognized from initial recognition, reflecting the portion of lifetime ECL that would result if a default occurs in the 12 months after the reporting date, weighted by the risk of a default occurring.
- Stage 2 – those instruments for which an SICR is observed but which are not credit impaired: lifetime ECL are recognized reflecting lifetime cash shortfalls that would result from all possible default events over the expected life of a financial instrument, weighted by the risk of a default occurring. When an SICR is no longer observed, the instrument will move back to stage 1.
- Stage 3 – credit-impaired financial instruments (as determined by the occurrence of one or more loss events): lifetime ECL are always recognized by estimating expected cash flows based on a chosen recovery strategy. Credit-impaired exposures may include positions with nil allowance, for example because they are expected to be fully recoverable through collateral held.
- Purchased credit impaired (PCI) – those financial instruments that are purchased at a deep discount or newly originated with a defaulted counterparty; they remain a separate category until derecognition, with changes in lifetime ECL from initial recognition recognized as a loss allowance.

All or part of a financial asset is written off if it is deemed uncollectible or forgiven. Write-offs reduce the principal amount of a claim and are charged against related allowances for credit losses. Recoveries, in part or in full, of amounts previously written off are credited to *Credit loss expense / (release)*.

ECL are recognized in the income statement in *Credit loss expense / (release)*. A corresponding ECL allowance is reported as a decrease in the carrying amount of financial assets measured at amortized cost on the balance sheet. For financial assets that are measured at FVOCI, the carrying amount is not reduced, but an accumulated amount is recognized in *Other comprehensive income*. For off-balance sheet financial instruments and other credit lines, provisions for ECL are presented in *Provisions*.

Default and credit impairment

UBS AG applies a single definition of default for credit risk management purposes, regulatory reporting and ECL, with a counterparty classified as defaulted based on quantitative and qualitative criteria.

› Refer to the "Risk management and control" section of this report for more information

Measurement of expected credit losses

IFRS 9 ECL reflect an unbiased, probability-weighted estimate based on loss expectations resulting from default events. The method used to calculate ECL applies the following principal factors: probability of default (PD), loss given default (LGD) and exposure at default (EAD). Parameters are generally determined on an individual financial asset level. Based on the materiality of the portfolio, for credit card exposures and personal account overdrafts in Switzerland, a portfolio approach is applied that derives an average PD and LGD for the entire portfolio. PDs and LGDs used in the ECL calculation are point-in-time (PIT)-based for key portfolios and consider both current conditions and expected cyclical changes. For material portfolios, PDs and LGDs are determined for different scenarios, whereas EAD projections are treated as scenario independent.

Note 1 Summary of material accounting policies (continued)

For the purpose of determining the ECL-relevant parameters, UBS AG leverages its Basel III advanced internal ratings-based (A-IRB) models that are also used in determining expected loss (EL) and risk-weighted assets under the Basel III framework and Pillar 2 stress loss models. Adjustments have been made to these models and IFRS-9-related models have been developed that consider the complexity, structure and risk profile of relevant portfolios and take account of the fact that PDs and LGDs used in the ECL calculation are PIT based, as opposed to the corresponding Basel III through-the-cycle (TTC) parameters. All models that are relevant for measuring expected credit losses are subject to UBS AG's model validation and oversight processes.

Probability of default: PD represents the probability of a default over a specified time period. A 12-month PD represents the probability of default determined for the next 12 months and a lifetime PD represents the probability of default over the remaining lifetime of the instrument. PIT PDs are derived from TTC PDs and scenario forecasts. The modeling is region, industry and client segment specific and considers both macroeconomic scenario dependencies and client-idiosyncratic information.

Exposure at default: EAD represents an estimate of the exposure to credit risk at the time of a potential default occurring, considering expected repayments, interest payments and accruals, discounted at the EIR. Future drawdowns on facilities are considered through a credit conversion factor (a CCF) that is reflective of historical drawdown and default patterns and the characteristics of the respective portfolios.

Loss given default: LGD represents an estimate of the loss at the time of a potential default occurring, taking into account expected future cash flows from collateral and other credit enhancements, or expected payouts from bankruptcy proceedings for unsecured claims and, where applicable, time to realization of collateral and the seniority of claims. LGD is commonly expressed as a percentage of EAD.

Estimation of expected credit losses

Number of scenarios and estimation of scenario weights

Determination of probability-weighted ECL requires evaluating a range of diverse and relevant future economic conditions, especially with a view to modeling the non-linear effect of assumptions about macroeconomic factors on the estimate.

To accommodate this requirement, UBS AG uses different economic scenarios in the ECL calculation. Each scenario is represented by a specific scenario narrative, which is relevant considering the exposure of key portfolios to economic risks, and for which a set of consistent macroeconomic variables is determined. The estimation of the appropriate weights for these scenarios is predominantly judgment based. The assessment is based on a holistic review of the prevailing economic or political conditions, which may exhibit different levels of uncertainty. It takes into account the impact of changes in the nature and severity of the underlying scenario narratives and the projected economic variables.

The determined weights constitute the probabilities that the respective set of macroeconomic conditions will occur and not that the chosen particular narratives with the related macroeconomic variables will materialize.

Macroeconomic and other factors

The range of macroeconomic, market and other factors that is modeled as part of the scenario determination is wide, and historical information is used to support the identification of the key factors. As the forecast horizon increases, the availability of information decreases, requiring an increase in judgment. For cycle-sensitive PD and LGD determination purposes, UBS AG projects the relevant economic factors for a period of three years before reverting, over a specified period, to cycle-neutral PD and LGD for longer-term projections.

Factors relevant for ECL calculation vary by type of exposure. Regional and client-segment characteristics are generally taken into account, with specific focus on Switzerland and the US, considering UBS AG's key ECL-relevant portfolios.

For UBS AG, the following forward-looking macroeconomic variables represent the most relevant factors for ECL calculation:

- gross domestic product (GDP) growth rates, given their significant effect on borrowers' performance;
- unemployment rates, given their significant effect on private clients' ability to meet contractual obligations;
- house price indices, given their significant effect on mortgage collateral valuations;
- interest rates, given their significant effect on counterparties' abilities to service debt;
- consumer price indices, given their overall relevance for companies' performance, private clients' purchasing power and economic stability;
- equity indices, given that they are an important factor in UBS AG's corporate rating tools; and
- commodity price indices, given their overall relevance for entities' performance due to the impact on operating costs.

› Refer to Note 19 for more information

Note 1 Summary of material accounting policies (continued)

ECL measurement period

The period for which lifetime ECL are determined is based on the maximum contractual period that UBS AG is exposed to credit risk, taking into account contractual extension, termination and prepayment options. For irrevocable loan commitments and financial guarantee contracts, the measurement period represents the maximum contractual period for which UBS AG has an obligation to extend credit.

Additionally, some financial instruments include both an on-demand loan and a revocable undrawn commitment, where the contractual cancellation right does not limit UBS AG's exposure to credit risk to the contractual notice period, as the borrower has the ability to draw down funds before UBS AG can take risk-mitigating actions. In such cases UBS AG is required to estimate the period over which it is exposed to credit risk. This applies to UBS AG's credit card limits, which do not have a defined contractual maturity date, are callable on demand and where the drawn and undrawn components are managed as one exposure. The exposure arising from UBS AG's credit card limits is not significant and is managed at a portfolio level, with credit actions triggered when balances are past due. An ECL measurement period of seven years is applied for credit card limits, capped at 12 months for stage 1 balances, as a proxy for the period that UBS AG is exposed to credit risk.

Customary master credit agreements in the Swiss corporate market also include on-demand loans and revocable undrawn commitments. For smaller commercial facilities, a risk-based monitoring (RbM) approach is in place that highlights negative trends as risk events, at an individual facility level, based on a combination of continuously updated risk indicators. The risk events trigger additional credit reviews by a risk officer, enabling informed credit decisions to be taken. Larger corporate facilities are not subject to RbM, but are reviewed at least annually through a formal credit review. UBS AG has assessed these credit risk management practices and considers both the RbM approach and formal credit reviews as substantive credit reviews resulting in a re-origination of the given facility. Following this, a 12-month measurement period from the reporting date is used for both types of facilities as an appropriate proxy of the period over which UBS AG is exposed to credit risk, with 12 months also used as a look-back period for assessing an SICR, always from the respective reporting date.

Significant increase in credit risk

Financial instruments subject to ECL are monitored on an ongoing basis. To determine whether the recognition of stage 1 maximum 12-month ECL continues to be appropriate, an assessment is made as to whether an SICR has occurred since initial recognition of the financial instrument, applying both quantitative and qualitative factors.

Primarily, UBS AG assesses changes in an instrument's risk of default on a quantitative basis by comparing the annualized forward-looking and scenario-weighted lifetime PD of an instrument determined at two different dates:

- at the reporting date; and
- at inception of the instrument.

If, based on UBS AG's quantitative modeling, an increase exceeds a set threshold, an SICR is deemed to have occurred and the instrument is transferred to stage 2 with lifetime ECL recognized.

The threshold applied varies depending on the original credit quality of the borrower, with a higher SICR threshold set for those instruments with a low PD at inception. The SICR assessment based on PD changes is made at an individual financial asset level. A high-level overview of the SICR trigger, which is a multiple of the annualized remaining lifetime PIT PD expressed in rating downgrades, is provided in the "SICR thresholds" table below. The actual SICR thresholds applied are defined on a more granular level by interpolating between the values shown in the table.

SICR thresholds

Internal rating at origination of the instrument	Rating downgrades / SICR trigger
0–3	3
4–8	2
9–13	1

› Refer to the "Risk management and control" section of this report for more details about UBS AG's internal rating system

Note 1 Summary of material accounting policies (continued)

Irrespective of the SICR assessment based on default probabilities, credit risk is generally deemed to have significantly increased for an instrument if contractual payments are more than 30 days past due. For certain less material portfolios, specifically the Swiss credit card portfolio, the 30-day past due criterion is used as the primary indicator of an SICR. Where instruments are transferred to stage 2 due to the 30-day past due criterion, a minimum period of six months is applied before a transfer back to stage 1 can be triggered, where applicable. For instruments in Personal & Corporate Banking and Global Wealth Management Region Switzerland that are between 90 and 180 days past due but have not been reclassified to stage 3, a one-year period is applied before a transfer back to stage 1 can be triggered.

Additionally, based on individual counterparty-specific indicators, external market indicators of credit risk or general economic conditions, counterparties may be moved to a watch list, which is used as a secondary qualitative indicator for an SICR. Exception management is further applied, allowing for individual and collective adjustments on exposures sharing the same credit risk characteristics to take account of specific situations that are not otherwise fully reflected.

In general, the overall SICR determination process does not apply to Lombard loans, securities financing transactions and certain other asset-based lending transactions, because of the risk management practices adopted, including daily monitoring processes with strict margining. If margin calls are not satisfied, a position is closed out and classified as a stage 3 position. In exceptional cases, an individual adjustment and a transfer into stage 2 may be made to take account of specific facts.

Credit risk officers are responsible for the identification of an SICR, which for accounting purposes is in some respects different from internal credit risk management processes. This difference mainly arises because ECL accounting requirements are instrument specific, such that a borrower can have multiple exposures allocated to different stages, and maturing loans in stage 2 will migrate to stage 1 upon renewal irrespective of the actual credit risk at that time. Under a risk-based approach, a holistic counterparty credit assessment and the absolute level of risk at any given date will determine what risk-mitigating actions may be warranted.

› Refer to the “Risk management and control” section of this report for more information

Critical accounting estimates and judgments

The calculation of ECL requires management to apply significant judgment and make estimates and assumptions that can result in significant changes to the timing and the amount of ECL recognized.

Determination of a significant increase in credit risk

IFRS 9 does not include a definition of what constitutes an SICR, with UBS AG’s assessment considering qualitative and quantitative criteria. An IFRS 9 ECL Management Forum has been established to review and challenge the SICR results.

Scenarios, scenario weights and macroeconomic variables

ECL reflect an unbiased and probability-weighted amount, which UBS AG determines by evaluating a range of possible outcomes. Management selects forward-looking scenarios that include relevant macroeconomic variables and management’s assumptions around future economic conditions. IFRS 9 Scenario Sounding Sessions, in addition to the IFRS 9 ECL Management Forum, are in place to derive, review and challenge the scenario selection and weights, and to determine whether any additional post-model adjustments are required that may significantly affect ECL.

ECL measurement period

Lifetime ECL are generally determined based upon the contractual maturity of the transaction, which significantly affects ECL. For credit card limits and Swiss callable master credit facilities, judgment is required, as UBS AG must determine the period over which it is exposed to credit risk. A seven-year period is applied for credit card limits, capped at 12 months for stage 1 positions, and a 12-month period applied for master credit facilities.

Modeling and post-model adjustments

A number of complex models have been developed or modified to calculate ECL, with additional post-model adjustments required that may significantly affect ECL. The models are subject to UBS’s Governance of Models policy and the related control framework. The post-model adjustments are approved by the ECL Management Forum and ratified by the Group Chief Financial Officer and Group Chief Risk Officer.

A sensitivity analysis covering key macroeconomic variables, scenario weights and SICR trigger points on ECL measurement is provided in Note 19f.

› Refer to Note 19 for more information

h. Restructured and modified financial assets

When payment default is expected, or where default has already occurred, UBS AG may grant concessions to borrowers experiencing financial difficulties that it would not consider in the normal course of its business, such as preferential interest rates, extension of maturity, modifying the schedule of repayments, debt / equity swap, subordination, etc.

› Refer to the “Risk management and control” section of this report for more information

Modifications may result in an alteration of future contractual cash flows and can occur within UBS AG’s normal risk tolerance or as part of a credit restructuring where a counterparty is in financial difficulties. The restructuring or modification of a financial asset could lead to a substantial change in the terms and conditions, resulting in the original financial asset being derecognized and a new financial asset being recognized, measured initially at fair value. Where the modification does not result in a derecognition, any difference between the modified contractual cash flows discounted at the original EIR and the existing gross carrying amount of the given financial asset is recognized in the income statement as of the date of modification.

Note 1 Summary of material accounting policies (continued)

i. Offsetting

UBS AG presents recognized financial assets and liabilities net on its balance sheet only if (i) it has a legally enforceable right to set off the recognized amounts and (ii) it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Netted positions include, for example, certain derivatives and repurchase and reverse repurchase transactions with various counterparties, exchanges and clearing houses.

In assessing whether UBS AG intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously, emphasis is placed on the effectiveness of operational settlement mechanics in eliminating substantially all credit and liquidity exposure between the counterparties. This condition precludes offsetting on the balance sheet for substantial amounts of UBS AG's financial assets and liabilities, even though they may be subject to enforceable netting arrangements. Securities financing transactions are presented net only to the extent that the settlement mechanism eliminates, or results in insignificant, credit and liquidity risk, and processes the receivables and payables in a single settlement process or cycle.

› Refer to Note 21 for more information

j. Hedge accounting

UBS AG applies hedge accounting requirements of IFRS 9 where the criteria for documentation and hedge effectiveness are met. If a hedge relationship no longer meets the criteria for hedge accounting, hedge accounting is discontinued. Voluntary discontinuation of hedge accounting is not permitted under IFRS 9.

Fair value hedges of interest rate risk related to debt instruments and loan assets

The fair value change of the hedged item attributable to a hedged risk is recognized as an adjustment to the carrying amount of a hedged item measured at amortized cost and is already reflected in the measurement of a hedged item measured at FVOCI, with such changes recognized in the income statement (as opposed to *Other comprehensive income* for a hedged item measured at FVOCI) along with the change in the fair value of the hedging instrument.

Fair value hedges of FX risk related to debt instruments

The fair value change of the hedged item attributable to the hedged risk is reflected in the measurement of the hedged item and recognized in the income statement along with the change in the fair value of the hedging instrument. The foreign currency basis spread of cross-currency swaps designated as hedging derivatives is excluded from the designation and accounted for as a cost of hedging with amounts deferred in *Other comprehensive income* within *Equity*. These amounts are released to the income statement over the term of the hedged item.

Discontinuation of fair value hedges

When fair value hedges are discontinued for reasons other than derecognition of the hedged item, the effective interest rate of the hedged item is adjusted to amortize the fair value of the hedge risk at the point of discontinuation through the income statement over the remaining life of the hedged item. If the hedged item is derecognized, the derecognition gain or loss includes the impact of any fair value hedge adjustments. The deferred cost of hedging amount is reclassified from *Other comprehensive income* within *Equity* to the income statement regardless of the hedged item being derecognized.

Cash flow hedges of forecast transactions

Fair value gains or losses associated with the effective portion of derivatives designated as cash flow hedges for cash flow repricing risk are recognized initially in *Other comprehensive income* within *Equity* and reclassified to *Interest income from financial instruments measured at amortized cost and fair value through other comprehensive income* or *Interest expense from financial instruments measured at amortized cost* in the periods when the hedged forecast cash flows affect profit or loss, including discontinued hedges for which forecast cash flows are expected to occur. If the forecast transactions are no longer expected to occur, the deferred gains or losses are immediately reclassified to the income statement.

Hedges of net investments in foreign operations

Gains or losses on the hedging instrument relating to the effective portion of a hedge are recognized directly in *Other comprehensive income* within *Equity*, while any gains or losses relating to the ineffective and / or undesignated portion (for example, the interest element of a forward contract) are recognized in the income statement. Upon disposal or partial disposal of the foreign operation, the cumulative value of any such gains or losses recognized in *Equity* associated with the entity is reclassified to *Other income*.

› Refer to Note 24 for more information

Note 1 Summary of material accounting policies (continued)

3) Fee and commission income and expenses

UBS AG earns fee income from the diverse range of services it provides to its clients. Fee income can be divided into two broad categories: fees earned from services that are provided over a certain period of time, such as management of clients' assets, custody services and certain advisory services; and fees earned from PIT services, such as underwriting fees, deal-contingent merger and acquisitions fees, and brokerage fees (e.g. securities and derivatives execution and clearing). UBS AG recognizes fees earned from PIT services when it has fully provided the service to the client. Where the contract requires services to be provided over time, income is recognized on a systematic basis over the life of the agreement. This includes fees related to loan commitments where it is not probable that a specific lending arrangement will be entered into, which are recognized over the life of the commitment.

Consideration received is allocated to the separately identifiable performance obligations in a contract. Owing to the nature of UBS AG's business, contracts that include multiple performance obligations are typically those that are considered to include a series of similar performance obligations fulfilled over time with the same pattern of transfer to the client, e.g. management of client assets and custodial services. As a consequence, UBS AG is not required to apply significant judgment in allocating the consideration received across the various performance obligations.

PIT services are generally for a fixed price or dependent on deal size, e.g. a fixed number of basis points of trade size, where the amount of revenue is known when the performance obligation is met. Fixed-over-time fees are recognized on a straight-line basis over the performance period. Custodial and asset management fees can be variable through reference to the size of the customer portfolio. However, they are generally billed on a monthly or quarterly basis once the customer's portfolio size is known or known with near certainty and therefore also recognized ratably over the performance period. UBS AG does not recognize performance fees related to management of clients' assets or fees related to contingencies beyond UBS AG's control until such uncertainties are resolved.

UBS AG's fees are generally earned from short-term contracts. As a result, UBS AG's contracts do not include a financing component or result in the recognition of significant receivables or prepayment assets. Furthermore, due to the short-term nature of such contracts, UBS AG has not capitalized any material costs to obtain or fulfill a contract or generated any significant contract assets or liabilities.

UBS AG presents expenses primarily in line with their nature in the income statement, differentiating between expenses that are directly attributable to the satisfaction of specific performance obligations associated with the generation of revenues, which are generally presented within *Total revenues* as *Fee and commission expense*, and those that are related to personnel, general and administrative expenses, or depreciation and amortization which are presented within *Operating expenses*. For derivatives execution and clearing services (where UBS AG acts as an agent), UBS AG only recognizes its specific fees in the income statement, with fees payable to other parties not recognized as an expense but instead directly offset against the associated income collected from the given client.

› Refer to Note 4 for more information, including the disaggregation of revenues

4) Share-based and other deferred compensation plans

UBS AG recognizes expenses for deferred compensation awards over the period that the employee is required to provide service to become entitled to the award. Where the service period is shortened, for example in the case of employees affected by restructuring programs or mutually agreed termination provisions, recognition of such expense is accelerated to the termination date. Where no future service is required, such as for employees who are eligible for retirement or who have met certain age and length-of-service criteria, the services are presumed to have been received and compensation expense is recognized over the performance year or, in the case of off-cycle awards, immediately on the grant date.

Share-based compensation plans

UBS Group AG is the grantor of and maintains the obligation to settle share-based compensation plans that are awarded to employees of UBS AG. As a consequence, UBS AG classifies the awards of UBS Group AG shares as equity-settled share-based payment transactions. UBS AG recognizes the fair value of awards granted to its employees by reference to the fair value of UBS Group AG's equity instruments on the date of grant, taking into account the terms and conditions inherent in the award, including, where relevant, dividend rights, transfer restrictions in effect beyond the vesting date, market conditions, and non-vesting conditions.

For equity-settled awards, fair value is not remeasured unless the terms of the award are modified such that there is an incremental increase in value. Expenses are recognized, on a per-tranche basis, over the service period based on an estimate of the number of instruments expected to vest and are adjusted to reflect the actual outcomes of service or performance conditions.

For equity-settled awards, forfeiture events resulting from a breach of a non-vesting condition (i.e. one that does not relate to a service or performance condition) do not result in any adjustment to the share-based compensation expense.

For cash-settled share-based awards, fair value is remeasured at each reporting date, so that the cumulative expense recognized equals the cash distributed.

Note 1 Summary of material accounting policies (continued)

Other deferred compensation plans

Compensation expense for other deferred compensation plans is recognized on a per-tranche or straight-line basis, depending on the nature of the plan. The amount recognized is measured based on the present value of the amount expected to be paid under the plan and is remeasured at each reporting date, so that the cumulative expense recognized equals the cash or the fair value of respective financial instruments distributed.

› Refer to Note 26 for more information

5) Post-employment benefit plans

Defined benefit plans

Defined benefit plans specify an amount of benefit that an employee will receive, which usually depends on one or more factors, such as age, years of service and compensation. The defined benefit liability recognized in the balance sheet is the present value of the defined benefit obligation, measured using the projected unit credit method, less the fair value of the plan's assets at the balance sheet date, with changes resulting from remeasurements recorded immediately in *Other comprehensive income*. If the fair value of the plan's assets is higher than the present value of the defined benefit obligation, the recognition of the resulting net asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. Calculation of the net defined benefit obligation or asset takes into account the specific features of each plan, including risk sharing between employee and employer, and is calculated periodically by independent qualified actuaries.

Defined contribution plans

A defined contribution plan pays fixed contributions into a separate entity from which post-employment and other benefits are paid. UBS AG has no legal or constructive obligation to pay further amounts if the plan does not hold sufficient assets to pay employees the benefits relating to employee service in the current and prior periods. Compensation expense is recognized when the employees have rendered services in exchange for contributions. This is generally in the year of contribution. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

› Refer to Note 25 for more information

6) Income taxes

UBS AG is subject to the income tax laws of Switzerland and those of the non-Swiss jurisdictions in which UBS AG has business operations.

UBS AG's provision for income taxes is composed of current and deferred taxes. Current income taxes represent taxes to be paid or refunded for the current period or previous periods.

Deferred tax assets (DTAs) and deferred tax liabilities (DTLs) are recognized for temporary differences between the carrying amounts and tax bases of assets and liabilities that will result in deductible or taxable amounts, respectively in future periods. DTAs may also arise from other sources, including unused tax losses and unused tax credits. DTAs and DTLs are measured using the applicable tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and that will be in effect when such differences are expected to reverse.

DTAs are recognized only to the extent it is probable that sufficient taxable profits will be available against which these differences can be used. When an entity or tax group has a history of recent losses, DTAs are only recognized to the extent that there are sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses can be utilized.

Deferred and current tax assets and liabilities are offset when: (i) they arise in the same tax reporting group; (ii) they relate to the same tax authority; (iii) the legal right to offset exists; and (iv) with respect to current taxes they are intended to be settled net or realized simultaneously.

Current and deferred taxes are recognized as income tax benefit or expense in the income statement, except for current and deferred taxes recognized in relation to: (i) the acquisition of a subsidiary (for which such amounts would affect the amount of goodwill arising from the acquisition); (ii) unrealized gains or losses on financial instruments that are classified at FVOCI; (iii) changes in fair value of derivative instruments designated as cash flow hedges; (iv) remeasurements of defined benefit plans; or (v) certain foreign currency translations of foreign operations. Amounts relating to points (ii) through (v) above are recognized in *Other comprehensive income* within *Equity*.

Note 1 Summary of material accounting policies (continued)

UBS AG reflects the potential effect of uncertain tax positions for which acceptance by the relevant tax authority is not considered probable by adjusting current or deferred taxes, as applicable, using either the most likely amount or expected value methods, depending on which method is deemed a better predictor of the basis on which, and extent to which, the uncertainty will be resolved.

Critical accounting estimates and judgments

Tax laws are complex, and judgment and interpretations about the application of such laws are required when accounting for income taxes. UBS AG considers the performance of its businesses and the accuracy of historical forecasts and other factors when evaluating the recoverability of its DTAs, including the remaining tax loss carry-forward period, and its assessment of expected future taxable profits in the forecast period used for recognizing DTAs. Estimating future profitability and business plan forecasts is inherently subjective and is particularly sensitive to future economic, market and other conditions.

Forecasts are reviewed annually, but adjustments may be made at other times, if required. If recent losses have been incurred, convincing evidence is required to prove there is sufficient future profitability given that the value of UBS AG's DTAs may be affected, with effects primarily recognized through the income statement.

In addition, judgment is required to assess the expected value of uncertain tax positions and the related probabilities, including interpretation of tax laws, the resolution of any income-tax-related appeals and litigation.

› Refer to Note 8 for more information

7) Investments in associates

Interests in entities where UBS AG has significant influence over the financial and operating policies of these entities but does not have control are classified as investments in associates and are accounted for under the equity method of accounting. Typically, UBS AG has significant influence when it holds, or has the ability to hold, between 20% and 50% of an entity's voting rights. Investments in associates are initially recognized at cost, and the carrying amount is increased or decreased after the date of acquisition to recognize UBS AG's share of the investee's comprehensive income and dividends received and adjusted for any impairment losses. The net investment in an associate is impaired if there is objective evidence of a loss event and the carrying amount of the investment in the associate exceeds its recoverable amount.

› Refer to Note 27 for more information

8) Property, equipment and software

Property, equipment and software is measured at cost less accumulated depreciation and impairment losses. Software development costs are capitalized only when the costs can be measured reliably and it is probable that future economic benefits will arise. Depreciation of property, equipment and software begins when they are available for use and is calculated on a straight-line basis over an asset's estimated useful life.

Property, equipment and software are generally tested for impairment at the appropriate cash-generating unit level, alongside goodwill and intangible assets as described in item 9 in this Note. An impairment charge is recognized for such assets if the recoverable amount is below its carrying amount. The recoverable amounts of such assets, other than property that has a market price, are generally determined using a replacement cost approach that reflects the amount that would be currently required by a market participant to replace the service capacity of the asset. If such assets are no longer used, they are tested individually for impairment.

› Refer to Note 11 for more information

9) Goodwill and other separately identifiable intangible assets

Goodwill represents the excess of the consideration over the fair value of identifiable assets, liabilities and contingent liabilities acquired that arises in a business combination. Goodwill is not amortized but is assessed for impairment at the end of each reporting period, or when indicators of impairment exist. UBS AG tests goodwill for impairment annually, irrespective of whether there is any indication of impairment. An impairment charge is recognized in the income statement if the carrying amount exceeds the recoverable amount of a cash-generating unit.

Business combinations under common control do not result in recognition of goodwill or other intangible assets incremental to those already recognized by the acquired entity prior to the date of transfer. Goodwill assumed is subsequently allocated to respective cash-generating units and tested for impairment.

An impairment charge is recognized in the income statement if the carrying amount exceeds the recoverable amount of a cash-generating unit.

Note 1 Summary of material accounting policies (continued)

Critical accounting estimates and judgments

UBS AG's methodology for goodwill impairment testing is based on a model that is most sensitive to the following key assumptions: (i) forecasts of earnings available to shareholders (typically estimated on a discrete basis for years one to three); (ii) changes in the discount rates; and (iii) changes in the long-term growth rate.

Earnings available to shareholders are estimated on the basis of forecast results, which are part of the business plan approved by the BoD. The discount rates and growth rates are determined using external information, and also considering inputs from both internal and external analysts and the view of management.

The key assumptions used to determine the recoverable amounts of each cash-generating unit are tested for sensitivity by applying reasonably possible changes to those assumptions.

› Refer to Notes 2 and 12 for more information

10) Provisions and contingent liabilities

Provisions are liabilities of uncertain timing or amount, and are generally recognized in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, when: (i) UBS AG has a present obligation as a result of a past event; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) a reliable estimate of the amount of the obligation can be made. IAS 37 provisions are measured considering the best estimate of the consideration required to settle the present obligation at the balance sheet date.

When conditions required to recognize a provision are not met, a contingent liability is disclosed, unless the likelihood of an outflow of resources is remote. Contingent liabilities are also disclosed for possible obligations that arise from past events, the existence of which will be confirmed only by uncertain future events not wholly within the control of UBS AG.

Critical accounting estimates and judgments

Recognition of provisions often involves significant judgment in assessing the existence of an obligation that results from past events and in estimating the probability, the timing and the amount of any outflows of resources. This is particularly the case for litigation, regulatory and similar matters, which, due to their nature, are subject to many uncertainties, making their outcome difficult to predict.

The amount of any provision recognized is sensitive to the assumptions used, and there could be a wide range of possible outcomes for any particular matter.

Management regularly reviews all the available information regarding such matters, including legal advice, to assess whether the recognition criteria for provisions have been satisfied and to determine the timing and the amount of any potential outflows.

› Refer to Note 17 for more information

11) Foreign currency translation

Transactions denominated in a foreign currency are translated into the functional currency of the reporting entity at the spot exchange rate on the date of the transaction. At the balance sheet date, all monetary assets, including those at FVOCI, and monetary liabilities denominated in foreign currency are translated into the functional currency using the closing exchange rate. Translation differences are reported in *Other net income from financial instruments measured at fair value through profit or loss*.

Non-monetary items measured at historical cost are translated at the exchange rate on the date of the transaction.

Upon consolidation, assets and liabilities of foreign operations are translated into US dollars, UBS AG's presentation currency, at the closing exchange rate on the balance sheet date, and income and expense items and other comprehensive income are translated at the average rate for the period. The resulting foreign currency translation differences are recognized in *Equity* and reclassified to the income statement when UBS AG disposes of the foreign operation, either partially or in its entirety, and UBS AG no longer controls the foreign operation.

Share capital issued and share premium held are translated at the historic average rate, with the difference between the historic average rate and the spot rate realized upon repayment of share capital reported as *Share premium*. Cumulative amounts recognized in *Other comprehensive income* in respect of cash flow hedges and financial assets measured at FVOCI are translated at the closing exchange rate as of the balance sheet dates, with any translation effects adjusted through *Retained earnings*.

› Refer to Note 31 for more information

12) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents consist of balances with an original maturity of three months or less including cash, money market paper and balances with central and other banks.

In certain circumstances cash and cash equivalent balances held are not available for the use by UBS AG, for example amounts placed at central banks to meet local statutory minimum reserve requirements, balances protected under client asset segregation rules and balances pledged under depositor protection schemes.

Note 1 Summary of material accounting policies (continued)

b) Changes in IFRS Accounting Standards and Interpretations

Disclosures about Uncertainties in the Financial statements

In November 2025, the IASB issued illustrative examples *Disclosures about Uncertainties in the Financial Statements*, using climate-related examples to illustrate how requirements in IFRS Accounting Standards are applied to report the effects of uncertainties in the financial statements. Examples have no stated effective date. The guidance provided through these examples is consistent with the manner in which UBS AG prepares its financial statements.

IFRS 18, Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued a new standard, IFRS 18, *Presentation and Disclosure in Financial Statements*, which replaces IAS 1, *Presentation of Financial Statements*. The main changes introduced by IFRS 18 relate to:

- the structure of income statements;
- new disclosure requirements for management performance measures; and
- enhanced guidance on aggregation and disaggregation of information on the face of financial statements and in the notes thereto.

IFRS 18 is effective from 1 January 2027 and will also apply to comparative information. UBS AG will apply these new requirements from 1 January 2027. UBS AG is assessing the impact of the new requirements on its reporting but expects it to be limited. UBS AG will evaluate the grouping of items in the primary financial statements and in the notes thereto based on new principles of aggregation and disaggregation in IFRS 18.

Amendments to IFRS 9, Financial Instruments, and IFRS 7, Financial Instruments: Disclosures

In May 2024, the IASB issued *Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7* (the Amendments).

The Amendments relate to:

- assessment of contractual cash flow characteristics in classifying financial assets, including those with environmental, social and corporate governance and similar features, non-recourse features, and contractually linked instruments;
- derecognition of financial instruments, including the introduction of an accounting policy election to derecognize financial liabilities settled through electronic transfer systems, if certain conditions are met; and
- disclosure of information about financial instruments with contingent features that can change the amount of contractual cash flows, as well as equity instruments designated at fair value through other comprehensive income.

The Amendments are effective from 1 January 2026 and are expected to have limited impact on UBS AG's financial statements.

Other amendments to IFRS Accounting Standards

The IASB has issued a number of minor amendments to IFRS Accounting Standards, effective from 1 January 2025 and later. These amendments do not have or are not expected to have a significant effect on UBS AG when they are adopted.

Note 2a Segment reporting

UBS AG's businesses are organized globally into five business divisions: Global Wealth Management, Personal & Corporate Banking, Asset Management, the Investment Bank, and Non-core and Legacy. All five business divisions are supported by the Group functions and qualify as reportable segments for the purpose of segment reporting. Together with the Group functions, the five business divisions reflect the management structure of UBS AG.

- **Global Wealth Management** provides financial services, advice and solutions to private wealth clients, as well as select institutional clients. Its offering ranges from investment management to estate planning and corporate finance advice, in addition to specific wealth management and banking products and services.
- **Personal & Corporate Banking** provides an extensive range of financial products and services, from banking to retirement, financing, investments and strategic transactions, to private, corporate and institutional clients, in Switzerland, through its branch network and digital channels.
- **Asset Management** is a global, large-scale and diversified asset manager, offering investment capabilities and strategies across all major traditional and alternative asset classes and investing styles to institutions, wholesale intermediaries and Global Wealth Management clients.
- The **Investment Bank** provides services to institutional, corporate, financial sponsor and Global Wealth Management clients, helping them raise capital, invest and manage risks. Its offering includes equities, foreign exchange, precious metals, research, advisory and capital markets, complemented by a focused rates and credit platform.
- **Non-core and Legacy** incorporates selected assets and liabilities originating from the former Credit Suisse businesses not aligned with UBS AG's long-term strategic priorities or risk appetite, including associated financial and non-financial assets, operating expenses, and funding costs. A small part of the division is made up of positions from UBS's former Non-core and Legacy Portfolio and some other legacy UBS assets and liabilities that were assessed as non-strategic in the context of the acquisition of the Credit Suisse Group.
- The Group functions are support and control functions that provide services to the Group. Virtually all costs incurred by the Group functions are allocated to the business divisions, leaving a residual amount referred to as **Group Items** in the segment reporting. Group functions include the following major areas: Group Services (which consists of Group Technology, Group Compliance and Operational Risk Control, Group Finance, Group Risk Control, Group Human Resources and Corporate Services, Group Corporate Communications and Group Brand & Marketing, Group Legal, the Group Integration Office, Group Sustainability and Impact, and the Chief Strategy Office) and Group Treasury.

Financial information about the five business divisions and Group Items is presented separately in internal management reports to the Executive Board, which is considered the "chief operating decision-maker" pursuant to IFRS 8, *Operating Segments*.

UBS AG's internal accounting policies, which include management accounting policies and service-level agreements, determine the revenues and expenses directly attributable to each reportable segment. Transactions between the reportable segments are carried out at internally agreed rates and are reflected in the operating results of the reportable segments. Revenue-sharing agreements are used to allocate external client revenues to reportable segments where several reportable segments are involved in the value creation chain. Total intersegment revenues for UBS AG are immaterial, as the majority of the revenues are allocated across the segments by means of revenue-sharing agreements. Interest income earned from managing UBS AG's consolidated equity is allocated to the reportable segments based on average attributed equity and currency composition. Assets and liabilities of the reportable segments are funded through and invested with Group functions, and the net interest margin is reflected in the results of each reportable segment.

Segment assets are based on a third-party view and do not include intercompany balances. This view is in line with internal reporting to management. If one operating segment is involved in an external transaction together with another operating segment or Group function, additional criteria are considered to determine the segment that will report the associated assets. This will include a consideration of which segment's business needs are being addressed by the transaction and which segment is providing the funding and / or resources. Allocation of liabilities follows the same principles.

Non-current assets disclosed for segment reporting purposes represent assets that are expected to be recovered more than 12 months after the reporting date, excluding financial instruments, deferred tax assets and post-employment benefits.

Note 2a Segment reporting (continued)

Segment reporting

<i>USD m</i>	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Non-core and Legacy	Group Items	UBS AG
For the year ended 31 December 2025							
Net interest income	6,550	4,508	(70)	(2,927)	(248)	(1,459)	6,354
Non-interest income	18,896	3,730	3,221	14,838	120	530	41,335
Total revenues	25,446	8,238	3,150	11,910	(128)	(928)	47,688
Credit loss expense / (release)	47	349	1	147	3	3	549
Operating expenses	20,776	6,234	2,440	9,476	2,873	1,240	43,038
Operating profit / (loss) before tax	4,624	1,654	709	2,288	(3,003)	(2,171)	4,101
Tax expense / (benefit)							534
Net profit / (loss)							3,566
Additional information							
Total assets	577,946	481,784	26,889	488,001	25,413	17,140	1,617,173
Additions to non-current assets	949	401	132	772	14	0	2,268
<i>USD m</i>	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Non-core and Legacy	Group Items	UBS AG
For the year ended 31 December 2024							
Net interest income	5,901	4,035	(54)	(3,484)	(12)	(1,708)	4,678
Non-interest income	16,247	3,123	2,853	13,321	347	1,753	37,645
Total revenues	22,148	7,159	2,799	9,837	335	45	42,323
Credit loss expense / (release)	(1)	393	0	98	55	0	544
Operating expenses	18,893	4,714	2,334	8,753	3,673	979	39,346
Operating profit / (loss) before tax	3,255	2,052	465	987	(3,392)	(935)	2,433
Tax expense / (benefit)							900
Net profit / (loss)							1,533
Additional information							
Total assets	560,194	449,224	22,291	453,078	67,696	15,577	1,568,060
Additions to non-current assets	286	704	77	589	61	0	1,717
<i>USD m</i>	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Non-core and Legacy	Group Items	UBS AG
For the year ended 31 December 2023							
Net interest income	5,345	3,059	(37)	(2,586)	24	(1,238)	4,566
Non-interest income	13,194	2,158	2,108	10,371	34	1,244	29,109
Total revenues	18,539	5,216	2,071	7,784	58	6	33,675
Credit loss expense / (release)	25	50	(1)	67	1	1	143
Operating expenses	14,900	2,889	1,706	7,588	1,010	919	29,011
Operating profit / (loss) before tax	3,614	2,277	366	130	(952)	(914)	4,521
Tax expense / (benefit)							1,206
Net profit / (loss)							3,315
Additional information							
Total assets	404,747	283,980	19,662	402,415	13,845	31,368	1,156,016
Additions to non-current assets	666	219	70	445	0	0	1,400

Note 2b Segment reporting by geographic location

The operating regions shown in the table below correspond to the regional management structure of UBS AG. The allocation of total revenues to these regions reflects, and is consistent with, the basis on which the business is managed and its performance is evaluated. These allocations involve assumptions and judgments that management considers to be reasonable and may be refined to reflect changes in estimates or management structure. The main principles of the allocation methodology are that client revenues are attributed to the domicile of the given client and trading and portfolio management revenues are attributed to the country where the risk is managed. This revenue attribution is consistent with the mandate of the regional Presidents. Certain revenues, such as those related to Non-core and Legacy and Group Items, are included in the *Global* line.

The geographical analysis of non-current assets is based on the location of the entity in which the given assets are recorded.

Segment reporting by geographic location

For the year ended 31 December 2025

	Total revenues		Total non-current assets	
	USD bn	Share %	USD bn	Share %
Americas ¹	17.2	36	8.8	41
Asia Pacific	8.0	17	1.2	6
EMEA (excluding Switzerland)	8.4	18	2.7	13
Switzerland	14.9	31	8.5	40
Global ²	(0.9)	(2)	0.0	0
Total	47.7	100	21.2	100

For the year ended 31 December 2024

	Total revenues		Total non-current assets	
	USD bn	Share %	USD bn	Share %
Americas ¹	15.7	37	8.9	42
Asia Pacific	6.7	16	1.3	6
EMEA (excluding Switzerland)	7.0	17	2.7	13
Switzerland	12.0	28	8.2	39
Global ³	0.9	2	0.0	0
Total	42.3	100	21.1	100

For the year ended 31 December 2023

	Total revenues		Total non-current assets	
	USD bn	Share %	USD bn	Share %
Americas ¹	13.3	39	8.6	47
Asia Pacific	5.0	15	1.2	7
EMEA (excluding Switzerland)	6.1	18	2.6	14
Switzerland	9.2	27	5.9	32
Global	0.0	0	0.0	0
Total	33.7	100	18.3	100

¹ Predominantly related to the US. ² Includes certain revenues in Global Wealth Management that were not allocated to geographical regions. ³ Includes certain revenues in Asset Management and Global Wealth Management that were not allocated to geographical regions.

Income statement notes

Note 3 Net interest income and other net income from financial instruments measured at fair value through profit or loss

USD m	For the year ended		
	31.12.25	31.12.24	31.12.23
Net interest income from financial instruments measured at fair value through profit or loss and other	6,323	5,455	1,765
Other net income from financial instruments measured at fair value through profit or loss ¹	13,952	12,959	9,934
Total net income from financial instruments measured at fair value through profit or loss and other	20,275	18,414	11,698
Net interest income			
Interest income from loans and deposits ²	22,424	25,751	19,637
Interest income from securities financing transactions measured at amortized cost ³	3,399	3,716	3,450
Interest income from other financial instruments measured at amortized cost	1,622	1,339	1,152
Interest income from debt instruments measured at fair value through other comprehensive income	291	104	103
Interest resulting from derivative instruments designated as cash flow hedges	(1,229)	(1,943)	(1,898)
Total interest income from financial instruments measured at amortized cost and fair value through other comprehensive income	26,507	28,967	22,444
Interest expense on loans and deposits ⁴	13,973	16,772	10,800
Interest expense on securities financing transactions measured at amortized cost ⁵	2,083	1,939	1,714
Interest expense on debt issued and funding from UBS Group AG measured at amortized cost ⁶	10,286	10,901	7,031
Interest expense on lease liabilities	135	132	97
Total interest expense from financial instruments measured at amortized cost	26,477	29,745	19,643
Total net interest income from financial instruments measured at amortized cost and fair value through other comprehensive income	31	(777)	2,801
Total net interest income from financial instruments measured at fair value through profit or loss and other	6,323	5,455	1,765
Total net interest income	6,354	4,678	4,566

¹ Includes net losses from financial liabilities designated at fair value of USD 7,547m (net losses of USD 2,090m in 2024 and net losses of USD 4,065m in 2023). These amounts exclude fair value changes on hedges related to financial liabilities designated at fair value, and foreign currency translation effects arising from translating foreign currency transactions into the respective functional currency, both of which are reported within Other net income from financial instruments measured at fair value through profit or loss. Net losses from financial liabilities designated at fair value included net losses of USD 2,827m (net losses of USD 1,844m and net losses of USD 2,045m in 2024 and 2023, respectively) from financial liabilities related to unit-linked investment notes issued by UBS AG's Asset Management business division. These gains / (losses) are fully offset within Other net income from financial instruments measured at fair value through profit or loss by the fair value change on the financial assets hedging the unit-linked investment contracts, which are not disclosed as part of net losses from financial liabilities designated at fair value. ² Consists of interest income from cash and balances at central banks, amounts due from banks and customers, and cash collateral receivables on derivative instruments, as well as negative interest on amounts due to banks, customer deposits, and cash collateral payables on derivative instruments. ³ Includes negative interest, including fees, on payables from securities financing transactions measured at amortized cost. ⁴ Consists of interest expense on amounts due to banks, cash collateral payables on derivative instruments, customer deposits, and funding from UBS Group AG measured at amortized cost, as well as negative interest on cash and balances at central banks, amounts due from banks, and cash collateral receivables on derivative instruments. ⁵ Includes negative interest, including fees, on receivables from securities financing transactions measured at amortized cost. ⁶ Includes interest expense on funding from UBS Group AG measured at amortized cost, previously presented in Interest expense on loans and deposits. Comparative-period information has been revised, which resulted in a USD 6.8bn reclassification from Interest expense on loans and deposits to Interest expense on debt issued and funding from UBS Group AG measured at amortized cost for the year ended 31 December 2024 and USD 4.2bn for the year ended 31 December 2023.

Note 4 Net fee and commission income

USD m	For the year ended		
	31.12.25	31.12.24	31.12.23
Underwriting fees	1,050	838	637
M&A and corporate finance fees	1,119	1,016	669
Brokerage fees	5,428	4,407	3,323
Portfolio management, investment fund and related services fees ¹	19,555	16,997	13,821
Other	2,918	2,548	1,950
Total fee and commission income²	30,069	25,806	20,399
<i>of which: recurring</i>	<i>19,556</i>	<i>17,065</i>	<i>14,008</i>
<i>of which: transaction-based</i>	<i>10,318</i>	<i>8,604</i>	<i>6,320</i>
<i>of which: performance-based</i>	<i>195</i>	<i>137</i>	<i>71</i>
Fee and commission expense³	2,669	2,369	1,790
Net fee and commission income	27,400	23,438	18,610
<i>of which: recurring net fee and commission income</i>	<i>18,015</i>	<i>15,674</i>	<i>13,003</i>
<i>of which: Global Wealth Management</i>	<i>13,671</i>	<i>12,082</i>	<i>10,143</i>
<i>of which: Personal & Corporate Banking</i>	<i>1,669</i>	<i>1,325</i>	<i>949</i>
<i>of which: Asset Management</i>	<i>2,800</i>	<i>2,407</i>	<i>1,950</i>
<i>of which: transaction-based net fee and commission income</i>	<i>9,190</i>	<i>7,628</i>	<i>5,537</i>
<i>of which: Global Wealth Management</i>	<i>3,355</i>	<i>2,644</i>	<i>1,908</i>
<i>of which: Personal & Corporate Banking</i>	<i>1,200</i>	<i>995</i>	<i>800</i>
<i>of which: Asset Management</i>	<i>79</i>	<i>55</i>	<i>32</i>
<i>of which: performance-based net fee and commission income</i>	<i>195</i>	<i>136</i>	<i>70</i>
<i>of which: Asset Management</i>	<i>195</i>	<i>136</i>	<i>70</i>

¹ Fees for portfolio management and related services and investment fund fees are presented on a combined basis. Comparative-period information has been aligned with the information presented for the year ended 31 December 2025. This category includes fees earned on portfolio management mandates with clients and management and performance fees earned on UBS-managed funds and third-party-managed funds. ² For the year ended 31 December 2025 reflects third-party fee and commission income of USD 17,879m for Global Wealth Management, USD 3,162m for Personal & Corporate Banking, USD 4,089m for Asset Management, USD 4,912m for the Investment Bank, USD 40m for Non-core and Legacy, and negative USD 12m for Group Items (for the year ended 31 December 2024: USD 15,527m for Global Wealth Management, USD 2,588m for Personal & Corporate Banking, USD 3,333m for Asset Management, USD 4,135m for the Investment Bank, USD 230m for Non-core and Legacy, and negative USD 6m for Group Items; for the year ended 31 December 2023: USD 12,687m for Global Wealth Management, USD 1,840m for Personal & Corporate Banking, USD 2,723m for Asset Management, USD 3,153m for the Investment Bank, USD 7m for Non-core and Legacy, and negative USD 11m for Group Items). ³ Includes brokerage expense for the year ended 31 December 2025 of USD 332m (for year ended 31 December 2024: USD 325m; for the year ended 31 December 2023: USD 244m).

Note 5 Other income

USD m	For the year ended		
	31.12.25	31.12.24	31.12.23
Other income			
Associates, joint ventures and subsidiaries			
Net gains / (losses) from acquisitions and disposals of subsidiaries ¹	193 ²	9	24
Net gains / (losses) from disposals of investments in associates and joint ventures	3	118	0
Share of net profits of associates and joint ventures	79 ³	74	(163)
Impairments related to associates	(2)	0	
Total	273	201	(138)
Net gains / (losses) from disposals of financial assets measured at fair value through other comprehensive income	0	0	(1)
Income from properties ⁴	30	29	18
Net gains / (losses) from properties held for sale	(11)	(16)	8
Income from shared services provided to UBS Group AG or its subsidiaries	658	733	568
Other ⁵	(968) ⁶	301 ⁷	112
Total other income	(17)	1,248	566

¹ Includes foreign exchange gains / (losses) reclassified from other comprehensive income related to the disposal or closure of foreign operations. Refer to Note 28 for more information about UBS AG's acquisitions and disposals of subsidiaries and businesses. ² Includes a gain of USD 128m from the sale of a stake in a subsidiary, Credit Suisse Securities (China) Limited, and also includes a loss of USD 11m recognized upon the completion of the sale of the US mortgage servicing business of Credit Suisse, Select Portfolio Servicing, which was managed in Non-core and Legacy. Refer to Note 28 for more information. ³ Includes a gain of USD 64m related to UBS AG's share of the income recorded by Swisscard AECS GmbH for the sale of the Credit Suisse card portfolios to UBS AG. Refer to Note 28 for more information. ⁴ Includes rent received from third parties. ⁵ Included in 2025 are net losses of USD 995m related to the repurchase of UBS AG's own debt instruments (compared with net gains of USD 0m in 2024 and net gains of USD 21m in 2023). The net losses in 2025 include a USD 943m loss from the repurchase of legacy Credit Suisse debt instruments, as the repurchase price exceeded the amortized-cost carrying value. The debt repurchased included instruments issued directly by UBS AG through its Stamford branch and instruments on-lent from UBS Group AG. ⁶ Includes a USD 33m gain from the sale of UBS AG's wealth management business in India. Refer to Note 28 for more information. ⁷ Includes USD 113m net gains in Asset Management from the sale of the Brazilian real estate fund management business.

Note 6 Personnel expenses

USD m	For the year ended		
	31.12.25	31.12.24	31.12.23
Personnel expenses			
Salaries ¹	8,716	7,884	5,898
Variable compensation ²	10,755	9,414	7,669
of which: performance awards	4,352	3,511	2,841
of which: financial advisors ³	5,654	5,293	4,549
of which: other	748	610	279
Contractors	145	110	98
Social security	1,248	1,060	835
Post-employment benefit plans ⁴	1,028	787	579
of which: defined benefit plans	586	380	259
of which: defined contribution plans	442	408	320
Other personnel expenses	809	703	576
Total personnel expenses	22,702	19,958	15,655

¹ Includes role-based allowances. ² Refer to Note 26 for more information. ³ Financial advisor compensation consists of cash compensation, determined using a formulaic approach based on production, and deferred awards. It also includes expenses related to compensation commitments with financial advisors entered into at the time of recruitment that are subject to vesting requirements. ⁴ Refer to Note 25 for more information. Includes curtailment gains of USD 51m for the year ended 31 December 2025 (for the year ended 31 December 2024: USD 71m; for the year ended 31 December 2023: USD 3m), which represent a reduction in the defined benefit obligation related to the Swiss pension plans resulting from a decrease in headcount following restructuring activities.

Note 7 General and administrative expenses

USD m	For the year ended		
	31.12.25	31.12.24	31.12.23
General and administrative expenses			
Outsourcing costs	808	829	478
Technology costs	1,000	912	558
Consulting, legal and audit fees	1,136	1,170	650
Real estate and logistics costs	809	832	679
Market data services	607	573	400
Marketing and communication	338	356	209
Travel and entertainment	318	279	205
Litigation, regulatory and similar matters ¹	608	1,514	816
Other	11,858 ²	10,085	7,123
of which: shared services costs charged by UBS Group AG or its subsidiaries	10,368	8,862	6,203
Total general and administrative expenses	17,481	16,548	11,118

¹ Reflects the net increase / (decrease) in provisions for litigation, regulatory and similar matters recognized in the income statement, as well as litigation expenses relating to matters where UBS AG or its subsidiaries do not hold the provision but have agreed to bear all or a portion of the expense. Refer to Note 17 for more information. In 2024, in accordance with the applicable contractual arrangements, UBS AG received a reimbursement of USD 177m from a direct subsidiary of UBS Group AG. ² Includes a USD 180m expense related to the payment to Swisscard AECS GmbH for the sale of the Credit Suisse card portfolios to UBS AG. Refer to Note 28 for more information.

Note 8 Income taxes

Income taxes	For the year ended		
	31.12.25	31.12.24	31.12.23
<i>USD m</i>			
Tax expense / (benefit)			
Swiss			
Current	527	567	810
Deferred	32	(106)	39
Total Swiss	559	461	849
Non-Swiss			
Current	710	1,439	618
Deferred	(735)	(1,000)	(262)
Total non-Swiss	(25)	439	356
Total income tax expense / (benefit) recognized in the income statement	534	900	1,206

Income tax recognized in the income statement

The Swiss current tax expenses related to taxable profits of UBS Switzerland AG and other Swiss entities.

The non-Swiss current tax expenses included USD 145m that related to US corporate alternative minimum tax, with an equivalent deferred tax benefit for deferred tax assets (DTAs) recognized in respect of tax credits carried forward, and USD 565m in respect of other taxable profits of non-Swiss subsidiaries and branches.

The net non-Swiss deferred tax benefit included USD 145m related to the aforementioned deferred tax benefit, USD 747m in respect of a net upward revaluation of DTAs, USD 215m in respect of an increase in DTAs that resulted from an increase in the expected value of future tax deductions for deferred compensation awards due to an increase in the Group's share price during the year and USD 118m in respect of an increase in DTA recognition for UBS AG's US branch. These benefits were partly offset by an expense of USD 490m that primarily related to the amortization of DTAs previously recognized in relation to tax losses carried forward and deductible temporary differences.

Income tax expense / (benefit)

Income tax expense / (benefit)	For the year ended		
	31.12.25	31.12.24	31.12.23
<i>USD m</i>			
Operating profit / (loss) before tax	4,101	2,433	4,521
<i>of which: Swiss</i>	1,352	221	3,174
<i>of which: non-Swiss</i>	2,749	2,212	1,347
Income taxes at Swiss tax rate of 18.5% for 2025, 18.5% for 2024 and 18.5% for 2023	759	450	836
Increase / (decrease) resulting from:			
Non-Swiss tax rates differing from Swiss tax rate	17	(66)	(43)
Tax effects of losses not recognized	277	358	71
Previously unrecognized tax losses now utilized	(152)	(454)	(401)
Non-taxable and lower-taxed income	(147)	(232)	(165)
Non-deductible expenses and additional taxable income	1,101	1,379	1,017
Adjustments related to prior years, current tax	(109)	(35)	(15)
Adjustments related to prior years, deferred tax	(10)	(27)	10
Change in deferred tax recognition	(1,303)	(608)	(273)
Adjustments to deferred tax balances arising from changes in tax rates	12	6	0
Other items	91	128	169
Income tax expense / (benefit)	534	900	1,206

Note 8 Income taxes (continued)

The components of operating profit before tax, and the differences between income tax expense reflected in the financial statements and the amounts calculated at the Swiss tax rate, are provided in the table above and explained below.

Component	Description
Non-Swiss tax rates differing from the Swiss tax rate	To the extent that UBS AG profits or losses arise outside Switzerland, the applicable local tax rate may differ from the Swiss tax rate. This item reflects, for such profits, an adjustment from the tax expense that would arise at the Swiss tax rate to the tax expense that would arise at the applicable local tax rate. Similarly, it reflects, for such losses, an adjustment from the tax benefit that would arise at the Swiss tax rate to the tax benefit that would arise at the applicable local tax rate.
Tax effects of losses not recognized	This item relates to tax losses of entities arising in the year that are not recognized as DTAs and where no tax benefit arises in relation to those losses. Therefore, the tax benefit calculated by applying the local tax rate to those losses as described above is reversed.
Previously unrecognized tax losses now utilized	This item relates to taxable profits of the year that are offset by tax losses of previous years for which no DTAs were previously recorded. Consequently, no current tax or deferred tax expense arises in relation to those taxable profits and the tax expense calculated by applying the local tax rate on those profits is reversed.
Non-taxable and lower-taxed income	This item relates to tax deductions for the year in respect of permanent differences. These include deductions in respect of profits that are either not taxable or are taxable at a lower rate of tax than the local tax rate. They also include deductions made for tax purposes, which are not reflected in the accounts.
Non-deductible expenses and additional taxable income	This item relates to additional taxable income for the year in respect of permanent differences. These include income that is recognized for tax purposes by an entity but is not included in its profit that is reported in the financial statements, as well as expenses for the year that are non-deductible (e.g. client entertainment costs are not deductible in certain locations).
Adjustments related to prior years, current tax	This item relates to adjustments to current tax expense for prior years (e.g. if the tax payable for a year is agreed with the tax authorities in an amount that differs from the amount previously reflected in the financial statements).
Adjustments related to prior years, deferred tax	This item relates to adjustments to deferred tax positions recognized in prior years (e.g. if a tax loss for a year is fully recognized and the amount of the tax loss agreed with the tax authorities is expected to differ from the amount previously recognized as DTAs in the accounts).
Change in deferred tax recognition	This item relates to changes in DTAs, including changes in DTAs previously recognized resulting from reassessments of expected future taxable profits. It also includes changes in temporary differences in the year, for which deferred tax is not recognized.
Adjustments to deferred tax balances arising from changes in tax rates	This item relates to remeasurements of DTAs and liabilities recognized due to changes in tax rates. These have the effect of changing the future tax saving that is expected from tax losses or deductible tax differences and therefore the amount of DTAs recognized or, alternatively, changing the tax cost of additional taxable income from taxable temporary differences and therefore the deferred tax liability.
Other items	Other items include other differences between profits or losses at the local tax rate and the actual local tax expense or benefit, including movements in provisions for uncertain positions in relation to the current year and other items.

Income tax recognized directly in equity

A net tax expense of USD 337m was recognized in *Other comprehensive income* (2024: net tax expense of USD 40m) and a net tax benefit of USD 160m was recognized in *Share premium* (2024: net tax benefit of USD 18m).

Deferred tax assets and liabilities

UBS AG has gross DTAs, valuation allowances and recognized DTAs related to tax loss carry-forwards and deductible temporary differences, as well as deferred tax liabilities in respect of taxable temporary differences, as shown in the table below. The valuation allowances reflect DTAs that were not recognized because, as of the last remeasurement period, management did not consider it probable that there would be sufficient future taxable profits available to utilize the related tax loss carry-forwards and deductible temporary differences.

The recognition of DTAs is supported by forecasts of taxable profits for the entities concerned. In addition, tax planning opportunities are available that would result in additional future taxable income and these would be utilized, if necessary.

Deferred tax liabilities are recognized in respect of investments in subsidiaries, branches and associates, and interests in joint arrangements, except to the extent that UBS AG can control the timing of the reversal of the associated taxable temporary difference, and it is probable that such will not reverse in the foreseeable future. However, as of 31 December 2025, this exception was not considered to apply to any taxable temporary differences.

Note 8 Income taxes (continued)

Deferred tax assets and liabilities

USD m	31.12.25			31.12.24		
	Gross	Valuation allowance	Recognized	Gross	Valuation allowance	Recognized
Deferred tax assets¹						
Tax loss carry-forwards	20,172	(17,655)	2,518	19,871	(17,594)	2,277
Unused tax credits	808	0	808	675	0	675
Temporary differences	9,915	(2,156)	7,759	10,123	(2,594)	7,529
<i>of which: related to real estate costs capitalized for US tax purposes</i>	2,907	0	2,907	2,971	0	2,971
<i>of which: related to compensation and benefits</i>	2,140	(250)	1,891	1,920	(503)	1,417
<i>of which: related to cash flow hedges</i>	284	1	284	607	0	607
<i>of which: other</i>	4,584	(1,907)	2,677	4,625	(2,090)	2,535
Total deferred tax assets	30,895	(19,810)	11,085²	30,669	(20,188)	10,481²
<i>of which: related to the US</i>			9,948			9,174
<i>of which: related to other locations</i>			1,137			1,307

Deferred tax liabilities

Total deferred tax liabilities	351	283
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¹ After offset of DTLs, as applicable. ² As of 31 December 2025, UBS AG recognized DTAs of USD 558m (31 December 2024: USD 777m) in respect of entities that incurred losses in either 2025 or 2024.

In general, US federal tax losses incurred prior to 31 December 2017 can be carried forward for 20 years. US federal tax losses incurred after that date can be carried forward indefinitely, although the utilization of such losses is limited to 80% of the entity's future year taxable profits. UK tax losses can also be carried forward indefinitely; they can shelter up to either 25% or 50% of future year taxable profits, depending on when the tax losses arose. The amounts of US tax loss carry-forwards that are included in the table below are based on their amount for federal tax purposes rather than for state and local tax purposes.

Unrecognized tax loss carry-forwards

USD m	31.12.25	31.12.24
Within 1 year	352	387
From 2 to 5 years	8,239	9,491
From 6 to 10 years	3,224	3,127
From 11 to 20 years	3,007	3,760
No expiry	47,588	50,770
Total	62,410	67,535
<i>of which: related to the US¹</i>	16,932	19,213
<i>of which: related to the UK</i>	39,640	38,293
<i>of which: related to other locations</i>	5,838	10,029

¹ Related to UBS AG's US branch.

Pillar Two top-up taxes under Global Anti-Base Erosion rules

Certain countries in which UBS AG operates have enacted legislation implementing the Pillar Two Global Anti-Base Erosion rules published by the Organisation for Economic Co-operation and Development that introduced domestic top-up taxes that applied to UBS AG entities during 2025, including Switzerland, which introduced non-domestic top-up taxes with effect from 1 January 2025, that applies to UBS AG's worldwide entities.

The exception that was introduced by the amendments to IAS 12, Income Taxes, issued in May 2023, has been applied for the purposes of these financial statements, which requires that deferred tax assets and deferred tax liabilities be neither recognized nor disclosed in respect of such top-up taxes.

UBS AG's profits are primarily generated in countries that have effective tax rates of 15% or more and, as a result, its current tax expenses for 2025 that related to top-up taxes were only USD 8m.

Balance sheet notes

Note 9 Financial assets at amortized cost and other positions in scope of expected credit loss measurement

The tables below provide information about financial instruments and certain credit lines that are subject to expected credit loss (ECL) requirements. UBS AG's ECL disclosure segments, or "ECL segments", are aggregated portfolios based on shared risk characteristics and on the same or similar rating methods applied. The key segments are presented in the table below.

› Refer to Note 19 for more information about expected credit loss measurement

› Refer to Note 19f for more information about sensitivity

Segment	Segment description	Description of credit risk sensitivity	Business division
Private clients with mortgages	Lending to private clients secured by owner-occupied real estate and personal account overdrafts of those clients	Sensitive to Swiss GDP, interest rate environment, unemployment levels, real estate collateral values and other regional aspects	– Personal & Corporate Banking – Global Wealth Management
Real estate financing	Rental or income-producing real estate financing to private and corporate clients secured by real estate	Sensitive to Swiss GDP, unemployment levels, the interest rate environment, real estate collateral values and other regional aspects	– Personal & Corporate Banking – Global Wealth Management – Investment Bank
Large corporate clients	Lending to large corporate and multi-national clients	Sensitive to GDP developments, unemployment levels, credit default swap (CDS) indices, seasonality, business cycles, collateral values (diverse collateral, including real estate and other collateral types) and commodity prices	– Personal & Corporate Banking – Investment Bank – Global Wealth Management – Non-core and Legacy
SME clients	Lending to small and medium-sized corporate clients	Sensitive to GDP developments, unemployment levels, the interest rate environment and, to some extent, seasonality, business cycles and collateral values (diverse collateral, including real estate and other collateral types)	– Personal & Corporate Banking
Lombard	Loans secured by pledges of marketable securities, guarantees and other forms of collateral	Sensitive to equity and debt markets (e.g. changes in collateral values)	– Global Wealth Management – Non-core and Legacy
Credit cards	Credit card exposures in Switzerland and the US	Sensitive to unemployment levels	– Personal & Corporate Banking – Global Wealth Management
Commodity trade finance	Working capital financing of commodity traders, generally extended on a self-liquidating transactional basis	Sensitive primarily to the strength of individual transaction structures and collateral values (price volatility of commodities), as the primary source for debt service is directly linked to the shipments financed	– Personal & Corporate Banking
Consumer financing	Consumer loans and car leasing	Sensitive to unemployment levels	– Personal & Corporate Banking
Ship financing	Ship financing mainly includes bulk carriers, oil tankers, containers and liquefied natural gas carriers	Sensitive to real GDP, earnings of tankers and earnings of bulk carriers	– Global Wealth Management
Aircraft financing	Corporate aircraft financing	Sensitive to collateral values	– Global Wealth Management
Financial intermediaries and hedge funds	Lending to financial institutions and pension funds, including exposures to broker-dealers and clearing houses	Sensitive to GDP development, CDS indices, the interest rate environment, price and volatility risks in financial markets, regulatory and political risk, and collateral values (diverse collateral, including real estate and other collateral types)	– Personal & Corporate Banking – Investment Bank – Global Wealth Management – Non-core and Legacy

Note 9 Financial assets at amortized cost and other positions in scope of expected credit loss measurement (continued)

The tables below provide exposure and ECL allowance and provision information about financial instruments and certain non-financial instruments that are subject to ECL requirements.

ECL-relevant balance sheet and off-balance sheet positions

USD m	31.12.25							
	Carrying amount ¹				ECL allowances			
	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3
Financial instruments measured at amortized cost								
Cash and balances at central banks	209,858	209,606	252	0	(262)	0	(262)	0
Amounts due from banks	19,243	19,119	124	0	(14)	(9)	(5)	0
Receivables from securities financing transactions measured at amortized cost	83,656	83,656	0	0	(1)	(1)	0	0
Cash collateral receivables on derivative instruments	41,552	41,552	0	0	0	0	0	0
Loans and advances to customers	658,760	628,914	25,287	4,559	(3,236)	(352)	(271)	(2,613)
<i>of which: Private clients with mortgages</i>	288,259	277,176	9,635	1,448	(134)	(44)	(18)	(72)
<i>of which: Real estate financing</i>	93,076	87,650	5,307	119	(68)	(26)	(30)	(12)
<i>of which: Large corporate clients</i>	26,963	23,146	2,890	928	(1,009)	(117)	(94)	(798)
<i>of which: SME clients</i>	23,941	19,984	2,551	1,406	(1,305)	(80)	(81)	(1,144)
<i>of which: Lombard</i>	165,336	164,890	169	276	(130)	(6)	0	(124)
<i>of which: Credit cards</i>	2,408	1,860	501	47	(48)	(7)	(12)	(29)
<i>of which: Commodity trade finance</i>	4,849	3,570	1,274	6	(136)	(8)	0	(128)
<i>of which: Ship / aircraft financing</i>	8,753	7,609	1,025	119	(17)	(9)	(8)	0
<i>of which: Consumer financing</i>	2,957	2,699	130	129	(167)	(19)	(24)	(123)
Other financial assets measured at amortized cost	72,025	70,552	1,247	225	(122)	(29)	(9)	(84)
<i>of which: Loans to financial advisors</i>	2,716	2,567	53	95	(34)	(3)	(1)	(30)
Total financial assets measured at amortized cost	1,085,094	1,053,400	26,911	4,784	(3,635)	(392)	(546)	(2,697)
Financial assets measured at fair value through other comprehensive income	13,868	13,868	0	0	0	0	0	0
Total on-balance sheet financial assets in scope of ECL requirements	1,098,962	1,067,267	26,911	4,784	(3,635)	(392)	(546)	(2,697)
		Notional exposure			ECL provisions			
Off-balance sheet (in scope of ECL)	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3
Guarantees	47,102	45,512	1,448	142	(50)	(15)	(22)	(13)
<i>of which: Large corporate clients</i>	7,388	6,446	916	26	(17)	(7)	(6)	(4)
<i>of which: SME clients</i>	3,134	2,834	228	72	(24)	(5)	(15)	(4)
<i>of which: Financial intermediaries and hedge funds</i>	29,411	29,288	123	0	(1)	(1)	0	0
<i>of which: Lombard</i>	3,537	3,505	1	31	(2)	0	0	(1)
<i>of which: Commodity trade finance</i>	2,252	2,152	100	0	(1)	(1)	0	0
Irrevocable loan commitments	82,122	77,976	3,938	208	(227)	(114)	(77)	(36)
<i>of which: Large corporate clients</i>	50,000	46,556	3,292	153	(184)	(91)	(72)	(20)
Forward starting reverse repurchase and securities borrowing agreements	10,723	10,723	0	0	0	0	0	0
Committed unconditionally revocable credit lines	123,107	119,410	3,449	248	(67)	(51)	(16)	0
<i>of which: Real estate financing</i>	6,433	5,291	1,041	101	(3)	(5)	1	0
<i>of which: Large corporate clients</i>	11,393	10,737	650	6	(15)	(7)	(6)	(2)
<i>of which: SME clients</i>	11,814	11,278	418	118	(31)	(24)	(7)	0
<i>of which: Lombard</i>	60,500	60,435	63	1	0	0	0	0
<i>of which: Credit cards</i>	12,943	12,361	578	4	(9)	(7)	(2)	0
Irrevocable committed prolongation of existing loans	8,178	8,141	32	5	(3)	(3)	0	0
Total off-balance sheet financial instruments and other credit lines	271,231	261,761	8,867	603	(347)	(184)	(115)	(49)
Total allowances and provisions					(3,982)	(575)	(661)	(2,746)

¹ The carrying amount of financial assets measured at amortized cost represents the total gross exposure net of the respective ECL allowances.

Note 9 Financial assets at amortized cost and other positions in scope of expected credit loss measurement (continued)

ECL-relevant balance sheet and off-balance sheet positions

USD m		31.12.24							
		Carrying amount ¹				ECL allowances			
		Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3
Financial instruments measured at amortized cost									
Cash and balances at central banks		223,329	223,201	128	0	(186)	0	(186)	0
Amounts due from banks		18,111	17,912	198	0	(42)	(1)	(5)	(36)
Receivables from securities financing transactions measured at amortized cost		118,302	118,302	0	0	(2)	(2)	0	0
Cash collateral receivables on derivative instruments		43,959	43,959	0	0	0	0	0	0
Loans and advances to customers		587,347	560,531	22,309	4,506	(2,830)	(276)	(323)	(2,230)
<i>of which: Private clients with mortgages</i>		251,955	241,690	9,009	1,256	(166)	(46)	(70)	(50)
<i>of which: Real estate financing</i>		83,780	79,480	4,071	229	(100)	(24)	(27)	(49)
<i>of which: Large corporate clients</i>		25,599	21,073	3,493	1,033	(828)	(72)	(123)	(632)
<i>of which: SME clients</i>		21,002	17,576	2,293	1,133	(963)	(55)	(47)	(860)
<i>of which: Lombard</i>		147,714	147,326	266	122	(107)	(6)	0	(101)
<i>of which: Credit cards</i>		1,978	1,533	406	39	(41)	(6)	(11)	(25)
<i>of which: Commodity trade finance</i>		4,204	4,089	106	9	(122)	(9)	0	(113)
<i>of which: Ship / aircraft financing</i>		8,058	7,136	922	0	(31)	(14)	(16)	0
<i>of which: Consumer financing</i>		2,814	2,468	114	232	(137)	(15)	(19)	(102)
Other financial assets measured at amortized cost		59,279	58,645	439	194	(135)	(25)	(7)	(103)
<i>of which: Loans to financial advisors</i>		2,723	2,568	59	95	(41)	(4)	(1)	(37)
Total financial assets measured at amortized cost		1,050,326	1,022,550	23,074	4,701	(3,195)	(304)	(521)	(2,369)
Financial assets measured at fair value through other comprehensive income		2,195	2,195	0	0	0	0	0	0
Total on-balance sheet financial assets in scope of ECL requirements		1,052,521	1,024,746	23,074	4,701	(3,195)	(304)	(521)	(2,369)
Off-balance sheet (in scope of ECL)									
		Notional exposure				ECL provisions			
		Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3
Guarantees		40,280	38,860	1,242	178	(61)	(16)	(24)	(22)
<i>of which: Large corporate clients</i>		7,818	7,098	635	85	(18)	(6)	(9)	(2)
<i>of which: SME clients</i>		2,524	2,074	393	57	(27)	(5)	(15)	(7)
<i>of which: Financial intermediaries and hedge funds</i>		21,590	21,449	141	0	(1)	(1)	0	0
<i>of which: Lombard</i>		3,709	3,652	24	33	(4)	(1)	0	(3)
<i>of which: Commodity trade finance</i>		2,678	2,676	2	0	(1)	(1)	0	0
Irrevocable loan commitments		79,579	75,158	4,178	243	(192)	(105)	(61)	(26)
<i>of which: Large corporate clients</i>		47,381	43,820	3,393	168	(155)	(91)	(54)	(10)
Forward starting reverse repurchase and securities borrowing agreements		24,896	24,896	0	0	0	0	0	0
Committed unconditionally revocable credit lines		148,900	146,496	2,149	255	(75)	(59)	(17)	0
<i>of which: Real estate financing</i>		7,674	7,329	345	0	(6)	(4)	(2)	0
<i>of which: Large corporate clients</i>		14,692	14,091	584	17	(22)	(14)	(7)	(2)
<i>of which: SME clients</i>		9,812	9,289	333	190	(34)	(28)	(6)	0
<i>of which: Lombard</i>		73,267	73,181	84	1	0	0	0	0
<i>of which: Credit cards</i>		10,074	9,604	467	3	(8)	(6)	(2)	0
Irrevocable committed prolongation of existing loans		4,608	4,602	4	2	(3)	(3)	0	0
Total off-balance sheet financial instruments and other credit lines		298,263	290,012	7,572	678	(332)	(183)	(102)	(48)
Total allowances and provisions						(3,527)	(487)	(623)	(2,417)

¹ The carrying amount of financial assets measured at amortized cost represents the total gross exposure net of the respective ECL allowances.

Note 9 Financial assets at amortized cost and other positions in scope of expected credit loss measurement (continued)

Coverage ratios are calculated for the core loan portfolio by taking ECL allowances and provisions divided by the gross carrying amount of the exposures. Core loan exposure is defined as the sum of *Loans and advances to customers* and *Loans to financial advisors*.

These ratios are influenced by the following key factors:

- Lombard loans are generally secured with marketable securities in portfolios that are, as a rule, highly diversified, with strict lending policies that are intended to ensure that credit risk is minimal under most circumstances;
- mortgage loans to private clients and real estate financing are controlled by conservative eligibility criteria, including low loan-to-value ratios and strong debt service capabilities;
- the amount of unsecured retail lending (including credit cards and consumer financing) is not material;
- contractual maturities in the loan portfolio, which are a factor in the calculation of ECLs, are generally short, with Lombard lending typically having average contractual maturities of 12 months or less, real estate lending generally between two and three years in Switzerland, with long-dated maturities in the US, and corporate lending between one and two years with related loan commitments up to four years; and
- write-offs of ECL allowances against the gross loan balances when all or part of a financial asset is deemed uncollectible or forgiven reduce the coverage ratios.

The total on- and off-balance sheet coverage ratio was 39 basis points as of 31 December 2025, 2 basis points higher than the ratio as of 31 December 2024. The combined stage 1 and 2 ratio was 10 basis points, unchanged compared with 31 December 2024; the stage 3 ratio was 34%, 3 percentage points higher than the ratio as of 31 December 2024.

Coverage ratios for core loan portfolio

On-balance sheet	Gross carrying amount (USD m)				ECL coverage (bps)				
	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 1&2	Stage 3
	31.12.25								
Private clients with mortgages	288,393	277,220	9,653	1,520	5	2	19	2	473
Real estate financing	93,145	87,676	5,337	132	7	3	57	6	936
Total real estate lending	381,538	364,896	14,991	1,651	5	2	32	3	510
Large corporate clients	27,973	23,263	2,984	1,726	361	50	315	80	4,625
SME clients	25,246	20,064	2,632	2,550	517	40	307	71	4,487
Total corporate lending	53,219	43,327	5,616	4,276	435	46	311	76	4,543
Lombard	165,466	164,896	169	401	8	0	0	0	3,107
Credit cards	2,456	1,867	513	76	197	37	234	80	3,867
Commodity trade finance	4,986	3,593	1,274	118	273	22	2	17	10,800
Ship / aircraft financing	8,771	7,618	1,033	119	20	12	77	20	0
Consumer financing	3,124	2,718	154	252	533	69	1,590	151	4,884
Other loans and advances to customers	42,437	40,351	1,809	278	52	9	17	9	6,530
Loans to financial advisors	2,750	2,571	54	125	125	12	141	15	2,431
Total other lending	229,989	223,614	5,006	1,370	33	4	97	6	4,504
Total¹	664,747	631,837	25,612	7,298	49	6	106	10	3,623
Off-balance sheet	Notional exposure (USD m)				ECL coverage (bps)				
	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 1&2	Stage 3
Private clients with mortgages	13,016	12,757	245	13	3	2	16	3	0
Real estate financing	7,743	6,591	1,051	101	7	13	0	7	0
Total real estate lending	20,758	19,348	1,296	114	4	6	0	4	0
Large corporate clients	68,798	63,753	4,860	184	31	17	173	28	1,403
SME clients	16,511	15,531	732	247	46	23	386	39	468
Total corporate lending	85,308	79,284	5,592	432	34	18	201	30	868
Lombard	65,395	65,298	64	33	2	0	0	0	2,151
Credit cards	12,943	12,361	578	4	7	6	34	7	0
Commodity trade finance	5,490	5,389	101	0	2	2	6	2	0
Ship / aircraft financing	1,968	1,770	198	0	11	2	89	11	0
Consumer financing	153	153	0	0	0	0	0	0	0
Financial intermediaries and hedge funds	37,709	37,307	401	0	1	1	5	1	0
Other off-balance sheet commitments	30,782	30,127	635	20	7	5	19	6	2,053
Total other lending	154,441	152,406	1,978	57	3	2	26	2	1,963
Total²	260,508	251,038	8,867	603	13	7	129	11	806
Total on- and off-balance sheet³	925,254	882,875	34,479	7,900	39	6	112	10	3,408

¹ Includes Loans and advances to customers and Loans to financial advisors, which are presented on the Other financial assets measured at amortized cost balance sheet line. ² Excludes Forward starting reverse repurchase and securities borrowing agreements. ³ Includes on-balance sheet exposure, gross and off-balance sheet exposure (notional) and the related ECL coverage ratio (bps).

Note 9 Financial assets at amortized cost and other positions in scope of expected credit loss measurement (continued)

Coverage ratios for core loan portfolio

On-balance sheet	Gross carrying amount (USD m)				ECL coverage (bps)				
	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 1&2	Stage 3
					31.12.24				
Private clients with mortgages	252,121	241,736	9,079	1,306	7	2	77	5	386
Real estate financing	83,880	79,504	4,098	278	12	3	66	6	1,768
Total real estate lending	336,001	321,240	13,177	1,584	8	2	73	5	628
Large corporate clients	26,427	21,145	3,617	1,665	313	34	341	79	3,795
SME clients	21,966	17,631	2,341	1,993	439	31	203	52	4,316
Total corporate lending	48,393	38,776	5,958	3,659	370	33	287	67	4,079
Lombard	147,821	147,332	267	222	7	0	8	0	4,531
Credit cards	2,019	1,539	416	64	205	39	256	85	3,857
Commodity trade finance	4,327	4,098	106	122	283	22	40	23	9,258
Ship / aircraft financing	8,089	7,150	938	0	38	20	175	38	0
Consumer financing	2,951	2,484	134	334	464	62	1,447	133	3,057
Other loans and advances to customers	40,576	38,188	1,636	752	83	7	56	9	3,965
Loans to financial advisors	2,764	2,571	60	132	149	14	159	17	2,785
Total other lending	208,547	203,363	3,558	1,627	39	4	161	7	4,152
Total¹	592,941	563,379	22,693	6,869	48	5	143	10	3,301
Off-balance sheet	Notional exposure (USD m)				ECL coverage (bps)				
	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 1&2	Stage 3
Private clients with mortgages	8,473	8,271	176	26	4	4	22	4	81
Real estate financing	8,694	8,300	394	0	7	6	33	7	0
Total real estate lending	17,167	16,571	570	26	6	5	30	6	81
Large corporate clients	69,896	65,013	4,612	271	28	17	151	26	528
SME clients	13,944	12,788	842	315	59	30	324	48	532
Total corporate lending	83,840	77,800	5,454	586	33	19	177	30	530
Lombard	80,390	80,235	120	35	1	0	1	0	2,330
Credit cards	10,074	9,604	467	3	8	6	36	8	0
Commodity trade finance	3,487	3,464	23	0	3	3	51	3	0
Ship / aircraft financing	2,669	2,663	6	0	13	13	49	13	0
Consumer financing	134	134	0	0	6	6	0	6	0
Financial intermediaries and hedge funds	22,842	22,378	464	0	1	1	8	1	0
Other off-balance sheet commitments	52,765	52,268	468	29	4	2	28	2	2,945
Total other lending	172,360	170,745	1,549	67	3	1	23	2	2,470
Total²	273,367	265,117	7,572	678	12	7	135	10	704
Total on- and off-balance sheet³	866,308	828,495	30,265	7,547	37	6	141	10	3,067

¹ Includes Loans and advances to customers and Loans to financial advisors, which are presented on the Other financial assets measured at amortized cost balance sheet line. ² Excludes Forward starting reverse repurchase and securities borrowing agreements. ³ Includes on-balance sheet exposure, gross and off-balance sheet exposure (notional) and the related ECL coverage ratio (bps).

Note 10 Derivative instruments

Overview

Over-the-counter (OTC) derivative contracts are usually traded under a standardized International Swaps and Derivatives Association (ISDA) master agreement or other recognized local industry-standard master agreements between UBS AG and its counterparties. Terms are negotiated directly with counterparties and the contracts have industry-standard settlement mechanisms prescribed by ISDA or similar industry-standard solutions. Other OTC derivatives are cleared through clearing houses, in particular interest rate swaps with London Clearing House (LCH), where a settled-to-market method has been generally adopted, under which cash collateral exchanged on a daily basis is considered to legally settle the market value of the derivatives. Regulators in various jurisdictions have introduced rules requiring the payment and collection of initial and variation margins on certain OTC derivative contracts, which may have a bearing on price and other relevant terms.

Exchange-traded derivatives (ETD) are standardized in terms of their amounts and settlement dates, and are bought and sold on regulated exchanges. Exchanges offer the benefits of pricing transparency, standardized daily settlement of changes in value and, consequently, reduced credit risk.

Most of UBS AG's derivative transactions relate to sales and market-making activity. Sales activities include the structuring and marketing of derivative products to customers to enable them to take, transfer, modify or reduce current or expected risks. Market-making aims to directly support the facilitation and execution of client activity, and involves quoting bid and offer prices to other market participants with the aim of generating revenues based on spread and volume. UBS AG also uses various derivative instruments for hedging purposes.

- › Refer to Notes 15 and 20 for more information about derivative instruments
- › Refer to Note 24 for more information about derivatives designated in hedge accounting relationships

Note 10 Derivative instruments (continued)

Risks of derivative instruments

The derivative financial assets shown on the balance sheet can be an important component of UBS AG's credit exposure; however, the positive replacement values related to a respective counterparty are rarely an adequate reflection of UBS AG's credit exposure in its derivatives business with that counterparty. This is generally the case because, on the one hand, replacement values can increase over time (potential future exposure), while, on the other hand, exposure may be mitigated by entering into master netting agreements and bilateral collateral arrangements. Both the exposure measures used internally by UBS AG to control credit risk and the capital requirements imposed by regulators reflect these additional factors.

- › Refer to Note 21 for more information about derivative financial assets and liabilities after consideration of netting potential permitted under enforceable netting arrangements
- › Refer to the "Risk management and control" section of this report for more information about the risks arising from derivative instruments

Derivative instruments

	31.12.25			31.12.24		
<i>USD bn</i>	Derivative financial assets	Derivative financial liabilities	Notional amounts ¹	Derivative financial assets	Derivative financial liabilities	Notional amounts ¹
Interest rate	35.3	30.9	25,432.3	42.1	36.6	20,493.3
<i>of which: forwards (OTC)²</i>	0.1	0.0	1,426.2	0.1	0.0	944.4
<i>of which: swaps (OTC)</i>	23.4	17.7	20,728.0	27.1	20.3	16,334.3
<i>of which: options (OTC)</i>	11.8	13.1	2,080.8	14.7	16.1	2,189.1
<i>of which: futures (ETD)</i>			938.0			827.5
Foreign exchange	48.7	49.9	8,157.5	101.1	94.6	7,484.9
<i>of which: forwards (OTC)</i>	18.7	18.2	3,144.2	36.9	32.3	2,268.3
<i>of which: swaps (OTC)</i>	23.8	25.4	3,994.5	55.5	53.5	4,060.5
<i>of which: options (OTC)</i>	6.2	6.3	1,004.0	8.6	8.7	1,145.2
Equity / index	50.8	62.6	1,789.0	36.9	42.7	1,458.1
<i>of which: swaps (OTC)</i>	6.1	12.5	469.3	5.9	8.2	352.8
<i>of which: options (OTC)</i>	7.6	12.9	405.4	4.4	8.3	226.1
<i>of which: futures (ETD)</i>			90.9			84.6
<i>of which: options (ETD)</i>	16.7	16.4	800.8	13.4	13.5	793.4
Credit derivatives	3.9	4.4	162.9	3.1	3.7	143.8
Commodities	9.2	8.0	250.0	2.6	2.2	172.5
Other³	0.4	0.5	95.5	0.6	0.8	86.9
Total derivative instruments, based on netting under IFRS Accounting Standards⁴	148.3	156.3	35,887.1	186.4	180.7	29,839.6

¹ In cases where derivative financial instruments are presented on a net basis on the balance sheet, the respective notional amounts of the netted derivative financial instruments are still presented on a gross basis. Includes notional amounts related to derivatives that are cleared through either a central counterparty or an exchange and settled on a daily basis. The fair value of these derivatives is presented on the balance sheet net of the corresponding cash margin under Cash collateral receivables on derivative instruments and Cash collateral payables on derivative instruments and was not material for any of the periods presented. Notional amounts of client-cleared ETD and OTC transactions through central clearing counterparties are not disclosed, as they have a significantly different risk profile. ² Includes certain forward starting repurchase and reverse repurchase agreements that are classified as measured at fair value through profit or loss and are recognized within derivative instruments. ³ Includes mainly derivative loan commitments measured at FVTPL, as well as unsettled purchases and sales of non-derivative financial instruments for which the changes in the fair value between trade date and settlement date are recognized as derivative financial instruments. ⁴ Derivative financial assets and liabilities are presented net on the balance sheet if UBS has the unconditional and legally enforceable right to offset the recognized amounts, both in the normal course of business and in the event of default, bankruptcy or insolvency of the entity and all of the counterparties, and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Refer to Note 21 for more information about netting arrangements.

On a notional amount basis, approximately 44% of OTC interest rate contracts held as of 31 December 2025 (31 December 2024: 55%) mature within one year, 34% (31 December 2024: 27%) within one to five years and 22% (31 December 2024: 18%) after five years.

Notional amounts of interest rate contracts cleared through either a central counterparty or an exchange that are legally settled or economically net settled on a daily basis are presented under *Notional amounts* in the table above and are categorized into maturity buckets on the basis of contractual maturities of the cleared underlying derivative contracts. Notional amounts related to interest rate contracts increased by USD 4.9trn compared with 31 December 2024, mainly reflecting higher business volumes in the Investment Bank.

Note 11 Property, equipment and software

At historical cost less accumulated depreciation

USD m	Owned properties and equipment ¹	Leased properties and equipment ²	Software	Projects in progress	2025	2024
Historical cost						
Balance at the beginning of the year	12,148	5,850	11,371	607	29,975	26,169
Balance recognized upon the merger of UBS AG and Credit Suisse AG ³						4,142
Additions	192	339	83	1,601	2,214	1,717
Disposals / write-offs ⁴	(1,356)	(441)	(433)	(1)	(2,231)	(940)
Reclassifications ⁵	240	0	1,156	(1,504)	(107)	(158)
Foreign currency translation	1,172	256	469	74	1,972	(955)
Balance at the end of the year	12,395	6,005	12,647	777	31,823	29,975
Accumulated depreciation						
Balance at the beginning of the year	7,900	3,036	6,949		17,885	15,126
Accumulated depreciation recognized upon the merger of UBS AG and Credit Suisse AG ³						1,514
Depreciation	610	636	1,544		2,790	2,793
Impairment ⁶	6	1	52		59	23
Disposals / write-offs ⁴	(1,323)	(441)	(433)		(2,196)	(937)
Reclassifications ⁵	(44)	0	0		(44)	(40)
Foreign currency translation	741	165	297		1,203	(594)
Balance at the end of the year	7,890	3,397	8,410		19,698	17,885
Net book value						
Net book value at the beginning of the year	4,247	2,814	4,422	607	12,091	11,044
Net book value at the end of the year	4,505	2,607	4,237	777	12,125	12,091

¹ Includes leasehold improvements and IT hardware. ² Represents right-of-use assets recognized by UBS AG as lessee. UBS AG predominantly enters into lease contracts, or contracts that include lease components, in relation to real estate, including offices, retail branches and sales offices. The total cash outflow for leases during 2025 was USD 841m (2024: USD 917m). Interest expense on lease liabilities is included within Interest expense from financial instruments measured at amortized cost, and lease liabilities are included within Other financial liabilities measured at amortized cost. Refer to Notes 3 and 18a, respectively. There were no material gains or losses arising from sale-and-leaseback transactions in 2025 and in 2024. ³ Refer to Note 28 for more information about the merger of UBS AG and Credit Suisse AG. ⁴ Includes write-offs of fully depreciated assets. ⁵ The total reclassification amount for the respective periods represents net reclassifications from / to Other non-financial assets. ⁶ Impairment charges recorded in 2025 generally relate to assets that are no longer used, of which USD 50m for Group Items, USD 6m for Global Wealth Management and USD 2m for Non-core and Legacy. The recoverable amount based on a value-in-use approach was determined to be zero. ⁷ Consists of USD 486m related to Owned properties and equipment and USD 290m related to Software.

Note 12 Goodwill and intangible assets

Introduction

UBS AG performs an impairment test on its goodwill assets on an annual basis or when indicators of impairment exist.

UBS AG considers Asset Management, as reported in Note 2a, as a separate cash-generating unit (a CGU), as that is the level at which the performance of investment (and the related goodwill) is reviewed and assessed by management. Given that a significant amount of goodwill in Global Wealth Management relates to the acquisition of PaineWebber Group, Inc. in 2000, which mainly affected the Americas portion of the business, this goodwill remains separately monitored by the Americas, despite the formation of Global Wealth Management in 2018. Therefore, goodwill for Global Wealth Management is separately considered for impairment at the level of two CGUs: Americas; and Switzerland and International (consisting of EMEA, Asia Pacific and Global).

The impairment test is performed for each CGU to which goodwill is allocated by comparing the recoverable amount with the carrying amount of the respective CGU. UBS AG determines the recoverable amount of the respective CGUs based on their value in use. An impairment charge is recognized if the carrying amount exceeds the recoverable amount.

Upon the merger of UBS AG and Credit Suisse AG in May 2024, an existing goodwill balance of USD 0.5bn in Personal & Corporate Banking was transferred to UBS AG. This goodwill balance was included in the impairment test as of 31 December 2025 and 31 December 2024.

› Refer to Note 28 for more information about the merger of UBS AG and Credit Suisse AG

As of 31 December 2025, total goodwill recognized on the balance sheet was USD 6.6bn, of which USD 3.7bn was carried by the Global Wealth Management Americas CGU, USD 1.2bn was carried by the Global Wealth Management Switzerland and International CGU, USD 1.1bn was carried by Asset Management and USD 0.5bn was carried by Personal & Corporate Banking. Based on the impairment testing methodology described below, UBS AG concluded that the goodwill balances as of 31 December 2025 allocated to these CGUs were not impaired. For each of the CGUs, the recoverable amount substantially exceeded the carrying value as of 31 December 2025, and there was no indication of a significant risk of goodwill impairment based on the testing performed as of 31 December 2025.

Note 12 Goodwill and intangible assets (continued)

Methodology for goodwill impairment testing

The recoverable amounts are determined using a discounted cash flow model, which has been adapted to use inputs that consider features of the banking business and its regulatory environment. The recoverable amount of a CGU is the sum of the discounted earnings attributable to shareholders from the first three forecast years and the terminal value, adjusted for the effect of the capital assumed to be needed over the next three years and to support growth beyond that period. The terminal value, which covers all periods beyond the third year, is calculated on the basis of the forecast of the third-year profit, the discount rate and the long-term growth rate, as well as the implied perpetual capital growth. For the Global Wealth Management Americas CGU, the methodology is consistently applied. That CGU's extended forecast period of five years (with a terminal value thereafter), which was applied in the 2024 and 2023 goodwill impairment testing to provide for that CGU's specific planning assumptions, namely the ongoing investments in the core banking infrastructure in the US to enhance the product capabilities and offerings in this market, has been reduced to three years (with a terminal value thereafter) following the implementation of major parts of these planning assumptions. The extended forecast period of five years did not trigger, defer or avoid an impairment of goodwill as of 31 December 2024 or 31 December 2023.

The carrying amount for each CGU is determined by reference to UBS's equity attribution framework. Within this framework, UBS attributes equity to the businesses on the basis of their risk-weighted assets and leverage ratio denominator (both metrics include resource allocations from Group functions to the business divisions), or by their common equity tier 1 (CET1) capital equivalent of risk-based capital if higher, their goodwill and their intangible assets, as well as attributed equity related to certain CET1 capital deduction items. The framework is primarily used for the purpose of measuring the performance of the businesses and includes certain management assumptions. Attributed equity is equal to the capital a CGU requires to conduct its business and is currently considered a reasonable approximation of the carrying amount of the CGUs. The attributed equity methodology is also applied in the business planning process, the inputs from which are used in calculating the recoverable amounts of the respective CGU.

Assumptions

Valuation parameters used within UBS AG's impairment test model are linked to external market information, where applicable. The model used to determine the recoverable amount is most sensitive to changes in the forecast earnings available to shareholders in years one to three, to changes in the discount rates and to changes in the long-term growth rate. The applied long-term growth rate is based on long-term economic growth rates for different regions worldwide. Earnings available to shareholders are estimated on the basis of forecast results, which are part of the business plan approved by the Board of Directors.

The discount rates are determined by applying a capital asset pricing model-based approach, as well as considering quantitative and qualitative inputs from both internal and external analysts and the view of management. They also take into account regional differences in risk-free rates at the level of the individual CGUs. In line with discount rates, long-term growth rates are determined at the regional level based on nominal GDP growth rate forecasts.

Key assumptions used to determine the recoverable amounts of each CGU are tested for sensitivity by applying a reasonably possible change to those assumptions. Forecast earnings available to shareholders were changed by 20%, the discount rates were changed by 1.5 percentage points, and the long-term growth rates were changed by 0.75 percentage points. Under all scenarios, reasonably possible changes in key assumptions did not result in an impairment of goodwill or intangible assets reported by Global Wealth Management Americas, Global Wealth Management Switzerland and International, and Asset Management.

If the estimated earnings and other assumptions in future periods deviate from the current outlook, the value of goodwill attributable to Global Wealth Management Americas, Global Wealth Management Switzerland and International, and Asset Management may become impaired in the future, giving rise to losses in the income statement. Recognition of any impairment of goodwill would reduce IFRS Accounting Standards equity and net profit. It would not affect cash flows and, as goodwill is required to be deducted from capital under the Basel III capital framework, no effect would be expected on UBS AG's capital ratios.

Discount and growth rates

<i>In %</i>	Discount rates		Growth rates	
	31.12.25	31.12.24	31.12.25	31.12.24
Global Wealth Management Americas	9.5	9.5	3.7	3.8
Global Wealth Management Switzerland and International	9.5	9.5	3.6	3.7
Asset Management	9.0	9.0	3.4	3.3
Personal & Corporate Banking	7.0	7.5	2.7	2.5

Note 12 Goodwill and intangible assets (continued)

Goodwill and intangible assets

<i>USD m</i>	Goodwill	Intangible assets ¹	2025	2024
Historical cost				
Balance at the beginning of the year	6,496	1,544	8,039	7,645
Balance recognized upon the merger of UBS AG and Credit Suisse AG				891
Disposals ²	(2)	0	(2)	(1)
Reclassifications ³	0	0	0	(384)
Write-offs	0	(76)	(76)	0
Foreign currency translation	79	51	130	(113)
Balance at the end of the year	6,573	1,519	8,092	8,039
Accumulated amortization and impairment				
Balance at the beginning of the year	0	1,378	1,378	1,379
Balance recognized upon the merger of UBS AG and Credit Suisse AG				72
Amortization	0	25	25	44
Impairment / (reversal of impairment)	0	0	0	1
Reclassifications ³	0	0	0	(96)
Write-offs	0	(76)	(76)	0
Foreign currency translation	0	30	30	(23)
Balance at the end of the year	0	1,358	1,358	1,378
Net book value at the end of the year	6,573	162	6,734	6,661
<i>of which: Global Wealth Management Americas</i>	<i>3,716</i>	<i>29</i>	<i>3,745</i>	<i>3,734</i>
<i>of which: Global Wealth Management Switzerland and International</i>	<i>1,205</i>	<i>32</i>	<i>1,237</i>	<i>1,196</i>
<i>of which: Personal & Corporate Banking</i>	<i>505</i>	<i>0</i>	<i>505</i>	<i>505</i>
<i>of which: Asset Management</i>	<i>1,146</i>	<i>0</i>	<i>1,146</i>	<i>1,127</i>
<i>of which: Investment Bank</i>	<i>0</i>	<i>100</i>	<i>100</i>	<i>98</i>
<i>of which: Non-core and Legacy</i>	<i>0</i>	<i>1</i>	<i>1</i>	<i>1</i>

¹ Intangible assets mainly include customer relationships, core deposits, contractual rights and the fully amortized branch network intangible asset recognized in connection with the acquisition of PaineWebber Group, Inc. in 2000. ² Reflects the derecognition of goodwill allocated to businesses and intangible assets held by entities that have been disposed of. ³ In 2024, certain intangible assets were reclassified to Assets of disposal groups held for sale. Refer to Note 28 for more information.

Note 13 Other assets

a) Other financial assets measured at amortized cost

<i>USD m</i>	31.12.25	31.12.24
Debt securities	53,212	41,583
Loans to financial advisors	2,716	2,723
Fee- and commission-related receivables	2,409	2,231
Finance lease receivables	6,675	5,934
Settlement and clearing accounts	380	430
Accrued interest income	2,314	2,196
Other ¹	4,321	4,182
Total other financial assets measured at amortized cost	72,025	59,279

¹ Predominantly includes cash collateral provided to exchanges and clearing houses to secure securities trading activity through those counterparties.

Effective 1 April 2022, UBS reclassified a portfolio of high-quality liquid financial assets from *Financial assets measured at fair value through other comprehensive income* with a fair value of USD 6.9bn (the Portfolio) to *Other financial assets measured at amortized cost*. The Portfolio's cumulative fair value pre-tax loss of USD 449m and post-tax loss of USD 333m, previously recognized in Other comprehensive income, were removed from equity and adjusted against the value of the assets on the reclassification date, so that the Portfolio was measured as if the assets had always been classified at amortized cost, with a value of USD 7.4bn as on 1 April 2022. The reclassification has had no effect on the income statement. At the time, the accounting reclassification arose as a direct result of the planned transformation of UBS's Global Wealth Management Americas business, involving significant growth and extension of the business, generating substantial cash balances, with a number of new saving and deposit products being launched that are longer in duration. Additional lending, and a broader range of customer segments were targeted. As a consequence, the Portfolio is no longer held in a business model to collect the contractual cash flows and sell the assets but is instead solely held to collect the contractual cash flows until the assets mature, requiring a reclassification of the Portfolio in line with IFRS 9 with effect from 1 April 2022.

Note 13 Other assets (continued)

b) Other non-financial assets

USD m	31.12.25	31.12.24
Precious metals and other physical commodities	12,996	7,341
Deposits and collateral provided in connection with litigation, regulatory and similar matters ¹	769	1,946
Prepaid expenses	1,149	1,194
Current tax assets	1,442	1,504
VAT, withholding tax and other tax receivables	1,490	1,129
Properties and other non-current assets held for sale ²	425	195
Assets of disposal groups held for sale ³		1,823
Other	1,613	2,149
Total other non-financial assets	19,884	17,282

¹ Refer to Note 17 for more information. ² Refer to Note 28 for more information about the agreement to sell Swisscard AECS GmbH. ³ Refer to Note 28 for more information about the sale of Select Portfolio Servicing.

Note 14 Amounts due to banks, Customer deposits, and Funding from UBS Group AG

a) Amounts due to banks and Customer deposits

USD m	31.12.25	31.12.24
Amounts due to banks	24,434	23,347
Customer deposits	796,330	749,476
<i>of which: demand deposits</i>	<i>265,805</i>	<i>224,982</i>
<i>of which: retail savings / deposits</i>	<i>230,770</i>	<i>182,273</i>
<i>of which: sweep deposits</i>	<i>41,460</i>	<i>41,935</i>
<i>of which: time deposits¹</i>	<i>258,294</i>	<i>300,284</i>
Total amounts due to banks and customer deposits	820,764	772,822

¹ Includes customer deposits in UBS AG Jersey Branch and UBS AG Guernsey Branch placed by UBS Switzerland AG and UBS AG Swiss Branch on behalf of their clients.

Customer deposits increased, mainly reflecting foreign currency effects. This was partly offset by net new deposit outflows, which mainly reflected maturities of time deposits that resulted in a shift of funds from time deposits into demand deposits and retail savings / deposits.

b) Funding from UBS Group AG measured at amortized cost

USD m	31.12.25	31.12.24
Debt contributing to total loss-absorbing capacity (TLAC)	83,773	87,036
Debt eligible as high-trigger loss-absorbing additional tier 1 capital instruments ¹	19,600	14,585
Debt eligible as low-trigger loss-absorbing additional tier 1 capital instruments		1,245
Other ²	7,242	5,051
Total funding from UBS Group AG measured at amortized cost^{3,4}	110,614	107,918

¹ For 31 December 2025, includes USD 13.0bn (31 December 2024: USD 6.9bn) that is, upon the occurrence of a trigger event or a viability event, subject to conversion into ordinary UBS shares. ² Includes debt no longer eligible as TLAC having a residual maturity of less than one year and one debt instrument that ceased to be eligible when UBS Group AG issued a notice of redemption of the instrument in the fourth quarter of 2025. ³ Total funding from UBS Group AG measured at amortized cost consists of subordinated debt of UBS AG and its subsidiaries toward UBS Group AG. Subordinated debt consists of unsecured debt obligations that are contractually subordinated in right of payment to all other present and future non-subordinated obligations of the respective issuing entity. All instruments contributing to TLAC have been subordinated since 1 January 2020. ⁴ UBS AG has also recognized funding from UBS Group AG that is designated at fair value. Refer to Note 18b for more information.

Note 14 Amounts due to banks, Customer deposits, and Funding from UBS Group AG (continued)

UBS AG uses interest rate and foreign exchange derivatives to manage the risks inherent in certain debt instruments held at amortized cost. In some cases, UBS AG applies hedge accounting for interest rate risk as discussed in item 2j in Note 1a and Note 24. As a result of applying hedge accounting, the life-to-date adjustment to the carrying amount of *Funding from UBS Group AG measured at amortized cost* was a decrease of USD 3.6bn as of 31 December 2025 and a decrease of USD 5.8bn as of 31 December 2024, reflecting changes in fair value due to interest rate movements.

Of the *Total funding from UBS Group AG measured at amortized cost* outstanding as of 31 December 2025, USD 106.1bn pays a fixed interest rate and USD 4.5bn pays a floating rate of interest.

› Refer to Note 23 for maturity information

Note 15 Debt issued designated at fair value

USD m	31.12.25	31.12.24
Issued debt instruments		
Equity-linked ¹	60,303	54,069
Rates-linked	26,324	23,641
Fixed-rate	12,478	14,250
Credit-linked	3,597	5,225
Commodity-linked	3,030	3,592
Other	1,812	1,789
Total debt issued designated at fair value²	107,544	102,567
<i>of which: issued by UBS AG standalone with original maturity greater than one year³</i>	<i>90,071</i>	<i>82,491</i>

¹ Includes investment fund unit-linked instruments issued. ² As of 31 December 2025, 100% of Total debt issued designated at fair value was unsecured (31 December 2024: 100%). ³ Based on original contractual maturity without considering any early redemption features.

Note 16 Debt issued measured at amortized cost

USD m	31.12.25	31.12.24
Short-term debt¹	33,870	30,509
Senior unsecured debt	24,695	33,416
<i>of which: issued by UBS AG standalone with original maturity greater than one year</i>	<i>24,661</i>	<i>32,621</i>
Covered bonds	11,689	8,814
Subordinated debt	328	689
<i>of which: eligible as non-Basel III-compliant tier 2 capital instruments</i>		<i>207</i>
Debt issued through the Swiss central mortgage institutions	29,169	27,251
Other long-term debt	456	424
Long-term debt²	66,337	70,595
Total debt issued measured at amortized cost^{3,4}	100,207	101,104

¹ Debt with an original contractual maturity of less than one year, includes mainly certificates of deposit and commercial paper. ² Debt with an original contractual maturity greater than or equal to one year. The classification of debt issued into short-term and long-term does not consider any early redemption features. ³ Net of bifurcated embedded derivatives, the fair value of which was not material for the periods presented. ⁴ Except for Covered bonds (100% secured; 31 December 2024: 100% secured), Debt issued through the Swiss central mortgage institutions (100% secured; 31 December 2024: 100% secured) and Other long-term debt (97% secured; 31 December 2024: 91% secured), 100% of the balance was unsecured as of 31 December 2025 (31 December 2024: 100% unsecured).

UBS AG uses interest rate and foreign exchange derivatives to manage the risks inherent in certain debt instruments held at amortized cost. In some cases, UBS AG applies hedge accounting for interest rate risk as discussed in item 2j in Note 1a and Note 24. As a result of applying hedge accounting, the life-to-date adjustment to the carrying amount of *Debt issued measured at amortized cost* was not material as of 31 December 2025 and 31 December 2024.

Subordinated debt consists of unsecured debt obligations that are contractually subordinated in right of payment to all other present and future non-subordinated obligations of the respective issuing entity. All of the subordinated debt instruments outstanding as of 31 December 2025 pay a fixed rate of interest.

› Refer to Note 23 for maturity information

Note 17 Provisions and contingent liabilities

a) Provisions

The table below presents an overview of total provisions.

Overview of total provisions

USD m	31.12.25	31.12.24
Provisions other than provisions for expected credit losses	3,217	4,799
Provisions for expected credit losses ¹	347	332
Total provisions	3,564	5,131

¹ Refer to Note 9 for more information about ECL provisions recognized for off-balance sheet financial instruments and credit lines.

The table below presents additional information for provisions other than provisions for expected credit losses.

Additional information for provisions other than provisions for expected credit losses

	Litigation, regulatory and similar matters ¹	Restructuring ²	Real estate ³	Other ⁴	Total 2025
Balance at the beginning of the year	3,598	699	224	278	4,799
Increase in provisions recognized in the income statement	1,166 ⁵	847	17	193	2,222
Release of provisions recognized in the income statement	(556) ⁶	(260)	(5)	(70)	(891)
Provisions used in conformity with designated purpose	(2,283) ⁷	(785)	(42)	(114)	(3,223)
Foreign currency translation and other movements	184	58	36	31	309
Balance at the end of the year	2,109	560	229	319	3,217

¹ Consists of provisions for losses resulting from legal, liability and compliance risks. ² Includes USD 282m of personnel-related restructuring provisions as of 31 December 2025 (31 December 2024: USD 262m), USD 229m of provisions for onerous contracts related to real estate as of 31 December 2025 (31 December 2024: USD 383m) and USD 48m of restructuring provisions for onerous contracts related to technology as of 31 December 2025 (31 December 2024: USD 54m). ³ Mainly includes provisions for reinstatement costs with respect to leased properties. ⁴ Mainly includes provisions in relation to employee benefits, VAT, and operational risks. ⁵ Includes a provision for the estimated costs of UBS's ongoing obligations with the US Department of Justice as described in item 1 of section b) of this Note. ⁶ Mainly includes the releases of provisions regarding the resolution of the legacy matter related to UBS's cross-border business activities in France in the third quarter of 2025 as described in item 1 of section b) of this Note and the resolution reached with the US Department of Justice in the second quarter of 2025 as described in item 1 of section b) of this Note. ⁷ Mainly includes provisions used for the settlement of the legacy matter related to UBS's cross-border business activities in France as described in item 1 of section b) of this Note and for the resolutions reached with the US Department of Justice in the second and third quarters of 2025 as described in item 1 and item 4 of section b) of this Note.

Restructuring provisions are generally recognized as a consequence of management agreeing to materially change the scope of the business or the manner in which it is conducted, including changes in management structures. Restructuring provisions relate to onerous contracts and personnel-related provisions. Onerous contracts for property are recognized when UBS AG is committed to pay for non-lease components, such as utilities, service charges, taxes and maintenance, when a property is vacated or not fully recovered from sub-tenants. Personnel-related restructuring provisions are generally used within a short period of time. The level of personnel-related provisions can change when natural staff attrition reduces the number of people affected by a restructuring event, and therefore results in lower estimated costs.

Information about provisions and contingent liabilities with respect to litigation, regulatory and similar matters, as a class, is included in Note 17b. There are no material contingent liabilities associated with the other classes of provisions.

b) Litigation, regulatory and similar matters

UBS operates in a legal and regulatory environment that exposes it to significant litigation and similar risks arising from disputes and regulatory proceedings. As a result, UBS is involved in various disputes and legal proceedings, including litigation, arbitration, and regulatory and criminal investigations. "UBS", "we" and "our", for purposes of this Note, refer to UBS AG and / or one or more of its subsidiaries, as applicable.

Such matters are subject to many uncertainties, and the outcome and the timing of resolution are often difficult to predict, particularly in the earlier stages of a case. There are also situations where UBS may enter into a settlement agreement. This may occur in order to avoid the expense, management distraction or reputational implications of continuing to contest liability, even for those matters for which UBS believes it should be exonerated. The uncertainties inherent in all such matters affect the amount and timing of any potential outflows for both matters with respect to which provisions have been established and other contingent liabilities. UBS makes provisions for such matters brought against it when, in the opinion of management after seeking legal advice, it is more likely than not that UBS has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required, and the amount can be reliably estimated. Where these factors are otherwise satisfied, a provision may be established for claims that have not yet been asserted against UBS, but are nevertheless expected to be, based on UBS's experience with similar asserted claims. If any of those conditions is not met, such matters result in contingent liabilities. If the amount of an obligation cannot be reliably estimated, a liability exists that is not recognized even if an outflow of resources is probable. Accordingly, no provision is established even if the potential outflow of resources with respect to such matters could be significant. Developments relating to a matter that occur after the relevant reporting period, but prior to the issuance of financial statements, which affect management's assessment of the provision for such matter (because, for example, the developments provide evidence of conditions that existed at the end of the reporting period), are adjusting events after the reporting period under IAS 10 and must be recognized in the financial statements for the reporting period.

Note 17 Provisions and contingent liabilities (continued)

Specific litigation, regulatory and other matters are described below, including all such matters that management considers to be material and others that management believes to be of significance to UBS due to potential financial, reputational and other effects. The amount of damages claimed, the size of a transaction or other information is provided where available and appropriate in order to assist users in considering the magnitude of potential exposures.

In the case of certain matters below, we state that we have established a provision, and for the other matters, we make no such statement. When we make this statement and we expect disclosure of the amount of a provision to prejudice seriously our position with other parties in the matter because it would reveal what UBS believes to be the probable and reliably estimable outflow, we do not disclose that amount. In some cases we are subject to confidentiality obligations that preclude such disclosure. With respect to the matters for which we do not state whether we have established a provision, either: (a) we have not established a provision; or (b) we have established a provision but expect disclosure of that fact to prejudice seriously our position with other parties in the matter because it would reveal the fact that UBS believes an outflow of resources to be probable and reliably estimable.

With respect to certain litigation, regulatory and similar matters for which we have established provisions, we are able to estimate the expected timing of outflows. However, the aggregate amount of the expected outflows for those matters for which we are able to estimate expected timing is immaterial relative to our current and expected levels of liquidity over the relevant time periods.

The aggregate amount provisioned for litigation, regulatory and similar matters as a class is disclosed in the "Provisions" table in Note 17a above. UBS provides below an estimate of the aggregate liability for its litigation, regulatory and similar matters as a class of contingent liabilities. Estimates of contingent liabilities are inherently imprecise and uncertain as these estimates require UBS to make speculative legal assessments as to claims and proceedings that involve unique fact patterns or novel legal theories, that have not yet been initiated or are at early stages of adjudication, or as to which alleged damages have not been quantified by the claimants. Taking into account these uncertainties and the other factors described herein, UBS estimates the future losses that could arise from litigation, regulatory and similar matters disclosed below for which an estimate is possible, that are not covered by existing provisions are in the range of USD 0bn to USD 1.8bn.

Litigation, regulatory and similar matters may also result in non-monetary penalties and consequences. A guilty plea to, or conviction of, a crime could have material consequences for UBS. Resolution of regulatory proceedings may require UBS to obtain waivers of regulatory disqualifications to maintain certain operations, may entitle regulatory authorities to limit, suspend or terminate licenses and regulatory authorizations, and may permit financial market utilities to limit, suspend or terminate UBS's participation in such utilities. Failure to obtain such waivers, or any limitation, suspension or termination of licenses, authorizations or participations, could have material consequences for UBS.

Provisions for litigation, regulatory and similar matters by business division and in Group Items¹

<i>USD m</i>	Global Wealth Manage- ment	Personal & Corporate Banking	Asset Manage- ment	Investment Bank	Non-core and Legacy	Group Items	Total 2025
Balance at the beginning of the year	1,271	147	1	266	1,779	135	3,598
Increase in provisions recognized in the income statement	140	2	0	56	891 ²	76	1,166
Release of provisions recognized in the income statement	(310) ³	(39) ³	0	(37)	(168) ³	(1)	(556)
Provisions used in conformity with designated purpose	(913) ⁴	(111) ⁴	(1)	(26)	(1,213) ⁴	(19)	(2,283)
Foreign currency translation and other movements	129	18	0	23	14	0	184
Balance at the end of the year	317	16	0	283	1,302	191	2,109

¹ Provisions, if any, for the matters described in items 2 and 9 of this Note are recorded in Global Wealth Management. Provisions, if any, for the matters described in items 4, 5, 6, 7 and 8 of this Note are recorded in Non-core and Legacy. Provisions, if any, for the matters described in item 1 of this Note are allocated between Global Wealth Management, Personal & Corporate Banking and Non-core and Legacy. Provisions, if any, for the matters described in item 3 of this Note are allocated between the Investment Bank, Non-core and Legacy and Group Items. Provisions, if any, for the matters described in item 10 of this Note are allocated between the Investment Bank and Non-core and Legacy. ² Includes a provision for the estimated costs of UBS's ongoing obligations with the US Department of Justice as described in item 1 of this Note. ³ Mainly includes the releases of provisions regarding the resolution of the legacy matter related to UBS's cross-border business activities in France in the third quarter of 2025 as described in item 1 of this Note and the resolution reached with the US Department of Justice in the second quarter of 2025 as described in item 1 of this Note. ⁴ Mainly includes provisions used for the settlement of the legacy matter related to UBS's cross-border business activities in France as described in item 1 of this Note and for the resolutions reached with the US Department of Justice in the second and third quarters of 2025 as described in item 1 and item 4 of this Note.

1. Inquiries regarding cross-border wealth management businesses

Tax and regulatory authorities in a number of countries have made inquiries, served requests for information or examined employees located in their respective jurisdictions relating to the cross-border wealth management services provided by UBS, Credit Suisse and other financial institutions, including Credit Suisse offices in the Netherlands and Belgium.

In proceedings in France, UBS AG was found guilty in lower courts of unlawful solicitation of clients on French territory and aggravated laundering of the proceeds of tax fraud in the period between 2004 and 2012. On appeal, the French Supreme Court, in November 2023, upheld the lower court's decision regarding unlawful solicitation and aggravated laundering of the proceeds of tax fraud, but overturned the awards of penalties, confiscation and civil damages by the lower court, aggregating EUR 1.8bn, and remanded the case to the Court of Appeal for a retrial regarding these overturned elements. In September 2025, UBS AG resolved the case and subsequently paid a fine of EUR 730m and EUR 105m in civil damages to the French State.

Note 17 Provisions and contingent liabilities (continued)

In May 2014, Credit Suisse AG entered into settlement agreements with the SEC, the Federal Reserve, and the New York Department of Financial Services and agreed with the US Department of Justice (the DOJ) to plead guilty to conspiring to aid and assist US taxpayers in filing false tax returns (the 2014 Plea Agreement). Credit Suisse continued to report to and cooperate with US authorities in accordance with its obligations under the 2014 Plea Agreement, including by conducting a review of cross-border services provided by Credit Suisse. In this connection, Credit Suisse provided information to US authorities regarding potentially undeclared US assets held by clients at Credit Suisse since the 2014 Plea Agreement. In May 2025, Credit Suisse Services AG entered into a plea agreement (the 2025 Plea Agreement) with the DOJ under which it agreed to plead guilty to one count of conspiracy to aid and assist in the preparation of false income tax returns relating to legacy Credit Suisse accounts booked in Credit Suisse's Swiss booking center, thereby settling the investigation into Credit Suisse's implementation of the 2014 Plea Agreement. In addition, Credit Suisse Services AG entered into a non-prosecution agreement with the DOJ (the 2025 NPA) relating to legacy Credit Suisse accounts booked in Credit Suisse's Singapore booking center. The 2025 Plea Agreement and the 2025 NPA provide for penalties, restitution and forfeiture of USD 511m in the aggregate. The 2025 Plea Agreement and the 2025 NPA include ongoing obligations of UBS to furnish information and cooperate with DOJ's investigations of legacy Credit Suisse accounts held by US persons in its Switzerland and Singapore booking centers and related accounts in other booking centers.

Our balance sheet at 31 December 2025 reflected provisions in an amount that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which we have established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that we have recognized.

2. Madoff

In relation to the Bernard L. Madoff Investment Securities LLC (BMIS) investment fraud, UBS AG, UBS (Luxembourg) S.A. (now UBS Europe SE, Luxembourg branch) and certain other UBS subsidiaries were subject to inquiries by a number of regulators, including the Swiss Financial Market Supervisory Authority (FINMA) and the Luxembourg Commission de Surveillance du Secteur Financier. Those inquiries concerned two third-party funds established under Luxembourg law, substantially all assets of which were with BMIS, as well as certain funds established in offshore jurisdictions with either direct or indirect exposure to BMIS. These funds faced severe losses, and the Luxembourg funds are in liquidation. The documentation establishing both funds identifies UBS entities in various roles, including custodian, administrator, manager, distributor and promoter, and indicates that UBS employees served as board members.

In 2009 and 2010, the liquidators of the two Luxembourg funds filed claims against UBS entities, non-UBS entities and certain individuals, including current and former UBS employees, seeking amounts totaling approximately EUR 2.1bn, which includes amounts that the funds may be held liable to pay the trustee for the liquidation of BMIS (BMIS Trustee).

A large number of alleged beneficiaries have filed claims against UBS entities (and non-UBS entities) for purported losses relating to the Madoff fraud. The majority of these cases have been decided in favor of UBS or dismissed for want of prosecution.

In the US, the BMIS Trustee filed claims against UBS entities, among others, in relation to the two Luxembourg funds and one of the offshore funds. The total amount claimed against all defendants in these actions was not less than USD 2bn. In 2014, the US Supreme Court rejected the BMIS Trustee's motion for leave to appeal decisions, dismissing all claims against UBS defendants except those for the recovery of approximately USD 125m of payments alleged to be fraudulent conveyances and preference payments. Similar claims have been filed against Credit Suisse entities seeking to recover redemption payments. In 2016, the bankruptcy court dismissed these claims against the UBS entities and most of the Credit Suisse entities. In 2019, the Court of Appeals reversed the dismissal of the BMIS Trustee's remaining claims. The cases were remanded to the Bankruptcy Court for further proceedings.

3. Foreign exchange, LIBOR and benchmark rates, and other trading practices

Foreign-exchange-related regulatory matters: Beginning in 2013, numerous authorities commenced investigations concerning possible manipulation of foreign exchange markets and precious metals prices. As a result of these investigations, UBS entered into resolutions with Swiss, US and UK regulators and the European Commission. UBS was granted conditional immunity by the Antitrust Division of the DOJ and by authorities in other jurisdictions in connection with potential competition law violations relating to foreign exchange and precious metals businesses. In December 2021, the European Commission issued a decision imposing a fine of EUR 83.3m on Credit Suisse entities based on findings of anticompetitive practices in the foreign exchange market. UBS received leniency and accordingly no fine was assessed. Credit Suisse appealed the decision to the European General Court and, in July 2025, the court issued a judgment reducing the fine to EUR 28.9m. The judgment is now final.

Note 17 Provisions and contingent liabilities (continued)

Foreign-exchange-related civil litigation: Putative class actions have been filed since 2013 in US federal courts and in other jurisdictions against UBS, Credit Suisse and other banks on behalf of persons who engaged in foreign currency transactions with any of the defendant banks. UBS and Credit Suisse have resolved US federal court class actions relating to foreign currency transactions with the defendant banks and persons who transacted in foreign exchange futures contracts and options on such futures. Certain class members have excluded themselves from that settlement and filed individual actions in US and English courts against UBS, Credit Suisse and other banks, alleging violations of US and European competition laws and unjust enrichment. UBS, Credit Suisse and the other banks have resolved those individual matters. In addition, Credit Suisse and UBS, together with other financial institutions, were named in a consolidated putative class action in Israel, which made allegations similar to those made in the actions pursued in other jurisdictions. Credit Suisse and UBS entered into agreements to settle all claims in this action in April 2022 and February 2024, respectively. Credit Suisse's settlement received court approval and became final in May 2025. UBS's settlement remains subject to court approval.

LIBOR and other benchmark-related regulatory matters: Numerous government agencies conducted investigations regarding potential improper attempts by UBS, among others, to manipulate LIBOR and other benchmark rates at certain times. UBS and Credit Suisse reached settlements or otherwise concluded investigations relating to benchmark interest rates with the investigating authorities. UBS was granted conditional leniency or conditional immunity from authorities in certain jurisdictions, including the Antitrust Division of the DOJ, in connection with potential antitrust or competition law violations related to certain rates. In December 2025, the Swiss Competition Commission (WEKO) announced that it had reached a final resolution with UBS.

LIBOR and other benchmark-related civil litigation: A number of putative class actions and other actions are pending in the federal courts in New York against UBS and numerous other banks on behalf of parties who transacted in certain interest rate benchmark-based derivatives. Also pending in the US and in other jurisdictions are a number of other actions asserting losses related to various products whose interest rates were linked to LIBOR and other benchmarks, including adjustable rate mortgages, preferred and debt securities, bonds pledged as collateral, loans, depository accounts, investments and other interest-bearing instruments. The complaints allege manipulation, through various means, of certain benchmark interest rates, including USD LIBOR, Yen LIBOR, EURIBOR, CHF LIBOR, and GBP LIBOR and seek unspecified compensatory and other damages under various legal theories.

USD LIBOR class and individual actions in the US: Beginning in 2013, putative class actions were filed in US federal district courts (and subsequently consolidated in the US District Court for the Southern District of New York (SDNY)) by plaintiffs who engaged in over-the-counter instruments, exchange-traded Eurodollar futures and options, bonds or loans that referenced USD LIBOR. The complaints allege violations of antitrust law and the Commodities Exchange Act, as well as breach of contract and unjust enrichment. Following various rulings by the SDNY and the US Court of Appeals for the Second Circuit dismissing certain of the causes of action and allowing others to proceed, one class action with respect to transactions in over-the-counter instruments and several actions brought by individual plaintiffs proceeded in the district court. In September 2025, the district court granted defendants' motion for summary judgment as to all remaining actions. Plaintiffs have appealed. UBS and Credit Suisse previously entered into settlement agreements in respect of the class actions relating to exchange-traded instruments, bonds and loans. These settlements have received final court approval, and the actions have been dismissed as to UBS and Credit Suisse.

Other benchmark class actions in the US: The Yen LIBOR/Euroyen TIBOR, EURIBOR and GBP LIBOR actions have been dismissed. Plaintiffs have appealed the dismissals. In August 2025, the Second Circuit affirmed in part and reversed in part the district court's dismissal of the complaint in the EURIBOR action, returning the action to the district court. In September 2025, the Second Circuit affirmed the dismissal of the complaint in the GBP LIBOR action; the matter has concluded.

In January 2023, defendants moved to dismiss the complaint in the CHF LIBOR action. In 2023, the court approved a settlement by Credit Suisse of the claims against it in this matter. In September 2025, the court dismissed the complaint against the remaining defendants, including UBS.

Government bonds: In 2021, the European Commission issued a decision finding that UBS and six other banks breached European Union antitrust rules between 2007 and 2011 relating to European government bonds. The European Commission fined UBS EUR 172m, which amount was confirmed on appeal in March 2025. UBS has appealed to the European Court of Justice.

Note 17 Provisions and contingent liabilities (continued)

Credit default swap auction litigation – In June 2021, Credit Suisse, along with other banks and entities, was named in a putative class action filed in federal court in New Mexico alleging manipulation of credit default swap (CDS) final auction prices. Defendants filed a motion to enforce a previous CDS class action settlement in the SDNY. In January 2024, the SDNY ruled that, to the extent claims in the New Mexico action arise from conduct prior to 30 June 2014, those claims are barred by the SDNY settlement. The plaintiffs appealed and, in May 2025, the Second Circuit affirmed the SDNY decision. Defendants filed a motion for judgment on the pleadings in December 2025.

With respect to additional matters and jurisdictions not encompassed by the settlements and orders referred to above, UBS's balance sheet at 31 December 2025 reflected a provision in an amount that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which we have established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that we have recognized.

4. Mortgage-related matters

Government and regulatory related matters: DOJ RMBS settlement – In January 2017, Credit Suisse Securities (USA) LLC (CSS LLC) and its current and former US subsidiaries and US affiliates reached a settlement with the DOJ related to its legacy Residential Mortgage-Backed Securities (RMBS) business, a business conducted through 2007. The settlement resolved potential civil claims by the DOJ related to certain of those Credit Suisse entities' packaging, marketing, structuring, arrangement, underwriting, issuance and sale of RMBS. Pursuant to the terms of the settlement a civil monetary penalty was paid to the DOJ in January 2017. The settlement also required the Credit Suisse entities to provide certain levels of consumer relief measures, including affordable housing payments and loan forgiveness, and the DOJ and Credit Suisse agreed to the appointment of an independent monitor to oversee the completion of the consumer relief requirements of the settlement. In August 2025, CSS LLC entered into an agreement with the DOJ to resolve all of Credit Suisse's outstanding Consumer Relief Obligations under the 2017 settlement by paying USD 300m.

Civil litigation: Repurchase litigations – Credit Suisse affiliates are defendants in various civil litigation matters related to their roles as issuer, sponsor, depositor, underwriter and/or servicer of RMBS transactions. These cases currently include repurchase actions by RMBS trusts and/or trustees, in which plaintiffs generally allege breached representations and warranties in respect of mortgage loans and failure to repurchase such mortgage loans as required under the applicable agreements. The amounts disclosed below do not reflect actual realized plaintiff losses to date. Unless otherwise stated, these amounts reflect the original unpaid principal balance amounts as alleged in these actions.

DLJ Mortgage Capital, Inc. (DLJ) is a defendant in New York State court in five actions: An action brought by Asset Backed Securities Corporation Home Equity Loan Trust, Series 2006-HE7 alleges damages of not less than USD 374m. In December 2023, the trial court granted in part DLJ's motion to dismiss, dismissing with prejudice all notice-based claims. On appeal, the appellate court modified the trial court's dismissal in April 2025 to reinstate certain of plaintiff's notice-based claims and otherwise dismissed plaintiff's claims. Plaintiff has sought leave from the New York Court of Appeals to further appeal the dismissal of certain of its claims. An action by Home Equity Asset Trust, Series 2006-8, alleges damages of not less than USD 436m. An action by Home Equity Asset Trust 2007-1 alleges damages of not less than USD 420m. In August 2025, the parties agreed to a settlement to resolve this litigation for USD 66.39m. The settlement has received court approval and is final. An action by Home Equity Asset Trust 2007-2 alleges damages of not less than USD 495m. An action by CSMC Asset-Backed Trust 2007-NC1 does not allege a damages amount.

5. ATA litigation

Since November 2014, a series of lawsuits have been filed against a number of banks, including Credit Suisse, in the US District Court for the Eastern District of New York (EDNY) and the SDNY alleging claims under the United States Anti-Terrorism Act (ATA) and the Justice Against Sponsors of Terrorism Act. The plaintiffs in each of these lawsuits are, or are relatives of, victims of various terrorist attacks in Iraq and allege a conspiracy and/or aiding and abetting based on allegations that various international financial institutions, including the defendants, agreed to alter, falsify or omit information from payment messages that involved Iranian parties for the express purpose of concealing the Iranian parties' financial activities and transactions from detection by US authorities. The lawsuits allege that this conduct has made it possible for Iran to transfer funds to Hezbollah and other terrorist organizations actively engaged in harming US military personnel and civilians. In January 2023, the Second Circuit affirmed a September 2019 ruling by the EDNY granting defendants' motion to dismiss the first filed lawsuit. In October 2023, the US Supreme Court denied plaintiffs' petition for a writ of certiorari, and in September 2025 the EDNY denied plaintiffs' motion to vacate the judgment; the matter has concluded. Of the other seven cases, four are stayed, including one that was dismissed as to Credit Suisse and most of the bank defendants prior to entry of the stay, and in three cases defendants moved to dismiss plaintiffs' amended complaints.

Note 17 Provisions and contingent liabilities (continued)

6. Customer account matters

Several clients have claimed that a former relationship manager in Switzerland had exceeded his investment authority in the management of their portfolios, resulting in excessive concentrations of certain exposures and investment losses. Credit Suisse AG has investigated the claims, as well as transactions among the clients. Credit Suisse AG filed a criminal complaint against the former relationship manager with the Geneva Prosecutor's Office upon which the prosecutor initiated a criminal investigation. Several clients of the former relationship manager also filed criminal complaints with the Geneva Prosecutor's Office. In February 2018, the former relationship manager was sentenced to five years in prison by the Geneva criminal court for fraud, forgery and criminal mismanagement and ordered to pay damages of approximately USD 130m. On appeal, the Criminal Court of Appeals of Geneva and, subsequently, the Swiss Federal Supreme Court upheld the main findings of the Geneva criminal court.

Civil lawsuits have been initiated against Credit Suisse AG and / or certain affiliates in various jurisdictions, based on the findings established in the criminal proceedings against the former relationship manager.

In Singapore, in a now-concluded civil lawsuit, Credit Suisse Trust Limited was ordered to pay USD 461m, including interest and costs.

In Bermuda, in the civil lawsuit brought against Credit Suisse Life (Bermuda) Ltd., the Supreme Court of Bermuda issued a judgment awarding damages of USD 607.35m to the plaintiff. Credit Suisse Life (Bermuda) Ltd. appealed the decision. In June 2023, the Bermuda Court of Appeal confirmed the award and the Supreme Court of Bermuda's finding that Credit Suisse Life (Bermuda) Ltd. breached its contractual and fiduciary duties, but overturned the finding that Credit Suisse Life (Bermuda) Ltd. made fraudulent misrepresentations. In March 2024, Credit Suisse Life (Bermuda) Ltd. was granted leave to appeal the judgment to the Judicial Committee of the Privy Council and a hearing on the appeal was held in June 2025. The Bermuda Court of Appeal also ordered that the current stay continue pending determination of the appeal on the condition that the damages awarded, plus interest calculated at the Bermuda statutory rate of 3.5%, remain in the escrow account. In November 2025, the Judicial Committee of the Privy Council issued its final judgment on the appeal, denying Credit Suisse Life (Bermuda) Ltd.'s appeal on liability, but partially granting its appeal concerning the quantum of damages and directing the parties to recalculate damages.

In Switzerland, certain civil lawsuits have been commenced against Credit Suisse AG and UBS AG (as the successor of Credit Suisse AG) in the Court of First Instance of Geneva since March 2023.

7. Mozambique matter

Credit Suisse was subject to investigations by regulatory and enforcement authorities, as well as civil litigation, regarding certain Credit Suisse entities' arrangement of loan financing to Mozambique state enterprises, Proindicus S.A. and Empresa Moçambicana de Atum S.A. (EMATUM), a distribution to private investors of loan participation notes (LPN) related to the EMATUM financing in September 2013, and certain Credit Suisse entities' subsequent role in arranging the exchange of those LPNs for Eurobonds issued by the Republic of Mozambique. In 2019, three former Credit Suisse employees pleaded guilty in the EDNY to accepting improper personal benefits in connection with financing transactions carried out with two Mozambique state enterprises.

In October 2021, Credit Suisse reached settlements with the DOJ, the US Securities and Exchange Commission (SEC), the UK Financial Conduct Authority (FCA) and FINMA to resolve inquiries by these agencies, including findings that Credit Suisse failed to appropriately organize and conduct its business with due skill and care, and manage risks. Credit Suisse Group AG entered into a three-year Deferred Prosecution Agreement (DPA) with the DOJ in connection with the criminal information charging Credit Suisse Group AG with conspiracy to commit wire fraud and Credit Suisse Securities (Europe) Limited (CSSEL) entered into a Plea Agreement and pleaded guilty to one count of conspiracy to violate the US federal wire fraud statute. Under the terms of the DPA, UBS Group AG (as successor to Credit Suisse Group AG) continued compliance enhancement and remediation efforts agreed by Credit Suisse, and undertake additional measures as outlined in the DPA. In January 2025, as permitted under the terms of the DPA, the DOJ elected to extend the term of the DPA until January 2026.

8. ETN-related litigation

XIV litigation: Since March 2018, three class action complaints were filed in the SDNY on behalf of a putative class of purchasers of VelocityShares Daily Inverse VIX Short-Term Exchange Traded Notes linked to the S&P 500 VIX Short-Term Futures Index (XIV ETNs). The complaints have been consolidated and asserts claims against Credit Suisse for violations of various anti-fraud and anti-manipulation provisions of US securities laws arising from a decline in the value of XIV ETNs in February 2018. On appeal from an order of the SDNY dismissing all claims, the Second Circuit issued an order that reinstated a portion of the claims. In decisions in March 2023 and February 2025, the court granted class certification for two of the three classes proposed by plaintiffs and denied class certification of the third proposed class.

Note 17 Provisions and contingent liabilities (continued)

9. Credit Suisse anti-money laundering matters

In December 2020, the Swiss Office of the Attorney General brought charges against Credit Suisse AG and other parties concerning the diligence and controls applied to a historical relationship with Bulgarian former clients who are alleged to have laundered funds through Credit Suisse AG accounts. In June 2022, following a trial, Credit Suisse AG was convicted in the Swiss Federal Criminal Court of certain historical organizational inadequacies in its anti-money-laundering framework and ordered to pay a fine of CHF 2m. In addition, the court seized certain client assets in the amount of approximately CHF 12m and ordered Credit Suisse AG to pay a compensatory claim in the amount of approximately CHF 19m. Credit Suisse AG appealed the decision to the Chamber of Appeals of the Swiss Federal Criminal Court (Chamber of Appeals). Following the merger of UBS AG and Credit Suisse AG, UBS AG confirmed the appeal. In November 2024, the Chamber of Appeals acquitted UBS AG and annulled the fine and compensatory claim ordered by the first instance court. Subsequently, the Office of the Attorney General has appealed the judgment to the Swiss Federal Supreme Court. UBS has also appealed, limited to the issue of whether a successor entity by merger can be criminally liable for acts of the predecessor entity. In July 2025, the Swiss Federal Supreme Court remanded the case back to the Chamber of Appeals for a full and reasoned judgment. In March 2026, the Chamber of Appeals issued a judgment again acquitting UBS AG. This judgment may be appealed by the parties to the Swiss Federal Supreme Court. Separately, in November 2025, the Swiss Office of the Attorney General filed criminal charges against UBS Group and UBS AG, as the successors to Credit Suisse Group AG and Credit Suisse AG, respectively, alleging that Credit Suisse failed to maintain appropriate controls to detect and prevent money laundering in connection with certain payments from accounts at Credit Suisse by parties associated with the Mozambique transactions between 2013 and 2016.

10. Archegos

Credit Suisse and UBS have received requests for documents and information in connection with inquiries, investigations and/or actions relating to their relationships with Archegos Capital Management (Archegos), including from FINMA (assisted by a third party appointed by FINMA), the DOJ, the SEC, the US Federal Reserve, the US Commodity Futures Trading Commission (CFTC), the US Senate Banking Committee, the Prudential Regulation Authority (PRA), the FCA, the WEKO, the Hong Kong Competition Commission and other regulatory and governmental agencies. UBS is cooperating with the authorities in these matters. In July 2023, CSI and CSSEL entered into a settlement agreement with the PRA providing for the resolution of the PRA's investigation. Also in July 2023, FINMA issued a decree ordering remedial measures and the Federal Reserve Board issued an Order to Cease and Desist. Under the terms of the order, Credit Suisse paid a civil money penalty and agreed to undertake certain remedial measures relating to counterparty credit risk management, liquidity risk management and non-financial risk management, as well as enhancements to board oversight and governance. UBS Group, as the legal successor to Credit Suisse Group AG, is a party to the FINMA decree and Federal Reserve Board Cease and Desist Order.

Civil actions relating to Credit Suisse's relationship with Archegos have been filed against Credit Suisse and/or certain officers and directors, including claims for breaches of fiduciary duties. In one such case, the parties agreed in July 2025 to a settlement of USD 115m that remains subject to court approval. Because the action was brought by shareholders on behalf of and for the benefit of Credit Suisse, after deducting any Court-awarded attorneys' fees and expenses and any applicable taxes, the cash recovery for the settlement will go to UBS, as successor to Credit Suisse, and will result in a net recovery for UBS.

Note 18 Other liabilities

a) Other financial liabilities measured at amortized cost

<i>USD m</i>	31.12.25	31.12.24
Other accrued expenses	2,579	2,732
Accrued interest expenses	4,582	5,862
Settlement and clearing accounts	1,492	1,925
Lease liabilities	3,473	3,871
Other	4,492	7,372
Total other financial liabilities measured at amortized cost	16,617	21,762

b) Other financial liabilities designated at fair value

<i>USD m</i>	31.12.25	31.12.24
Financial liabilities related to unit-linked investment contracts	21,052	17,203
Securities financing transactions	3,848	5,798
Over-the-counter debt instruments and other	3,284	5,698
Funding from UBS Group AG ¹	7,104	5,342
Total other financial liabilities designated at fair value	35,287	34,041

¹ Funding from UBS Group AG consists of subordinated debt of UBS AG and its subsidiaries toward UBS Group AG. Subordinated debt consists of unsecured debt obligations that are contractually subordinated in right of payment to all other present and future non-subordinated obligations of the respective issuing entity.

c) Other non-financial liabilities

<i>USD m</i>	31.12.25	31.12.24
Compensation-related liabilities	7,190	6,897
<i>of which: financial advisor compensation plans</i>	<i>1,776</i>	<i>1,601</i>
<i>of which: cash awards and other compensation plans</i>	<i>3,919</i>	<i>3,818</i>
<i>of which: net defined benefit liability</i>	<i>615</i>	<i>691</i>
<i>of which: other compensation-related liabilities¹</i>	<i>879</i>	<i>786</i>
Current tax liabilities	924	1,536
Deferred tax liabilities	351	283
VAT, withholding tax and other tax payables	938	1,067
Deferred income	718	614
Liabilities of disposal groups held for sale ²		1,212
Other	139	304
Total other non-financial liabilities	10,260	11,911

¹ Includes liabilities for payroll taxes and untaken vacation. ² Refer to Note 28 for more information about the sale of Select Portfolio Servicing.

Additional information

Note 19 Expected credit loss measurement

a) Expected credit losses in the period

Total net credit loss expenses were USD 549m in 2025, reflecting net credit loss expenses of USD 8m related to stage 1 and 2 positions and net credit loss expenses of USD 542m related to credit-impaired (stage 3) positions, predominantly in the corporate lending portfolios.

› Refer to Note 19b for more information regarding changes to ECL models, scenarios, scenario weights and post-model adjustments and to Note 19c for more information regarding the development of ECL allowances and provisions

Credit loss expense / (release)

USD m	Performing positions		Credit-impaired positions	Total
	Stages 1 and 2		Stage 3	
For the year ended 31.12.25				
Global Wealth Management	(13)		60	47
Personal & Corporate Banking	(2)		351	349
Asset Management	0		1	1
Investment Bank	21		126	147
Non-core and Legacy	(2)		5	3
Group Items	3		0	3
Total	8		542	549
For the year ended 31.12.24				
Global Wealth Management	(49)		48	(1)
Personal & Corporate Banking	(61)		454	393
Asset Management	0		0	0
Investment Bank	52		47	98
Non-core and Legacy	(5)		60	55
Group Items	0		0	0
Total	(63)		608	544
For the year ended 31.12.23				
Global Wealth Management	(2)		27	25
Personal & Corporate Banking	13		37	50
Asset Management	0		(1)	(1)
Investment Bank	11		56	67
Non-core and Legacy	0		1	1
Group Items	1		0	1
Total	23		120	143

b) Changes to ECL models, scenarios, scenario weights and key inputs

Refer to Note 1a for information about the principles governing expected credit loss (ECL) models, scenarios, scenario weights and key inputs.

Governance

Comprehensive cross-functional and cross-divisional governance processes are in place and are used to discuss and approve scenario updates and weights, to assess whether significant increases in credit risk resulted in stage transfers, to review model outputs and to reach conclusions regarding post-model adjustments.

Model changes

During 2025, the regular and the Credit Suisse integration-related model review and enhancement processes led to adjustments in the probability of default (PD), loss given default (LGD) and credit conversion factor (CCF) models, resulting in net releases of USD 13m. This included USD 22m releases related to real estate lending, driven by USD 33m releases in Switzerland, partly offset by USD 11m expenses in the US. The corporate lending portfolio contributed USD 3m expenses (USD 11m expenses in Personal & Corporate Banking, partly offset by USD 8m releases in the Investment Bank), with USD 6m expenses in the remaining segments.

Scenario and key input updates

During 2025, the scenarios and related macroeconomic factors were updated from those applied at the end of 2024 by considering the prevailing economic and political conditions and uncertainty. The review focused on events that significantly changed the economic outlook during the year: an escalation of trade and geopolitical tensions globally, along with uncertainty regarding the inflation and growth outlook leading to divergent monetary policy paths.

Note 19 Expected credit loss measurement (continued)

Baseline scenario: the projections of the baseline scenario, which are aligned to the economic and market assumptions used for UBS's business planning purposes, are broadly in line with external benchmarks, such as those from Bloomberg Consensus, Oxford Economics and the International Monetary Fund World Economic Outlook. The expectation for 2026 is that the global economy will navigate a soft patch in the first half of the year, as tariffs still feed through to prices and exports, but accelerate in the second half of the year, supported by improved confidence, a positive credit impulse and several major advanced economies benefiting from fiscal stimulus. In the US, inflation is likely to remain elevated in the first half of the year and weigh on real incomes, but the support from the One Big Beautiful Bill should emerge over time. Weakness in the labor market should prompt the Federal Reserve to deliver more cuts in the next few meetings, although in a measured fashion, as inflation hovering above its target remains a risk. Long-term interest rates in key developed markets are expected to rise slightly over the rest of the year. House price growth for 2026 is supported by strong data in 2025. However, less price upside is expected in the following months as the economy weakens.

Moderate stagflation crisis scenario: The first hypothetical downside scenario is the moderate stagflation crisis scenario. The moderate stagflation crisis scenario assumes heightened geopolitical and trade tensions that disrupt supply chains and drive inflationary pressures. Despite signs of slowing global demand, resilient labor markets sustain upward wage pressures and escalating geopolitical tensions prompt central banks to hike interest rates and actively reduce their balance sheets. Yield curves steepen and the global economy and financial markets are negatively affected.

Global trade war scenario: The second downside scenario is aligned with the 2026 Group binding stress scenario and was updated in 2025 to reflect relevant risks. The global trade war scenario assumes heightened geopolitical tensions and explores tail risks concerning US protectionist policies and retaliation by the US's trading partners. US policies solidify Switzerland as a safe-haven country and the US dollar depreciates against the Swiss franc. The scenario assumes that disruptions in global trade contribute to rising inflation and a large economic contraction. Despite rising inflation, the Federal Reserve makes measured rate cuts, and other major central banks in advanced economies follow the same course.

Asset price appreciation scenario: The upside scenario is based on positive developments, such as an easing of geopolitical tensions across the globe, less fear of a Chinese hard landing, falling oil prices and resilient labor markets, which enhance economic stability and confidence. Under these circumstances, the adoption of productivity-enhancing technologies boosts economic growth and strengthens risk appetite. As a result, asset prices rise sustainably.

The table below details the key assumptions for the four scenarios applied as of 31 December 2025.

Scenario generation, review process and governance

A team of economists within Group Risk Control develops the forward-looking macroeconomic assumptions, supported and challenged by experts from relevant functions.

The scenarios, their weights and the key macroeconomic and other factors are subject to a critical assessment by the IFRS 9 Scenario Sounding Sessions and ECL Management Forum, which include senior management from Group Risk and Group Finance. An important consideration in the review is whether there may be particular credit risk concerns that are not possible to address systematically, requiring post-model adjustments for stage allocation and ECL allowances.

The Group Chief Financial Officer and the Group Chief Risk Officer ratify the decisions taken by the ECL Management Forum.

Scenario weights and post-model adjustments

The asset price appreciation scenario was added, two scenarios were substituted and -weights were adjusted over the course of 2025. The mild debt crisis scenario was replaced by the moderate stagflation crisis scenario, and the stagflationary geopolitical crisis scenario was replaced by the global trade war scenario. Scenario weights were adjusted during 2025 in line with the shift in risks and their coverage in the scenarios. The asset price appreciation, baseline, moderate stagflation crisis and global trade war scenarios had a 5%, 50%, 30% and 15% weight, respectively, as of 31 December 2025.

However, unquantifiable risks continue to be relevant, as geopolitical risks remained high in 2025, and the impact on the world economy from escalations with unforeseeable consequences could be severe. In the near term, this uncertainty relates primarily to developments in US domestic and foreign policies, the Russia-Ukraine war, European security, and regional conflicts.

Models, which are based on supportable statistical information from past experiences regarding interdependencies of macroeconomic factors and their implications for credit risk portfolios, cannot comprehensively reflect such extraordinary events, such as a pandemic or a fundamental change in the world political order. Rather than creating multiple additional scenarios to attempt to gauge these risks and applying model parameters that lack supportable information and cannot be robustly validated, management continued to also apply post-model adjustments.

Total stage 1 and 2 allowances and provisions were USD 1,237m as of 31 December 2025 and included post-model adjustments of USD 237m (31 December 2024: USD 235m). Post-model adjustments were made to address uncertainty levels, including those arising from the broad geopolitical uncertainty and US trade tariffs, and mainly relate to corporate lending books in Switzerland. In 2024, post-model adjustments also addressed uncertainty levels to align Credit Suisse's model outputs with those expected under the comparable UBS models.

Note 19 Expected credit loss measurement (continued)

Scenario weights were as illustrated in the table below.

Economic scenarios and weights applied

ECL scenario	Assigned weights in %	
	31.12.25	31.12.24
Asset price appreciation / inflation	5.0	0.0
Baseline	50.0	60.0
Mild debt crisis	0.0	15.0
Moderate stagflation crisis	30.0	0.0
Stagflationary geopolitical crisis	0.0	25.0
Global trade war	15.0	0.0

Scenario assumptions

31.12.25	One year				Three years cumulative			
	Asset price appreciation	Baseline	Moderate stagflation crisis	Global trade war	Asset price appreciation	Baseline	Moderate stagflation crisis	Global trade war
Real GDP growth (percentage change)								
United States	3.5	2.0	(1.4)	(6.8)	8.6	6.6	0.5	(2.7)
Eurozone	2.5	1.5	(1.6)	(7.9)	5.6	3.8	(0.6)	(4.6)
Switzerland	2.7	1.9	(1.2)	(6.3)	6.2	5.2	0.0	(3.0)
Consumer price index (percentage change)								
United States	2.0	2.6	6.0	4.8	7.7	7.0	14.6	11.0
Eurozone	1.8	1.8	5.2	4.5	7.0	6.0	12.9	10.5
Switzerland	1.4	0.6	4.0	3.7	5.7	2.4	10.3	9.0
Unemployment rate (end-of-period level, %)								
United States	3.2	4.5	6.8	11.0	3.0	4.3	8.4	10.8
Eurozone	6.0	6.4	7.7	11.0	6.0	6.3	8.4	10.4
Switzerland	2.7	3.1	3.7	5.1	2.6	2.7	4.1	5.4
Fixed income: 10-year government bonds (change in yields, basis points)								
USD	0	11	198	99	48	40	171	15
EUR	0	15	198	110	38	40	180	15
CHF	0	13	173	76	38	35	153	5
Equity indices (percentage change)								
S&P 500	20.0	12.5	(25.0)	(50.0)	51.7	26.0	(5.2)	(33.0)
EuroStoxx 50	16.0	7.2	(25.0)	(50.0)	41.7	19.4	(13.9)	(33.5)
SPI	14.0	2.5	(25.0)	(50.0)	37.9	13.3	(9.0)	(29.0)
Swiss real estate (percentage change)								
Single-Family Homes	4.5	2.5	(3.4)	(18.5)	12.0	7.7	(4.2)	(25.6)
Other real estate (percentage change)								
United States (S&P / Case-Shiller)	6.3	1.7	(6.2)	(25.6)	17.0	8.2	(7.3)	(33.0)
Eurozone (House Price Index)	4.5	4.1	(5.1)	(12.4)	12.9	12.7	(6.7)	(18.8)

Scenario assumptions

31.12.24	One year				Three years cumulative			
	Asset price inflation	Baseline	Mild debt crisis	Stagflationary geopolitical crisis	Asset price inflation	Baseline	Mild debt crisis	Stagflationary geopolitical crisis
Real GDP growth (percentage change)								
United States	3.5	2.0	(1.4)	(4.8)	8.6	5.5	0.8	(4.4)
Eurozone	2.5	0.9	(1.7)	(5.6)	5.6	3.2	(0.1)	(5.7)
Switzerland	2.7	0.9	(1.1)	(4.8)	6.2	4.2	0.4	(4.9)
Consumer price index (percentage change)								
United States	2.3	2.6	0.0	10.0	8.1	7.8	2.5	15.8
Eurozone	2.0	2.2	0.0	9.6	7.3	5.9	2.0	14.8
Switzerland	1.4	0.7	(0.2)	5.8	5.7	2.7	1.4	10.7
Unemployment rate (end-of-period level, %)								
United States	3.1	4.3	6.8	9.8	3.0	4.1	8.1	12.4
Eurozone	6.0	7.0	7.9	10.5	6.0	6.8	8.3	11.7
Switzerland	2.3	2.6	3.4	4.6	2.3	2.5	4.2	5.5
Fixed income: 10-year government bonds (change in yields, basis points)								
USD	0	77	(137)	270	45	82	(77)	245
EUR	0	25	(113)	245	38	35	(68)	215
CHF	0	(4)	(22)	195	38	11	(1)	180
Equity indices (percentage change)								
S&P 500	20.0	12.0	(28.1)	(56.5)	51.7	26.7	(14.0)	(51.2)
EuroStoxx 50	16.0	(0.6)	(27.9)	(56.6)	41.7	9.9	(18.3)	(52.7)
SPI	14.0	(0.6)	(26.0)	(56.6)	37.9	8.0	(13.0)	(52.7)
Swiss real estate (percentage change)								
Single-Family Homes	4.5	3.2	(4.3)	(18.5)	10.7	8.8	(3.0)	(28.6)
Other real estate (percentage change)								
United States (S&P / Case-Shiller)	6.3	3.4	(7.6)	(20.2)	16.8	11.9	(5.2)	(30.5)
Eurozone (House Price Index)	4.5	3.7	(6.1)	(8.4)	10.7	11.6	(5.6)	(12.9)

Note 19 Expected credit loss measurement (continued)

c) Development of ECL allowances and provisions

The ECL allowances and provisions recognized in the period are impacted by a variety of factors, such as:

- the effect of selecting and updating forward-looking scenarios and the respective weights;
- origination of new instruments during the period;
- the effect of passage of time (lower residual lifetime PD and the effect of discount unwind) as the ECL on an instrument for the remaining lifetime decreases (all other factors remaining the same);
- derecognition of instruments in the period;
- change in individual asset quality of instruments;
- movements from a maximum 12-month ECL to the recognition of lifetime ECL (and vice versa) following transfers between stages 1 and 2;
- movements from stages 1 and 2 to stage 3 (credit-impaired status) when default has become certain and PD increases to 100% (or vice versa);
- changes in models or updates to model parameters;
- write-offs; and
- foreign exchange translation for assets denominated in foreign currencies.

The table below explains the changes in the ECL allowances and provisions for on- and off-balance sheet financial instruments and credit lines within the scope of ECL requirements between the beginning and the end of the period due to the factors listed above.

Development of ECL allowances and provisions

USD m	Total	Stage 1	Stage 2	Stage 3
Balance as of 31 December 2024	(3,527)	(487)	(623)	(2,417)
Net movement from new and derecognized transactions¹	(1)	(28)	27	0
of which: Private clients with mortgages	2	0	2	0
of which: Real estate financing	1	(3)	4	0
of which: Large corporate clients	(17)	(22)	5	0
of which: Ship and aircraft financing	(2)	(2)	0	0
of which: SME clients	9	6	3	0
of which: Other	6	(8)	14	0
of which: Loans to financial advisors	1	0	1	0
Remeasurements with stage transfers²	(284)	26	2	(312)
of which: Private clients with mortgages	43	2	40	0
of which: Real estate financing	(3)	2	1	(7)
of which: Large corporate clients	(88)	20	(32)	(76)
of which: SME clients	(148)	0	(6)	(142)
of which: Other	(87)	1	(1)	(87)
Remeasurements without stage transfers³	(277)	(52)	4	(229)
of which: Private clients with mortgages	(20)	(9)	3	(13)
of which: Real estate financing	(24)	(5)	0	(19)
of which: Large corporate clients	(74)	(20)	(1)	(52)
of which: Ship and aircraft financing	19	9	10	0
of which: SME clients	(153)	(22)	(8)	(123)
of which: Other	(26)	(5)	0	(21)
of which: Financial intermediaries and hedge funds	(8)	(6)	0	(3)
of which: Loans to financial advisors	(6)	0	1	(7)
Model changes⁴	12	11	1	0
Movements with profit or loss impact⁵	(549)	(43)	35	(542)
Movements without profit or loss impact (write-off, FX and other)⁶	95	(45)	(73)	213
Balance as of 31 December 2025	(3,982)	(575)	(661)	(2,746)

¹ Represents the increase and decrease in allowances and provisions resulting from financial instruments (including guarantees and facilities) that were newly originated, purchased or renewed and from the final derecognition of loans or facilities on their maturity date or earlier. ² Represents the remeasurement between 12-month and lifetime ECL due to stage transfers. ³ Represents the change in allowances and provisions related to changes in model inputs or assumptions, including changes in forward-looking macroeconomic conditions, changes in the exposure profile, PD and LGD changes, and unwinding of the time value. ⁴ Represents the change in the allowances and provisions related to changes in models and methodologies. ⁵ Includes ECL movements from new and derecognized transactions, remeasurement changes, and model and methodology changes. ⁶ Represents the decrease in allowances and provisions resulting from write-offs of the ECL allowance against the gross carrying amount when all or part of a financial asset is deemed uncollectible or forgiven and movements in foreign exchange rates.

Movements with profit or loss impact: stage 1 and 2 ECL allowances and provisions increased on a net basis by USD 8m.

- *Net movement from new and derecognized transactions* includes stage 1 increases of USD 28m and stage 2 releases of USD 27m. Stage 1 increases were mainly driven by growth in the corporate lending portfolios, while stage 2 releases were predominantly due to repayments in other smaller segments.
- *Remeasurements with stage transfers* include USD 26m in releases in stage 1, primarily driven by the corporate lending portfolio and USD 2m releases in stage 2. Movements in stage 2 include expenses of USD 38m following corporate credit reviews. These expenses were offset by releases of USD 41m in the real estate lending portfolio.
- Stage 3 exposures which were already defaulted as of 31 December 2025 contributed approximately 40% to stage 3 expenses.
- *For model changes*, refer to Note 19b for more information.

Movements without profit or loss impact: stage 1 and 2 allowances increased by USD 118m, almost entirely due to foreign exchange effects.

Stage 3 allowances decreased by USD 213m, driven by net write-offs of USD 442m, partly offset by foreign exchange effects and other movements totaling USD 227m.

Note 19 Expected credit loss measurement (continued)

Development of ECL allowances and provisions

USD m	Total	Stage 1	Stage 2	Stage 3
Balance as of 31 December 2023	(1,244)	(308)	(272)	(664)
Merger with Credit Suisse AG	(2,114)	(322)	(268)	(1,523)
Net movement from new and derecognized transactions ¹	(16)	(6)	(21)	11
of which: Private clients with mortgages	3	(7)	9	0
of which: Real estate financing	5	3	2	0
of which: Large corporate clients	(46)	(21)	(36)	10
of which: SME clients	6	0	6	0
of which: Other	16	18	(2)	0
of which: Financial intermediaries and hedge funds	1	0	0	1
of which: Loans to financial advisors	0	0	0	0
Remeasurements with stage transfers ²	(453)	23	(31)	(445)
of which: Private clients with mortgages	(3)	0	(3)	0
of which: Real estate financing	(9)	1	(5)	(5)
of which: Large corporate clients	(73)	16	(7)	(82)
of which: SME clients	(318)	2	(9)	(312)
of which: Other	(50)	3	(8)	(46)
of which: Financial intermediaries and hedge funds	1	0	0	1
of which: Loans to financial advisors	1	2	(1)	0
Remeasurements without stage transfers ³	(26)	117	32	(175)
of which: Private clients with mortgages	33	18	18	(2)
of which: Real estate financing	20	7	4	9
of which: Large corporate clients	74	52	38	(17)
of which: SME clients	(94)	6	1	(100)
of which: Other	(59)	34	(28)	(65)
of which: Sovereigns	(9)	12	(21)	0
of which: Loans to financial advisors	(3)	3	(1)	(6)
Model changes ⁴	(49)	(14)	(35)	0
Movements with profit or loss impact ⁵	(544)	120	(55)	(608)
Movements without profit or loss impact (write-off, FX and other) ⁶	376	24	(28)	379
Balance as of 31 December 2024	(3,527)	(487)	(623)	(2,417)

¹ Represents the increase and decrease in allowances and provisions resulting from financial instruments (including guarantees and facilities) that were newly originated, purchased or renewed and from the final derecognition of loans or facilities on their maturity date or earlier. ² Represents the remeasurement between 12-month and lifetime ECL due to stage transfers. ³ Represents the change in allowances and provisions related to changes in model inputs or assumptions, including changes in forward-looking macroeconomic conditions, changes in the exposure profile, PD and LGD changes, and unwinding of the time value. ⁴ Represents the change in the allowances and provisions related to changes in models and methodologies. ⁵ Includes ECL movements from new and derecognized transactions, remeasurement changes, and model and methodology changes. ⁶ Represents the decrease in allowances and provisions resulting from write-offs of the ECL allowance against the gross carrying amount when all or part of a financial asset is deemed uncollectible or forgiven and movements in foreign exchange rates.

As explained in Note 1a, the assessment of a significant increase in credit risk (an SICR) considers a number of qualitative and quantitative factors to determine whether a stage transfer between stage 1 and stage 2 is required, although the primary assessment considers changes in PD based on rating analyses and economic outlook. Additionally, UBS AG takes into consideration counterparties that have moved to a credit watch list and those with payments that are at least 30 days past due.

ECL stage 2 ("significant deterioration in credit risk") allowances / provisions as of 31 December 2025 – classification by trigger

USD m	Total	of which: PD layer	of which: watch list	of which: ≥30 days past due
Private clients with mortgages	(18)	(11)	0	(7)
Real estate financing	(27)	(26)	0	(1)
Large corporate clients	(178)	(79)	(95)	(5)
SME clients	(119)	(97)	(19)	(3)
Ship / aircraft financing	(10)	(9)	0	(1)
Loans to financial advisors	(1)	0	0	(1)
Consumer financing/ credit cards	(39)	0	(16)	(23)
Other	(269)	(268)	(1)	(1)
On- and off-balance sheet	(661)	(489)	(131)	(42)

d) Maximum exposure to credit risk

The tables below provide UBS AG's maximum exposure to credit risk for financial instruments subject to ECL requirements and the respective collateral and other credit enhancements mitigating credit risk for these classes of financial instruments.

Note 19 Expected credit loss measurement (continued)

The maximum exposure to credit risk includes the carrying amounts of financial instruments recognized on the balance sheet subject to credit risk and the notional amounts for off-balance sheet arrangements. Where information is available, collateral is presented at fair value. For other collateral, such as real estate, a reasonable alternative value is used. Credit enhancements, such as credit derivative contracts and guarantees, are included at their notional amounts. Both are capped at the maximum exposure to credit risk for which they serve as security. The "Risk management and control" section of this report describes management's view of credit risk and the related exposures, which can differ in certain respects from the requirements of IFRS Accounting Standards.

Maximum exposure to credit risk

USD bn	31.12.25								
	Maximum exposure to credit risk	Collateral ^{1,2}				Credit enhancements ¹		Exposure to credit risk after collateral and credit enhancements	
		Cash collateral received	Collateralized by equity and debt instruments	Secured by real estate	Other collateral ³	Netting	Credit derivative contracts		Guarantees and sub-participations
Financial assets measured at amortized cost on the balance sheet									
Cash and balances at central banks	209.9								209.9
Amounts due from banks	19.2		0.0		0.0			0.1	19.1
Receivables from securities financing transactions measured at amortized cost	83.7	0.0	78.1		4.5				1.0
Cash collateral receivables on derivative instruments ^{4,5}	41.6					25.8			15.7
Loans and advances to customers	658.8	37.2	151.6	382.4	47.5			7.3	32.9
Other financial assets measured at amortized cost	72.0	0.2	0.7		6.7			0.0	64.4
Total financial assets measured at amortized cost	1,085.1	37.3	230.4	382.4	58.7	25.8	0.0	7.5	342.9
Financial assets measured at fair value through other comprehensive income – debt									
	13.9								13.9
Total maximum exposure to credit risk reflected on the balance sheet within the scope of ECL	1,099.0	37.3	230.4	382.4	58.7	25.8	0.0	7.5	356.8
Guarantees ⁶	47.1	1.6	28.6	0.3	1.8			2.6	12.1
Irrevocable loan commitments	81.9	0.3	4.9	2.2	23.9			3.1	47.6
Forward starting reverse repurchase and securities borrowing agreements	10.7		10.7						
Committed unconditionally revocable credit lines	123.0	14.9	48.2	11.9	1.5			1.3	45.2
Total maximum exposure to credit risk not reflected on the balance sheet within the scope of ECL	262.7	16.8	92.4	14.4	27.2	0.0	0.0	7.1	104.8
	31.12.24								
USD bn	Maximum exposure to credit risk	Collateral ^{1,2}				Credit enhancements ¹		Exposure to credit risk after collateral and credit enhancements	
		Cash collateral received	Collateralized by equity and debt instruments	Secured by real estate	Other collateral ³	Netting	Credit derivative contracts		Guarantees and sub-participations
Financial assets measured at amortized cost on the balance sheet									
Cash and balances at central banks	223.3								223.3
Amounts due from banks	18.1		0.2		0.0			0.2	17.7
Receivables from securities financing transactions measured at amortized cost	118.3	0.0	113.2		4.1				1.0
Cash collateral receivables on derivative instruments ^{4,5}	44.0					28.3			15.7
Loans and advances to customers	587.3	32.9	130.3	341.1	41.1			9.6	32.4
Other financial assets measured at amortized cost	59.3	0.2	0.7	0.0	5.3				53.1
Total financial assets measured at amortized cost	1,050.3	33.1	244.3	341.1	50.6	28.3	0.0	9.8	343.2
Financial assets measured at fair value through other comprehensive income – debt									
	2.2								2.2
Total maximum exposure to credit risk reflected on the balance sheet within the scope of ECL	1,052.5	33.1	244.3	341.1	50.6	28.3	0.0	9.8	345.4
Guarantees ⁶	40.2	1.9	19.6	0.4	2.3			3.9	12.3
Irrevocable loan commitments	79.4	0.2	3.8	1.6	22.7		0.0	4.2	46.8
Forward starting reverse repurchase and securities borrowing agreements	24.9		24.9						
Committed unconditionally revocable credit lines	148.8	19.4	61.6	12.9	1.5			3.1	50.3
Total maximum exposure to credit risk not reflected on the balance sheet within the scope of ECL	293.3	21.4	109.9	14.9	26.4	0.0	0.0	11.2	109.4

¹ Of which USD 3,808m for 31 December 2025 (31 December 2024: USD 3,742m) relates to total credit-impaired financial assets measured at amortized cost and USD 135m for 31 December 2025 (31 December 2024: USD 356m) relates to total off-balance sheet financial instruments and credit lines for credit-impaired positions. ² Collateral arrangements generally incorporate a range of collateral, including cash, equity and debt instruments, real estate, and other collateral. For the purpose of this disclosure, UBS AG applies a risk-based approach that generally prioritizes collateral according to its liquidity profile. In the case of loan facilities with funded and unfunded elements, the collateral is first allocated to the funded element. For legacy Credit Suisse infrastructure a risk-based approach is applied that generally prioritizes real estate collateral and prioritizes other collateral according to its liquidity profile. In the case of loan facilities with funded and unfunded elements, the collateral is proportionally allocated. ³ Includes but is not limited to life insurance contracts, rights in respect of subscription or capital commitments from fund partners, lien claims on assets of borrowers, leasing items, mortgage loans, inventory, gold and other commodities. ⁴ Included within Cash collateral receivables on derivative instruments are margin balances due from exchanges or clearing houses. Some of these margin balances reflect amounts transferred on behalf of clients who retain the associated credit risk. ⁵ The amount shown in the "Netting" column represents the netting potential not recognized on the balance sheet. Refer to Note 21 for more information. ⁶ Guarantees collateralized by equity and debt instruments include certain overnight repurchase and reverse repurchase transactions where UBS acts as a sponsoring member for eligible clients when clearing through the Fixed Income Clearing Corporation (the FICC). As part of this arrangement, UBS guarantees the FICC for prompt and full payment and performance of the clients' respective obligations under the FICC's rules. The Group minimizes its liability under these guarantees by obtaining a security interest in the cash or high-quality securities collateral that the clients place with the clearing house; therefore, the risk of loss is expected to be remote.

Note 19 Expected credit loss measurement (continued)

e) Financial assets subject to credit risk by rating category

The table below shows the credit quality and the maximum exposure to credit risk based on UBS AG's internal credit rating system and year-end stage classification. Under IFRS 9, the credit risk rating reflects UBS AG's assessment of the probability of default of individual counterparties, prior to substitutions. The amounts presented are gross of impairment allowances.

› Refer to the "Risk management and control" section of this report for more details about UBS AG's internal grading system

Financial assets subject to credit risk by rating category

USD m										31.12.25		
Rating category ¹	0-1	2-3	4-5	6-8	9-13	Credit-impaired (defaulted)	Total gross carrying amount	ECL allowances	Net carrying amount (maximum exposure to credit risk)			
Financial assets measured at amortized cost												
Cash and balances at central banks	209,251	24	28	303	514	0	210,120	(262)	209,858			
of which: stage 1	209,251	24	28	303	0	0	209,606	0	209,606			
of which: stage 2	0	0	0	0	514	0	514	(262)	252			
of which: stage 3	0	0	0	0	0	0	0	0	0			
Amounts due from banks	63	12,024	2,346	3,889	936	0	19,257	(14)	19,243			
of which: stage 1	63	12,022	2,315	3,881	848	0	19,128	(9)	19,119			
of which: stage 2	0	2	31	8	88	0	129	(5)	124			
of which: stage 3	0	0	0	0	0	0	0	0	0			
Receivables from securities financing transactions	29,077	27,613	12,827	13,131	1,009	0	83,657	(1)	83,656			
of which: stage 1	29,077	27,613	12,827	13,131	1,009	0	83,657	(1)	83,656			
Cash collateral receivables on derivative instruments	11,655	13,495	9,248	6,950	204	0	41,552	0	41,552			
of which: stage 1	11,655	13,495	9,248	6,950	204	0	41,552	0	41,552			
Loans and advances to customers	11,726	264,056	180,815	150,352	47,876	7,172	661,997	(3,236)	658,760			
of which: stage 1	11,534	261,327	174,715	140,565	41,126	0	629,266	(352)	628,914			
of which: stage 2	192	2,729	6,100	9,787	6,750	0	25,558	(271)	25,287			
of which: stage 3	0	0	0	0	0	7,172	7,172	(2,613)	4,559			
Other financial assets measured at amortized cost	18,242	40,067	2,805	8,644	2,080	309	72,147	(122)	72,025			
of which: stage 1	18,241	39,988	2,699	8,193	1,460	0	70,581	(29)	70,552			
of which: stage 2	1	79	106	451	620	0	1,256	(9)	1,247			
of which: stage 3	0	0	0	0	0	309	309	(84)	225			
Total financial assets measured at amortized cost	280,014	357,279	208,069	183,269	52,618	7,481	1,088,729	(3,635)	1,085,094			
On-balance sheet financial instruments												
Financial assets measured at FVOCI – debt instruments	1,148	12,590	9	113	8	0	13,868	0	13,868			
Total on-balance sheet financial instruments	281,162	369,869	208,078	183,381	52,626	7,481	1,102,597	(3,635)	1,098,962			

¹ Refer to the "Internal UBS rating scale and mapping of external ratings" table in the "Risk management and control" section of this report for more information about rating categories.

Off-balance sheet positions subject to expected credit loss by rating category

USD m										31.12.25		
Rating category ¹	0-1	2-3	4-5	6-8	9-13	Credit-impaired (defaulted)	Total carrying amount (maximum exposure to credit risk)	ECL provision				
Off-balance sheet financial instruments												
Guarantees	26,246	6,121	6,497	6,387	1,708	142	47,102	(50)				
of which: stage 1	26,245	6,035	6,256	5,604	1,371	0	45,512	(15)				
of which: stage 2	1	86	241	783	337	0	1,448	(22)				
of which: stage 3	0	0	0	0	0	142	142	(13)				
Irrevocable loan commitments	1,570	22,972	20,787	19,574	17,011	208	82,122	(227)				
of which: stage 1	1,570	22,778	20,493	19,339	13,796	0	77,976	(114)				
of which: stage 2	0	194	294	235	3,215	0	3,938	(77)				
of which: stage 3	0	0	0	0	0	208	208	(36)				
Forward starting reverse repurchase and securities borrowing agreements	3,783	6,057	234	648	0	0	10,723	0				
Total off-balance sheet financial instruments	31,600	35,150	27,518	26,609	18,719	350	139,947	(277)				
Credit lines												
Committed unconditionally revocable credit lines	44,348	34,680	23,783	15,522	4,525	248	123,107	(67)				
of which: stage 1	44,298	33,511	22,830	14,625	4,146	0	119,410	(51)				
of which: stage 2	50	1,170	953	897	379	0	3,449	(16)				
of which: stage 3	0	0	0	0	0	247	248	0				
Irrevocable committed prolongation of existing loans	6	2,882	2,372	1,841	1,071	5	8,178	(3)				
of which: stage 1	6	2,871	2,369	1,831	1,064	0	8,141	(3)				
of which: stage 2	0	11	3	10	8	0	32	0				
of which: stage 3	0	0	0	0	0	5	5	0				
Total credit lines	44,354	37,562	26,156	17,363	5,596	253	131,284	(70)				

¹ Refer to the "Internal UBS rating scale and mapping of external ratings" table in the "Risk management and control" section of this report for more information about rating categories.

Note 19 Expected credit loss measurement (continued)

Financial assets subject to credit risk by rating category

USD m										31.12.24	
Rating category ¹	0–1	2–3	4–5	6–8	9–13	Credit-impaired (defaulted)	Total gross carrying amount	ECL allowances	Net carrying amount (maximum exposure to credit risk)		
Financial assets measured at amortized cost											
Cash and balances at central banks	222,734	442	24	0	313	0	223,514	(186)	223,329		
of which: stage 1	222,734	442	24	0	0	0	223,201	0	223,201		
of which: stage 2	0	0	0	0	313	0	313	(186)	128		
Amounts due from banks	156	14,528	2,331	799	338	0	18,153	(42)	18,111		
of which: stage 1	156	14,496	2,253	780	228	0	17,913	(1)	17,912		
of which: stage 2	0	32	78	18	75	0	203	(5)	198		
of which: stage 3	0	0	0	1	35	0	37	(36)	0		
Receivables from securities financing transactions	67,467	17,033	6,361	26,097	1,345	0	118,303	(2)	118,302		
of which: stage 1	67,467	17,033	6,361	26,097	1,345	0	118,303	(2)	118,302		
Cash collateral receivables on derivative instruments	10,166	19,998	7,794	5,893	109	0	43,959	0	43,959		
of which: stage 1	10,166	19,998	7,794	5,893	109	0	43,959	0	43,959		
Loans and advances to customers	1,921	264,783	171,138	107,851	37,827	6,656	590,177	(2,830)	587,347		
of which: stage 1	1,921	263,009	167,732	99,328	28,818	0	560,807	(276)	560,531		
of which: stage 2	0	1,762	3,400	8,493	8,976	0	22,632	(323)	22,309		
of which: stage 3	0	12	6	30	33	6,656	6,737	(2,230)	4,506		
Other financial assets measured at amortized cost	26,310	21,139	2,939	7,060	1,669	296	59,413	(135)	59,279		
of which: stage 1	26,310	21,108	2,912	6,921	1,419	0	58,670	(25)	58,645		
of which: stage 2	0	30	27	139	250	0	447	(7)	439		
of which: stage 3	0	0	0	0	1	296	297	(103)	194		
Total financial assets measured at amortized cost	328,754	337,923	190,587	147,701	41,601	6,953	1,053,520	(3,195)	1,050,326		
On-balance sheet financial instruments											
Financial assets measured at FVOCI – debt instruments	1,393	702	0	101	0	0	2,195	0	2,195		
Total on-balance sheet financial instruments	330,147	338,625	190,587	147,801	41,601	6,953	1,055,715	(3,195)	1,052,521		

¹ Refer to the "Internal UBS rating scale and mapping of external ratings" table in the "Risk management and control" section of this report for more information about rating categories.

Off-balance sheet positions subject to expected credit loss by rating category

USD m										31.12.24	
Rating category ¹	0–1	2–3	4–5	6–8	9–13	Credit-impaired (defaulted)	Total carrying amount (maximum exposure to credit risk)	ECL provision			
Off-balance sheet financial instruments											
Guarantees	17,395	7,283	8,403	5,197	1,829	174	40,280	(61)			
of which: stage 1	17,395	7,247	8,362	4,485	1,371	0	38,860	(16)			
of which: stage 2	0	36	41	708	458	0	1,242	(24)			
of which: stage 3	0	0	0	4	0	174	178	(22)			
Irrevocable loan commitments	1,119	23,843	22,361	14,249	17,764	243	79,579	(192)			
of which: stage 1	1,119	23,650	21,974	13,742	14,673	0	75,158	(105)			
of which: stage 2	0	193	387	507	3,091	0	4,178	(61)			
of which: stage 3	0	0	0	0	0	243	243	(26)			
Forward starting reverse repurchase and securities borrowing agreements	0	0	0	24,896	0	0	24,896	0			
Total off-balance sheet financial instruments	18,514	31,126	30,763	44,342	19,593	417	144,755	(253)			
Credit lines											
Committed unconditionally revocable credit lines	2,180	101,163	22,877	15,991	6,434	255	148,900	(75)			
of which: stage 1	2,180	100,606	22,416	15,423	5,872	0	146,496	(59)			
of which: stage 2	0	557	461	568	562	0	2,149	(17)			
of which: stage 3	0	0	0	0	0	255	255	0			
Irrevocable committed prolongation of existing loans	6	1,997	946	739	918	2	4,608	(3)			
of which: stage 1	6	1,997	946	739	914	0	4,602	(3)			
of which: stage 2	0	0	0	1	3	0	4	0			
of which: stage 3	0	0	0	0	0	2	2	0			
Total credit lines	2,186	103,161	23,823	16,730	7,351	257	153,508	(79)			

¹ Refer to the "Internal UBS rating scale and mapping of external ratings" table in the "Risk management and control" section of this report for more information about rating categories.

Note 19 Expected credit loss measurement (continued)

f) Sensitivity information

As outlined in Note 1a, ECL estimates involve significant uncertainties at the time they are made.

ECL models

The models applied to determine point-in-time PD and LGD rely on market and statistical data, which has been found to correlate well with historically observed defaults in sufficiently homogeneous segments. The risk sensitivities for each of the ECL reporting segments to such factors are summarized in Note 9.

Climate risk

Climate risk may negatively affect clients or portfolios due to direct or indirect transition costs, or exposure to chronic and acute physical risks in locations likely to be impacted by climate change. Such effects could lead to a deterioration in creditworthiness, which in turn would have an impact on ECLs.

Although some macroeconomic indicators used in the current PD models could be influenced by climate change, UBS currently does not use specific climate risk scenarios in addition to the four general economic scenarios applied to derive the weighted-average ECL. The rationale for the approach at this point in time is the significance of model risks and the insufficient level of qualitative and quantitative data necessary for calibration and probability weighting.

Instead, UBS focuses on the process of vetting clients and business transactions, where both physical and transition risks for selected sensitive portfolios use internally developed, climate assessment models. This review process may lead to a downward revision of the counterparty's credit rating or the adoption of risk mitigating actions, impacting the individual contribution to ECLs.

UBS assesses climate risk impacts across key lending portfolios using a combination of qualitative and quantitative inputs, including climate scenario analysis and exposures to climate-sensitive sectors, as part of its financial risk materiality assessment. These assessments rely on conservative climate stress-testing methodologies that differ from ECL models in assumptions, horizons and calibration, with credit risk impacts primarily arising through indirect macroeconomic effects, and therefore do not allow a direct inference of impacts on ECL allowances. UBS instead assesses the need for climate-related ECL adjustments through post-model adjustments. As part of the quarterly ECL governance, climate-related events, such as landslides, floods and wildfires, are discussed at senior management level, and if required, dedicated post-model adjustments are booked to increase the model-based ECL allowance levels.

It was assessed that the magnitude of any impact of climate risk on the weighted-average ECL would not be material as of 31 December 2025. Therefore, no specific post-model adjustment was made in this regard.

- › Refer to the "UBS AG consolidated supplemental disclosures required under SEC regulations" section of this report for more information about the maturity profile of UBS AG's core loan book

Forward-looking scenarios

Depending on the scenario selection and related macroeconomic assumptions for the risk factors, the components of the relevant weighted-average ECL change. This is particularly relevant for interest rates, which can move in both directions under a given growth assumption, e.g. low growth with high interest rates in a stagflation scenario, versus low growth and falling interest rates in a recession. Management generally looks for scenario narratives that reflect the key risk drivers of a given credit portfolio.

As forecasting models are complex, due to multiple factors, simple what-if analyses involving a change of individual parameters do not necessarily provide realistic information on the exposure of segments to changes in the macroeconomy. Portfolio-specific analyses based on their key risk factors would also not be meaningful, as potential compensatory effects in other segments would be ignored. The table below indicates some sensitivities to ECLs, if a key macroeconomic variable for the forecasting period is amended across all scenarios with all other factors remaining unchanged.

Note 19 Expected credit loss measurement (continued)

Potential effect on stage 1 and stage 2 positions from changing the global key parameters as of 31 December 2025

<i>USD m</i>	100% Baseline	100% Asset price appreciation	100% Moderate stagflation crisis	100% Global trade war	Weighted average
Change in key parameters					
Fixed income: Government bonds (absolute change)					
-1.00%	(2)	(2)	(62)	(61)	(11)
-0.50%	(2)	(2)	(34)	(42)	(6)
+0.50%	11	9	39	96	12
+1.00%	25	20	86	208	28
Unemployment rate (absolute change)					
-1.00%	(9)	(7)	(25)	(36)	(8)
-0.50%	(5)	(4)	(10)	(20)	(5)
+0.50%	8	6	18	22	5
+1.00%	14	12	33	52	13
Real GDP growth (relative change)					
-2.00%	32	17	46	75	31
-1.00%	15	9	25	37	16
+1.00%	(7)	(6)	(20)	(27)	(13)
+2.00%	(15)	(12)	(45)	(60)	(27)
House Price Index (relative change)					
-5.00%	20	13	56	240	34
-2.50%	9	5	25	110	15
+2.50%	(6)	(5)	(22)	(97)	(13)
+5.00%	(12)	(9)	(40)	(182)	(25)
Equity & Commodity Index (relative change)					
-10.00%	13	7	10	6	7
-5.00%	5	4	6	1	3
+5.00%	(2)	(2)	0	(5)	(3)
+10.00%	(4)	(4)	(3)	(6)	(5)
Equity Volatility (absolute change)					
-10.00%	(7)	(4)	(11)	(17)	(9)
-5.00%	(4)	(2)	(5)	(9)	(5)
+5.00%	7	2	6	12	5
+10.00%	12	6	16	26	10

Sensitivities can be more meaningfully assessed in the context of coherent scenarios with consistently developed macroeconomic factors. The table above outlines favorable and unfavorable effects, based on reasonably possible alternative changes to the economic conditions for stage 1 and stage 2 positions. The ECL impact is calculated for material portfolios and disclosed for each scenario.

Changes to forecasting timelines may have an effect on ECLs: depending on the cycle, a longer or shorter forecasting horizon might lead to different annualized lifetime PD and average LGD estimations. This is currently not deemed to be material for UBS, as a large proportion of loans, including mortgages in Switzerland, have maturities that are within the forecasting horizon.

Scenario weights and stage allocation

Potential effect on stage 1 and stage 2 positions from changing scenario weights or moving to an ECL lifetime calculation as of 31 December 2025

Scenarios	Actual ECL allowances and provisions, including staging (as per Note 9)	Pro forma ECL allowances and provisions, including staging and assuming application of 100% scenario weighting				Pro forma ECL allowances and provisions, assuming all positions are subject to lifetime ECL
		100% Asset price appreciation	100% Baseline	100% Moderate stagflation	100% Global trade war	Weighted average
<i>USD m, except where indicated</i>						
Segmentation						
Private clients with mortgages	(62)	(35)	(38)	(114)	(436)	(215)
Real estate financing	(60)	(49)	(53)	(108)	(129)	(151)
Large corporate clients	(399)	(260)	(306)	(525)	(791)	(664)
SME clients	(212)	(195)	(208)	(312)	(493)	(340)
Ship financing	(10)	(9)	(9)	(10)	(14)	(22)
Consumer financing / credit cards	(80)	(74)	(75)	(80)	(87)	(239)
Other segments	(415)	(409)	(413)	(442)	(469)	(514)
Total	(1,237)	(1,030)	(1,102)	(1,591)	(2,418)	(2,146)

Note 19 Expected credit loss measurement (continued)

Potential effect on stage 1 and stage 2 positions from changing scenario weights or moving to an ECL lifetime calculation as of 31 December 2024

Scenarios	Actual ECL allowances and provisions, including staging (as per Note 9)	Pro forma ECL allowances and provisions, including staging and assuming application of 100% scenario weighting			Pro forma ECL allowances and provisions, assuming all positions are subject to lifetime ECL
	Weighted average	100% Baseline	100% Stagflationary geopolitical crisis	100% Mild debt crisis	Weighted average
<i>USD m, except where indicated</i>					
Segmentation					
Private clients with mortgages	(118)	(43)	(718)	(68)	(408)
Real estate financing	(57)	(40)	(164)	(49)	(185)
Large corporate clients	(377)	(247)	(757)	(401)	(673)
SME clients	(180)	(151)	(259)	(223)	(327)
Ship financing	(24)	(27)	(42)	(28)	(78)
Consumer financing / credit cards	(58)	(63)	(72)	(65)	(168)
Other segments	(295)	(246)	(370)	(283)	(395)
Total	(1,110)	(818)	(2,381)	(1,116)	(2,234)

Scenario weights

ECL is sensitive to changing scenario weights, in particular if narratives and parameters are selected that are not close to the baseline scenario, highlighting the non-linearity of credit losses.

As shown in the table above, the ECLs for stage 1 and stage 2 positions would have been USD 1,102m (31 December 2024: USD 818m) instead of USD 1,237m (31 December 2024: USD 1,110m) if ECLs had been determined solely on the *baseline scenario*. The weighted-average ECL therefore amounted to 112% (31 December 2024: 135%) of the baseline value. The effects of weighting each of the four scenarios 100% are shown in the table above.

Stage allocation and SICR

The determination of what constitutes an SICR is based on management judgment, as explained in Note 1a. Changing the SICR trigger will have a direct effect on ECLs, as more or fewer positions would be subject to lifetime ECLs under any scenario.

The impact of the SICR trigger on overall ECL is demonstrated in the table above with the indication that the ECL allowances and provisions for stage 1 and stage 2 positions would have been USD 2,146m, if all non-impaired positions across the portfolio had been measured for lifetime ECLs irrespective of their actual SICR status. This amount compares with actual stage 1 and 2 allowances and provisions of USD 1,237m as of 31 December 2025.

Maturity profile

The maturity profile is an important driver in ECLs, in particular for transactions in stage 2. A transfer of a transaction into stage 2 may therefore have a significant effect on ECLs. The current maturity profile of most lending books is relatively short.

Lending to large corporate clients is generally between one and two years, with related loan commitments up to four years. Real estate lending is generally between two and three years in Switzerland, with long-dated maturities in the US. Lombard-lending contracts typically have average contractual maturities of 12 months or less, and include callable features.

A significant portion of UBS AG's lending to SME clients and real estate financing is documented under multi-purpose credit agreements, which allow for various forms of utilization but are unconditionally cancelable by UBS at any time: (i) for drawings under such agreements with a fixed maturity, the respective term is applied for ECL calculations, or a maximum of 12 months in stage 1; (ii) for unused credit lines and all drawings that have no fixed maturity (e.g. current accounts), UBS generally applies a 12-month maturity from the reporting date, given the credit review policies, which require either continuous monitoring of key indicators and behavioral patterns for smaller positions or an annual formal review for any other limit. The ECLs for these products are sensitive to shortening or extending the maturity assumption.

Note 20 Fair value measurement

a) Valuation principles

All financial and non-financial assets and liabilities measured or disclosed at fair value are categorized into one of three fair value hierarchy levels in accordance with IFRS Accounting Standards. The fair value hierarchy is based on the transparency of inputs to the valuation of an asset or liability as of the measurement date. In certain cases, the inputs used to measure fair value may fall within different levels of the fair value hierarchy. For disclosure purposes, the level in the hierarchy within which an instrument is classified in its entirety is based on the lowest level input that is significant to the position's fair value measurement:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2 – valuation techniques for which all significant inputs are, or are based on, observable market data; or
- Level 3 – valuation techniques for which significant inputs are not based on observable market data.

Fair values are determined using quoted prices in active markets for identical assets or liabilities, where available. Where the market for a financial instrument or non-financial asset or liability is not active, fair value is established using a valuation technique, including pricing models. Valuation adjustments may be made to allow for additional factors, including model, liquidity, credit and funding risks, which are not explicitly captured within the valuation technique, but which would nevertheless be considered by market participants when establishing a price. The limitations inherent in a particular valuation technique are considered in the determination of the classification of an asset or liability within the fair value hierarchy. Generally, the unit of account for a financial instrument is the individual instrument, and UBS AG applies valuation adjustments at an individual instrument level, consistent with that unit of account. However, if certain conditions are met, UBS AG may estimate the fair value of a portfolio of financial assets and liabilities with substantially similar and offsetting risk exposures on the basis of the net open risks.

› Refer to Note 20d for more information

b) Valuation governance

UBS AG's fair value measurement and model governance framework includes numerous controls and other procedural safeguards that are intended to maximize the quality of fair value measurements reported in the financial statements. New products and valuation techniques must be reviewed and approved by key stakeholders from the risk and finance control functions. Responsibility for the ongoing measurement of financial and non-financial instruments at fair value is with the business divisions.

Fair value estimates are validated by the risk and finance control functions, which are independent of the business divisions. Independent price verification is performed by Finance through benchmarking the business divisions' fair value estimates with observable market prices and other independent sources. A governance framework and associated controls are in place to monitor the quality of third-party pricing sources, where used. For instruments where valuation models are used to determine fair value, independent valuation and model control groups within Finance and Risk Control evaluate UBS AG's models on a regular basis, including valuation and model input parameters, as well as pricing. As a result of the valuation controls employed, valuation adjustments may be made to the business divisions' estimates of fair value to align with independent market data and the relevant accounting standard.

› Refer to Note 20d for more information

Note 20 Fair value measurement (continued)

c) Fair value hierarchy

The table below provides the fair value hierarchy classification of financial and non-financial assets and liabilities measured at fair value. The narrative that follows describes valuation techniques used in measuring the fair value of different product types (including significant valuation inputs and assumptions used) and the factors considered in determining their classification within the fair value hierarchy.

During 2025, there were no material transfers of assets or liabilities between Level 1 and Level 2 that were held for the entire reporting period.

Determination of fair values from quoted market prices or valuation techniques¹

USD m	31.12.25				31.12.24			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value on a recurring basis								
Financial assets at fair value held for trading	143,013	29,509	2,333	174,854	128,428	27,687	3,108	159,223
<i>of which: Equity instruments</i>	127,459	538	151	128,149	116,536	430	91	117,056
<i>of which: Government bills / bonds</i>	6,868	4,298	2	11,168	4,443	3,261	41	7,746
<i>of which: Investment fund units</i>	8,319	1,287	71	9,677	6,537	987	151	7,675
<i>of which: Corporate and municipal bonds</i>	367	21,358	874	22,599	911	17,585	838	19,334
<i>of which: Loans</i>	0	1,703	1,111	2,814	0	5,200	1,799	6,998
<i>of which: Asset-backed securities</i>	0	324	123	447	1	219	153	373
Derivative financial instruments	581	144,514	3,230	148,325	795	182,849	2,792	186,435
<i>of which: Foreign exchange</i>	293	48,079	306	48,678	472	100,572	66	101,111
<i>of which: Interest rate</i>	0	34,156	1,159	35,315	0	41,193	878	42,071
<i>of which: Equity / index</i>	0	49,379	1,435	50,814	0	35,747	1,129	36,876
<i>of which: Credit</i>	0	3,587	323	3,910	0	2,555	581	3,136
<i>of which: Commodities</i>	3	9,239	5	9,247	1	2,599	17	2,617
Brokerage receivables	0	35,579	0	35,579	0	25,858	0	25,858
Financial assets at fair value not held for trading	47,564	50,817	8,911	107,293	35,910	50,545	8,747	95,203
<i>of which: Financial assets for unit-linked investment contracts</i>	20,776	145	0	20,922	17,101	6	0	17,106
<i>of which: Corporate and municipal bonds</i>	0	16,936	89	17,026	31	14,695	133	14,859
<i>of which: Government bills / bonds</i>	26,208	6,147	0	32,355	18,264	6,204	0	24,469
<i>of which: Loans</i>	0	5,760	4,226	9,987	0	4,427	3,192	7,619
<i>of which: Securities financing transactions</i>	0	20,553	937	21,490	0	24,026	611	24,638
<i>of which: Asset-backed securities</i>	0	1,002	480	1,482	0	972	597	1,569
<i>of which: Auction rate securities</i>	0	0	191	191	0	0	191	191
<i>of which: Investment fund units</i>	480	101	678	1,259	423	133	681	1,237
<i>of which: Equity instruments</i>	100	0	2,080	2,180	91	0	2,916	3,008
Financial assets measured at fair value through other comprehensive income on a recurring basis								
Financial assets measured at fair value through other comprehensive income	11,735	2,133	0	13,868	59	2,137	0	2,195
<i>of which: Government bills / bonds</i>	11,659	0	0	11,659	0	0	0	0
<i>of which: Commercial paper and certificates of deposit</i>	0	1,944	0	1,944	0	1,959	0	1,959
<i>of which: Corporate and municipal bonds</i>	76	189	0	265	59	178	0	237
Non-financial assets measured at fair value on a recurring basis								
Precious metals and other physical commodities	12,996	0	0	12,996	7,341	0	0	7,341
Non-financial assets measured at fair value on a non-recurring basis								
Other non-financial assets ²	0	0	62	62	0	0	84	84
Total assets measured at fair value	215,890	262,551	14,536	492,977	172,532	289,076	14,731	476,340

Note 20 Fair value measurement (continued)

Determination of fair values from quoted market prices or valuation techniques (continued)¹

USD m	31.12.25				31.12.24			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value on a recurring basis								
Financial liabilities at fair value held for trading	39,315	14,278	107	53,700	24,577	10,429	240	35,247
of which: Equity instruments	32,533	135	65	32,734	18,528	257	29	18,814
of which: Corporate and municipal bonds	12	11,818	37	11,867	5	8,771	206	8,982
of which: Government bills / bonds	4,894	2,007	0	6,901	4,336	1,174	0	5,510
of which: Investment fund units	1,874	177	3	2,054	1,708	162	3	1,873
Derivative financial instruments	688	150,598	4,981	156,267	829	175,788	4,060	180,678
of which: Foreign exchange	346	49,496	77	49,918	506	94,077	46	94,628
of which: Interest rate	0	30,539	317	30,856	0	36,313	324	36,636
of which: Equity / index	0	58,396	4,224	62,620	0	39,597	3,142	42,739
of which: Credit	0	4,052	314	4,366	0	3,280	414	3,694
of which: Commodities	2	8,024	16	8,043	1	2,200	15	2,216
of which: Loan commitments measured at FVTPL	0	6	26	33	0	75	62	137
Financial liabilities designated at fair value on a recurring basis								
Brokerage payables designated at fair value	0	62,202	0	62,202	0	49,023	0	49,023
Debt issued designated at fair value	0	96,457	11,087	107,544	0	90,725	11,842	102,567
Other financial liabilities designated at fair value	0	32,047	3,240	35,287	0	29,779	4,262	34,041
of which: Financial liabilities related to unit-linked investment contracts	0	21,052	0	21,052	0	17,203	0	17,203
of which: Securities financing transactions	0	3,389	459	3,848	0	5,798	0	5,798
of which: Funding from UBS Group AG	0	5,500	1,604	7,104	0	3,848	1,494	5,342
of which: Over-the-counter debt instruments and others	0	2,107	1,178	3,284	0	2,930	2,768	5,698
Total liabilities measured at fair value	40,003	355,584	19,415	415,001	25,406	355,744	20,405	401,555

¹ Bifurcated embedded derivatives are presented on the same balance sheet lines as their host contracts and are not included in this table. The fair value of these derivatives was not material for the periods presented.

² Other non-financial assets primarily consist of properties and other non-current assets held for sale, which are measured at the lower of their net carrying amount or fair value less costs to sell.

Valuation techniques

UBS AG uses widely recognized valuation techniques for determining the fair value of financial and non-financial instruments that are not actively traded and quoted. The most frequently applied valuation techniques include discounted value of expected cash flows, relative value and option pricing methodologies.

Discounted value of expected cash flows is a valuation technique that measures fair value using expected future cash flows from assets or liabilities and then discounts these cash flows using a discount rate or discount margin that reflects the credit and / or funding spreads required by the market for instruments with similar risk and liquidity profiles to produce a present value. When using such valuation techniques, expected future cash flows are estimated using an observed or implied market price for the future cash flows or by using industry-standard cash flow projection models. The discount factors within the calculation are generated using industry-standard yield curve modeling techniques and models.

Relative value models measure fair value based on the market prices of equivalent or comparable assets or liabilities, making adjustments for differences between the characteristics of the observed instrument and the instrument being valued.

Option pricing models incorporate assumptions regarding the behavior of future price movements of an underlying referenced asset or assets to generate a probability-weighted future expected payoff for the option. The resulting probability-weighted expected payoff is then discounted using discount factors generated from industry-standard yield curve modeling techniques and models. The option pricing model may be implemented using a closed-form analytical formula or other mathematical techniques (e.g. binomial tree or Monte Carlo simulation).

Where available, valuation techniques use market-observable assumptions and inputs. If such data is not available, inputs may be derived by reference to similar assets in active markets, from recent prices for comparable transactions or from other observable market data. In such cases, the inputs selected are based on historical experience and practice for similar or analogous instruments, derivation of input levels based on similar products with observable price levels, and knowledge of current market conditions and valuation approaches. Where relevant, these inputs include assumptions about climate risk and relevant geopolitical risks.

For more complex instruments, fair values may be estimated using a combination of observed transaction prices, consensus pricing services and relevant quotes. Consideration is given to the nature of the quotes (e.g. indicative or firm) and the relationship of recently evidenced market activity to the prices provided by consensus pricing services. UBS AG also uses internally developed models, which are typically based on valuation methods and techniques recognized as standard within the industry. Assumptions and inputs used in valuation techniques include benchmark interest rate curves, credit and funding spreads used in estimating discount rates, bond and equity prices, equity index prices, foreign exchange rates, levels of market volatility and correlation. Refer to Note 20e for more information. The discount curves used by UBS AG incorporate the funding and credit characteristics of the instruments to which they are applied.

Note 20 Fair value measurement (continued)

Financial instruments excluding derivatives: valuation and classification in the fair value hierarchy

Product	Valuation and classification in the fair value hierarchy	
Government bills and bonds	Valuation	<ul style="list-style-type: none"> – Generally valued using prices obtained directly from the market. – Instruments not priced directly using active-market data are valued using discounted cash flow valuation techniques that incorporate market data for similar government instruments.
	Fair value hierarchy	<ul style="list-style-type: none"> – Generally traded in active markets with prices that can be obtained directly from these markets, resulting in classification as Level 1, while the remaining positions are classified as Level 2 or Level 3.
Corporate and municipal bonds	Valuation	<ul style="list-style-type: none"> – Generally valued using prices obtained directly from the market for the security, or similar securities, adjusted for seniority, maturity and liquidity. – When prices are not available, instruments are valued using discounted cash flow valuation techniques incorporating the credit spread of the issuer or similar issuers. – For convertible bonds without directly comparable prices, issuances may be priced using a convertible bond model.
	Fair value hierarchy	<ul style="list-style-type: none"> – Generally classified as Level 1 or Level 2, depending on the depth of trading activity behind price sources. – Level 3 instruments have no suitable pricing information available.
Traded loans and loans measured at fair value	Valuation	<ul style="list-style-type: none"> – Valued directly using market prices that reflect recent transactions or quoted dealer prices, where available. – Where no market price data is available, loans are valued by relative value benchmarking using pricing derived from debt instruments in comparable entities or different products in the same entity, or by using a credit default swap valuation technique, which requires inputs for credit spreads, credit recovery rates and interest rates. – Securitization lending facilities are valued using a discounted cash flow analysis that incorporates adjustments for any bespoke features of the loan and collateral. Recently originated commercial real estate loans are measured using a securitization approach based on rating agency guidelines.
	Fair value hierarchy	<ul style="list-style-type: none"> – Instruments with suitably deep and liquid pricing information are classified as Level 2. – Positions requiring the use of valuation techniques, or for which the price sources have insufficient trading depth, are classified as Level 3.
Investment fund units	Valuation	<ul style="list-style-type: none"> – Predominantly exchange-traded, with readily available quoted prices in liquid markets. Where market prices are not available, fair value may be measured using net asset values (NAVs).
	Fair value hierarchy	<ul style="list-style-type: none"> – Listed units are classified as Level 1, provided there is sufficient trading activity to justify active-market classification, while other positions are classified as Level 2. – Positions for which NAVs are not available, or where the unit or underlying investments are illiquid, are classified as Level 3.
Asset-backed securities (ABS)	Valuation	<ul style="list-style-type: none"> – For liquid securities, the valuation process will use trade and price data, updated for movements in market levels between the time of trading and the time of valuation. Less liquid instruments are measured using discounted expected cash flows incorporating price data for instruments or indices with similar risk profiles.
	Fair value hierarchy	<ul style="list-style-type: none"> – Residential mortgage-backed securities, commercial mortgage-backed securities and other ABS are generally classified as Level 2 when reliable external price quotes are available. However, if significant inputs are unobservable, or if market or fundamental data is not available, they are classified as Level 3.
Auction rate securities (ARS)	Valuation	<ul style="list-style-type: none"> – ARS are valued utilizing a discounted cash flow methodology. The model captures interest rate risk emanating from the note coupon, credit risk attributable to the underlying closed-end fund investments, liquidity risk as a function of the level of trading volume in these positions, and extension risk, as ARS are perpetual instruments that require an assumption regarding their maturity or issuer redemption date.
	Fair value hierarchy	<ul style="list-style-type: none"> – Granular and liquid pricing information is generally not available for ARS. As a result, these securities are classified as Level 3.
Equity instruments	Valuation	<ul style="list-style-type: none"> – Listed equity instruments are generally valued using prices obtained directly from the market. – Unlisted equity holdings, including private equity positions, are initially marked at their transaction price and are revalued when reliable evidence of price movement becomes available or when the position is deemed to be impaired.
	Fair value hierarchy	<ul style="list-style-type: none"> – The majority of equity securities are actively traded on public stock exchanges where quoted prices are readily and regularly available, resulting in Level 1 classification. – Equity securities less actively traded will be classified as Level 2 and illiquid positions as Level 3.
Financial assets for unit-linked investment contracts	Valuation	<ul style="list-style-type: none"> – The majority of assets are listed on exchanges and fair values are determined using quoted prices.
	Fair value hierarchy	<ul style="list-style-type: none"> – Most assets are classified as Level 1 if actively traded, or Level 2 if trading is not active. – Instruments for which prices are not readily available are classified as Level 3.
Securities financing transactions	Valuation	<ul style="list-style-type: none"> – These instruments are valued using discounted expected cash flow techniques. The discount rate applied is based on funding curves that are relevant to the collateral eligibility terms.
	Fair value hierarchy	<ul style="list-style-type: none"> – Collateral funding curves for these instruments are generally observable and, as a result, these positions are classified as Level 2. – Where the collateral terms are non-standard, the funding curve may be considered unobservable, and these positions are classified as Level 3.
Brokerage receivables and payables	Valuation	<ul style="list-style-type: none"> – Fair value is determined based on the value of the underlying balances.
	Fair value hierarchy	<ul style="list-style-type: none"> – Due to their on-demand nature, these receivables and payables are deemed as Level 2.

Note 20 Fair value measurement (continued)

Product	Valuation and classification in the fair value hierarchy	
Financial liabilities related to unit-linked investment contracts	Valuation	– The fair values of investment contract liabilities are determined by reference to the fair value of the corresponding assets.
	Fair value hierarchy	– The liabilities themselves are not actively traded but are mainly referenced to instruments that are actively traded and are therefore classified as Level 2.
Precious metals and other physical commodities	Valuation	– Physical assets are valued using the spot rate observed in the relevant market.
	Fair value hierarchy	– Generally traded in active markets with prices that can be obtained directly from these markets, resulting in classification as Level 1.
Debt issued designated at fair value	Valuation	– The risk management and the valuation approaches for these instruments are closely aligned with the equivalent derivatives business and the underlying risk, and the valuation techniques used for this component are the same as the relevant valuation techniques described below.
	Fair value hierarchy	– The observability is closely aligned with the equivalent derivatives business and the underlying risk.
Commercial paper and certificates of deposit	Valuation	– Generally valued using discounted cash flow valuation techniques incorporating the spread of the issuer or similar issuers over the underlying currency risk-free curve.
	Fair value hierarchy	– Due to the short-dated nature of the positions and liquid underlying pricing inputs, they are generally classified as Level 2.

Derivative instruments: valuation and classification in the fair value hierarchy

The curves used for discounting expected cash flows in the valuation of collateralized derivatives reflect the funding terms associated with the relevant collateral arrangement for the instrument being valued. These collateral arrangements differ across counterparties with respect to the eligible currency and interest terms of the collateral. The majority of collateralized derivatives are measured using a discount curve based on funding rates derived from overnight interest in the cheapest eligible currency for the respective counterparty collateral agreement.

Uncollateralized and partially collateralized derivatives are discounted using the alternative reference rate (the ARR) (or equivalent) curve for the currency of the instrument. As described in Note 20d, the fair value of uncollateralized and partially collateralized derivatives is then adjusted by credit valuation adjustments (CVAs), debit valuation adjustments (DVAs) and funding valuation adjustments (FVAs), as applicable, to reflect an estimation of the effect of counterparty credit risk, UBS AG's own credit risk, and funding costs and benefits.

› Refer to Note 10 for more information about derivative instruments

Derivative product	Valuation and classification in the fair value hierarchy	
Interest rate contracts	Valuation	<ul style="list-style-type: none"> – Interest rate swap contracts are valued by estimating future interest cash flows and discounting those cash flows using a rate that reflects the appropriate funding rate for the position being measured. The yield curves used to estimate future index levels and discount rates are generated using market-standard yield curve models using interest rates associated with current market activity. The key inputs to the models are interest rate swap rates, forward rate agreement rates, short-term interest rate futures prices, basis swap spreads and inflation swap rates. – Interest rate option contracts are valued using various market-standard option models, using inputs that include interest rate yield curves, inflation curves, volatilities and correlations. – When the maturity of an interest rate swap or option contract exceeds the term for which standard market quotes are observable for a significant input parameter, the contracts are valued by extrapolation from the last observable point using standard assumptions or by reference to another observable comparable input parameter to represent a suitable proxy for that portion of the term.
	Fair value hierarchy	<ul style="list-style-type: none"> – The majority of interest rate swaps are classified as Level 2, as the standard market contracts that form the inputs for yield curve models are generally traded in active and observable markets. – Options are generally treated as Level 2, as the calibration process enables the model output to be validated to active-market levels. Models calibrated in this way are then used to revalue the portfolio of both standard options and more exotic products. – Interest rate swap or option contracts are classified as Level 3 when the terms exceed standard market-observable quotes. – Exotic options for which appropriate volatility or correlation input levels cannot be implied from observable market data are classified as Level 3.
Credit derivative contracts	Valuation	<ul style="list-style-type: none"> – Credit derivative contracts are valued using industry-standard models based primarily on market credit spreads, credit volatility, upfront pricing points and implied recovery rates. Where a derivative credit spread is not directly available, it may be derived from the price of the reference cash bond. – Asset-backed credit derivatives are valued using a valuation technique similar to that of the underlying security with an adjustment to reflect the funding differences between cash and synthetic form.
	Fair value hierarchy	<ul style="list-style-type: none"> – Single-entity and portfolio credit derivative contracts are classified as Level 2 when credit spreads, credit volatility and recovery rates are determined from actively traded observable market data. Where the underlying reference name(s) are not actively traded and the correlation cannot be directly mapped to actively traded tranche instruments, these contracts are classified as Level 3. – Asset-backed credit derivatives follow the characteristics of the underlying security and are therefore distributed across Level 2 and Level 3.

Note 20 Fair value measurement (continued)

Derivative product	Valuation and classification in the fair value hierarchy	
Foreign exchange contracts	Valuation	<ul style="list-style-type: none"> – Open spot foreign exchange (FX) contracts are valued using the FX spot rate observed in the market. – Forward FX contracts are valued using the FX spot rate adjusted for forward pricing points observed from standard market-based sources. – Over-the-counter (OTC) FX option contracts are valued using market-standard option valuation models. The models used for shorter-dated options (i.e. maturities of five years or less) tend to be different from those used for longer-dated options because the models needed for longer-dated OTC FX contracts require additional consideration of interest rate and FX rate interdependency. – The valuation for multi-dimensional FX options uses a multi-local volatility model, which is calibrated to the observed FX volatilities for all relevant FX pairs.
	Fair value hierarchy	<ul style="list-style-type: none"> – The markets for FX spot and FX forward pricing points are both actively traded and observable and, therefore, such FX contracts are generally classified as Level 2. – A significant proportion of OTC FX option contracts are classified as Level 2 as inputs are derived mostly from standard market contracts traded in active and observable markets.
Equity / index contracts	Valuation	<ul style="list-style-type: none"> – Equity forward contracts have a single stock or index underlying and are valued using market-standard models. The key inputs to the models are stock prices, estimated dividend rates and equity funding rates (which are implied from prices of forward contracts observed in the market). Estimated cash flows are then discounted using market-standard discounted cash flow models using a rate that reflects the appropriate funding rate for that portion of the portfolio. When no market data is available for the instrument maturity, they are valued by extrapolation of available data, use of historical dividend data, or use of data for a related equity. – Equity option contracts are valued using market-standard models that estimate the equity forward level as described for equity forward contracts and incorporate inputs for stock volatility and for correlation between stocks within a basket. The probability-weighted expected option payoff generated is then discounted using market-standard discounted cash flow models applying a rate that reflects the appropriate funding rate for that portion of the portfolio. When volatility, forward or correlation inputs are not available, they are valued using extrapolation of available data, historical dividend, correlation or volatility data, or the equivalent data for a related equity.
	Fair value hierarchy	<ul style="list-style-type: none"> – As inputs are derived mostly from standard market contracts traded in active and observable markets, a significant proportion of equity forward contracts are classified as Level 2. – Equity option positions for which inputs are derived from standard market contracts traded in active and observable markets are also classified as Level 2. Level 3 positions are those for which volatility, forward or correlation inputs are not observable.
Commodity contracts	Valuation	<ul style="list-style-type: none"> – Commodity forward and swap contracts are measured using market-standard models that use market forward levels on standard instruments. – Commodity option contracts are measured using market-standard option models that estimate the commodity forward level as described for commodity forward and swap contracts, incorporating inputs for the volatility of the underlying index or commodity. For commodity options on baskets of commodities or bespoke commodity indices, the valuation technique also incorporates inputs for the correlation between different commodities or commodity indices.
	Fair value hierarchy	<ul style="list-style-type: none"> – Individual commodity contracts are typically classified as Level 2, because active forward and volatility market data is available.
Loan commitments measured at FVTPL	Valuation	<ul style="list-style-type: none"> – Valued directly using market prices that reflect recent transactions or quoted dealer prices, where available. – Where no market price data is available, loan commitments are valued by relative value benchmarking using pricing derived from debt instruments in comparable entities or different products in the same entity, or by using a credit default swap valuation technique, which requires inputs for credit spreads, credit recovery rates and interest rates.
	Fair value hierarchy	<ul style="list-style-type: none"> – Instruments with suitably deep and liquid pricing information are classified as Level 2. – Positions requiring the use of valuation techniques, or for which the price sources have insufficient trading depth, are classified as Level 3.

d) Valuation adjustments and other items

The output of a valuation technique is always an estimate of a fair value that cannot be measured with complete certainty. As a result, valuations are adjusted where appropriate and when such factors would be considered by market participants in estimating fair value, to reflect close-out costs, credit exposure, model-driven valuation uncertainty, funding costs and benefits, trading restrictions and other factors.

Deferred day-1 profit or loss reserves

For new transactions where the valuation technique used to measure fair value requires significant inputs that are not based on observable market data, the financial instrument is initially recognized at the transaction price. The transaction price may differ from the fair value obtained using a valuation technique, where any such difference is deferred and not initially recognized in the income statement.

Deferred day-1 profit or loss is generally released into *Other net income from financial instruments measured at fair value through profit or loss* when pricing of equivalent products or the underlying parameters becomes observable or when the transaction is closed out.

The table below summarizes the changes in deferred day-1 profit or loss reserves during the respective period.

Note 20 Fair value measurement (continued)

Deferred day-1 profit or loss reserves			
<i>USD m</i>	2025	2024	2023
Reserve balance at the beginning of the year	421	397	422
Profit / (loss) deferred on new transactions	299	244	250
(Profit) / loss recognized in the income statement	(271)	(215)	(275)
Foreign currency translation	(2)	(6)	0
Reserve balance at the end of the year	446	421	397

Own credit

Own credit risk is reflected in the valuation of UBS AG's financial liabilities designated at fair value through profit or loss where this component is considered relevant for valuation purposes by UBS AG's counterparties and other market participants.

Changes in the fair value of financial liabilities designated at fair value through profit or loss related to own credit are recognized in *Other comprehensive income* directly within *Retained earnings*, with no reclassification to the income statement in future periods. This presentation does not create or increase an accounting mismatch in the income statement, as UBS AG does not hedge changes in own credit.

Gains and losses on own credit are estimated using own credit adjustment (OCA) curves, which incorporate observable market data, including market-observed secondary prices for UBS AG's debt and debt curves of its peers. In the table below, the change in unrealized own credit consists of changes in fair value that are attributable to the change in UBS AG's credit spreads, as well as the effect of changes in fair values attributable to factors other than credit spreads, such as redemptions, effects from time decay and changes in interest and other market rates. Realized own credit is recognized when an instrument with an associated unrealized OCA is repurchased prior to the contractual maturity date. Life-to-date amounts reflect the cumulative unrealized change since initial recognition.

› Refer to Note 15 for more information about debt issued designated at fair value

Own credit adjustments on financial liabilities designated at fair value

<i>USD m</i>	For the year ended		
	31.12.25	31.12.24	31.12.23
Recognized during the period:			
Realized gain / (loss)	(51)	(50)	8
Unrealized gain / (loss)	(519)	(891)	(869)
Total gain / (loss), before tax	(569)	(941)	(861)
<i>of which: recognized during the period and disclosed in the Statement of comprehensive income</i>	(569)	75	(861)
<i>of which: recognized upon the merger of UBS AG and Credit Suisse AG in retained earnings</i>		(1,016)	
Recognized on the balance sheet as of the end of the period:			
Unrealized life-to-date gain / (loss)	(1,733)	(1,165)	(312)
<i>of which: debt issued designated at fair value</i>	(1,014)	(780)	(208)
<i>of which: other financial liabilities designated at fair value</i>	(719)	(385)	(105)

Credit valuation adjustments

When measuring the fair value of OTC derivative instruments, including funded derivative instruments that are classified as *Financial assets at fair value not held for trading*, CVAs are applied to reflect the credit risk of the counterparty inherent in these instruments. This amount represents the estimated fair value of protection required to hedge the counterparty credit risk of such instruments. A CVA is determined for each counterparty, considering all exposures with that counterparty, and is dependent on the expected future value of exposures, default probabilities and recovery rates, applicable collateral or netting arrangements, break clauses, funding spreads, and other contractual factors.

Funding valuation adjustments

Uncollateralized FVAs reflect the costs and benefits of funding associated with uncollateralized and partially collateralized derivative receivables and payables and are calculated as the valuation effect from moving the discounting of the uncollateralized derivative cash flows from the ARR to OCA using the CVA framework, including the probability of counterparty default. An FVA is also applied to collateralized derivative assets in cases where the collateral cannot be sold or repledged and in cases where collateral agreements contain optionality regarding the type of collateral that can be pledged or received.

Note 20 Fair value measurement (continued)

Debit valuation adjustments

A DVA is estimated to incorporate own credit in the valuation of derivatives where an FVA is not already recognized. The DVA calculation is effectively consistent with the CVA framework, being determined for each counterparty, considering all exposures with that counterparty and taking into account collateral netting agreements, expected future mark-to-market movements and UBS AG's credit default spreads.

Other valuation adjustments

Instruments that are measured as part of a portfolio of combined long and short positions are valued at mid-market levels to ensure consistent valuation of the long- and short-component risks. A liquidity valuation adjustment is then applied to the overall net long or short exposure to move the fair value to bid or offer as appropriate, reflecting current levels of market liquidity. The bid-offer spreads used in the calculation of this valuation adjustment are obtained from market transactions and other relevant sources and are updated periodically.

Uncertainties associated with the use of model-based valuations are incorporated into the measurement of fair value through the use of model reserves. These reserves reflect the amounts that UBS AG estimates should be adjusted from valuations produced directly by models to incorporate uncertainties in the relevant modeling assumptions, in the model and market inputs used, or in the calibration of the model output to adjust for known model deficiencies. In arriving at these estimates, UBS AG considers a range of market practices, including how it believes market participants would assess these uncertainties. Model reserves are reassessed periodically in light of data from market transactions, consensus pricing services and other relevant sources.

Other valuation adjustment reserves on the balance sheet

USD m	As of	
	31.12.25	31.12.24
Credit valuation adjustments ¹	(29)	(125)
Funding and debit valuation adjustments	(50)	(96)
Other valuation adjustments	(740)	(1,206)
of which: liquidity	(523)	(746)
of which: model uncertainty	(217)	(460)

¹ Amount does not include reserves against defaulted counterparties.

Note 20 Fair value measurement (continued)

e) Level 3 instruments: valuation techniques and inputs

The table below presents material Level 3 assets and liabilities, together with the valuation techniques used to measure fair value, the inputs used in a given valuation technique that are considered significant as of 31 December 2025 and unobservable, and a range of values for those unobservable inputs.

The range of values represents the highest- and lowest-level inputs used in the valuation techniques. Therefore, the range does not reflect the level of uncertainty regarding a particular input or an assessment of the reasonableness of UBS AG's estimates and assumptions, but rather the different underlying characteristics of the relevant assets and liabilities held by UBS AG. The ranges will therefore vary from period to period and parameter to parameter based on characteristics of the instruments held at each balance sheet date. Furthermore, the ranges of unobservable inputs may differ across other financial institutions, reflecting the diversity of the products in each firm's inventory.

Valuation techniques and inputs used in the fair value measurement of Level 3 assets and liabilities

USD bn	Fair value				Valuation technique(s)	Significant unobservable input(s) ¹	Range of inputs						
	Assets		Liabilities				31.12.25			31.12.24			unit ¹
	31.12.25	31.12.24	31.12.25	31.12.24			low	high	weighted average ²	low	high	weighted average ²	
Financial instruments other than derivative financial instruments													
<i>Corporate and municipal bonds</i>	1.0	1.0	0.0	0.2	Relative value to market comparable	Bond price equivalent	11	104	80	23	114	98	points
<i>Loans at fair value (held for trading and not held for trading) and guarantees³</i>	5.6	5.2	0.0	0.0	Relative value to market comparable	Loan price equivalent	19	101	87	1	173	84	points
					Discounted expected cash flows	Credit spread	233	277	277	16	545	195	basis points
					Market comparable and securitization model	Credit spread	85	1,965	323	75	1,899	208	basis points
<i>Asset-backed securities</i>	0.6	0.7	0.0	0.0	Relative value to market comparable	Bond price equivalent	6	120	82	0	112	79	points
<i>Investment fund units⁴</i>	0.7	0.8	0.0	0.0	Relative value to market comparable	Net asset value							
<i>Equity instruments⁴</i>	2.2	3.0	0.1	0.0	Relative value to market comparable	Price							
<i>Securities financing transactions</i>	0.9	0.6	0.5	0.0	Discounted expected cash flows	Funding spread	95	166		95	201		basis points
<i>Debt issued designated at fair value and Other financial liabilities designated at fair value⁵</i>			13.9	16.1									
Derivative financial instruments													
<i>Interest rate</i>	1.2	0.9	0.3	0.3	Option model	Volatility of interest rates	61	85		50	156		basis points
<i>Credit</i>	0.3	0.6	0.3	0.4	Discounted expected cash flows	Credit spreads	3	1,040		2	1,789		basis points
						Recovery rates	4	60		0	100		%
					Option model	Recovery rates	0	40					%
<i>Equity / index</i>	1.4	1.1	4.2	3.1	Option model	Equity dividend yields	0	11		0	16		%
						Volatility of equity stocks, equity and other indices	3	104		4	126		%
						Equity-to-FX correlation	(65)	70		(65)	80		%
						Equity-to-equity correlation	(10)	100		0	100		%
<i>Loan commitments measured at FVTPL</i>			0.0	0.1	Relative value to market comparable	Loan price equivalent	80	100		60	101		points

¹ The ranges of significant unobservable inputs are represented in points, percentages and basis points. Points are a percentage of par (e.g. 100 points would be 100% of par). ² Weighted averages are provided for most non-derivative financial instruments and were calculated by weighting inputs based on the fair values of the respective instruments. Weighted averages are not provided for inputs related to Securities financing transactions and Derivative financial instruments, as this would not be meaningful. ³ Excludes securities financing transactions. Debt issued designated at fair value and Other financial liabilities designated at fair value primarily consists of UBS AG structured notes, which include variable maturity notes with various equity and foreign exchange underlying risks, as well as rates-linked and credit-linked notes, all of which have embedded derivative parameters that are considered to be unobservable. The derivative instrument parameters for debt issued designated at fair value, embedded derivatives for over-the-counter debt instruments reported under Other financial liabilities designated at fair value and funded derivatives reported under Loans at fair value (held for trading and not held for trading) are presented in the corresponding derivative financial instruments lines in this table. ⁴ The range of inputs is not disclosed, as there is a dispersion of values given the diverse nature of the investments.

Note 20 Fair value measurement (continued)

Significant unobservable inputs in Level 3 positions

This section discusses the significant unobservable inputs used in the valuation of Level 3 instruments and assesses the potential effect that a change in each unobservable input in isolation may have on a fair value measurement. Relationships between observable and unobservable inputs have not been included in the summary below.

Input	Description
Bond price equivalent	<ul style="list-style-type: none">– Where market prices are not available for a bond, fair value is measured by comparison with observable pricing data from similar instruments. Factors considered when selecting comparable instruments include credit quality, maturity and industry of the issuer. Fair value may be measured either by a direct price comparison or by conversion of an instrument price into a yield (either as an outright yield or as a spread to the relevant benchmark rate).– For corporate and municipal bonds, the range represents the range of prices from reference issuances used in determining fair value. Bonds priced at 0 are distressed to the point that no recovery is expected, while prices significantly in excess of 100 or par relate to inflation-linked or structured issuances that pay a coupon in excess of the market benchmark as of the measurement date.– For credit derivatives, the bond price range represents the range of prices used for reference instruments, which are typically converted to an equivalent yield or credit spread as part of the valuation process.
Loan price equivalent	<ul style="list-style-type: none">– Where market prices are not available for a traded loan or a loan commitment, fair value is measured by comparison with observable pricing data for similar instruments. Factors considered when selecting comparable instruments include industry segment, collateral quality, maturity and issuer-specific covenants. Fair value may be measured either by a direct price comparison or by conversion of an instrument price into a yield. The range represents the range of prices derived from reference issuances of a similar credit quality used to measure fair value for loans classified as Level 3. Loans priced at 0 are distressed to the point that no recovery is expected, while a current price of 100 represents a loan that is expected to be repaid in full.
Credit spread	<ul style="list-style-type: none">– Valuation models for many credit derivatives and other credit-sensitive products require an input for the credit spread, which is a reflection of the credit quality of the associated referenced underlying. The credit spread of a particular security is quoted in relation to the yield on a benchmark security or reference rate, typically either US Treasury or ARR, and is generally expressed in terms of basis points. An increase / (decrease) in credit spread will increase / (decrease) the value of credit protection offered by credit default swaps and other credit derivative products. The income statement effect from such changes depends on the nature and direction of the positions held. Credit spreads may be negative where the asset is more creditworthy than the benchmark against which the spread is calculated. A wider credit spread represents decreasing creditworthiness. The range represents a diverse set of underlyings, with the lower end of the range representing credits of the highest quality and the upper end of the range representing greater levels of credit risk.
Funding spread	<ul style="list-style-type: none">– Structured financing transactions are valued using synthetic funding curves that best represent the assets that are pledged as collateral for the transactions. They are not representative of where UBS AG can fund itself on an unsecured basis but provide an estimate of where UBS AG can source and deploy secured funding with counterparties for a given type of collateral. The funding spreads are expressed in terms of basis points, and if funding spreads widen, this increases the effect of discounting.– A small proportion of structured debt instruments and non-structured fixed-rate bonds within financial liabilities designated at fair value had an exposure to funding spreads that was longer in duration than the actively traded market.
Volatility	<ul style="list-style-type: none">– Volatility measures the variability of future prices for a particular instrument and is generally expressed as a percentage, where a higher number reflects a more volatile instrument, for which future price movements are more likely to occur. Volatility is a key input into option models, where it is used to derive a probability-based distribution of future prices for the underlying instrument. The effect of volatility on individual positions within the portfolio is driven primarily by whether the option contract is a long or short position. In most cases, the fair value of an option increases as a result of an increase in volatility and is reduced by a decrease in volatility. Generally, volatility used in the measurement of fair value is derived from active-market option prices (referred to as implied volatility). A key feature of implied volatility is the volatility “smile” or “skew”, which represents the effect of pricing options of different option strikes at different implied volatility levels.– Volatilities of low interest rates tend to be much higher than volatilities of high interest rates. In addition, different currencies may have significantly different implied volatilities.
Recovery rate	<ul style="list-style-type: none">– The projected recovery rate reflects the estimated recovery that will be realized given expected defaults; it is an analogous pricing input for corporate or sovereign credits. Reduction in recovery rates will result in lower expected cash flows into the structure upon the default of the instruments. In general, a significant increase / (decrease) in the recovery rate in isolation would result in significantly higher / (lower) fair value for the respective underlying cash security. The impact of a change in recovery rate on a credit derivative position will depend on whether credit protection has been bought or sold. The recovery rate is ultimately driven by the value recoverable from collateral held after default occurs relative to the outstanding exposure at that point.
Correlation	<ul style="list-style-type: none">– Correlation measures the interrelationship between the movements of two variables. It is expressed as a percentage between –100% and +100%, where +100% represents perfectly correlated variables (meaning a movement of one variable is associated with a movement of the other variable in the same direction), and –100% implies that the variables are inversely correlated (meaning a movement of one variable is associated with a movement of the other variable in the opposite direction). The effect of correlation on the measurement of fair value depends on the specific terms of the instruments being valued, reflecting the range of different payoff features within such instruments.
Equity dividend yields	<ul style="list-style-type: none">– The derivation of a forward price for an individual stock or index is important for measuring fair value for forward or swap contracts and for measuring fair value using option pricing models. The relationship between the current stock price and the forward price is based on a combination of expected future dividend levels and payment timings, and, to a lesser extent, the relevant funding rates applicable to the stock in question. Dividend yields are generally expressed as an annualized percentage of the share price, with the lowest limit of 0% representing a stock that is not expected to pay any dividend. The dividend yield and timing represent the most significant parameter in determining fair value for instruments that are sensitive to an equity forward price.

Note 20 Fair value measurement (continued)

f) Level 3 instruments: sensitivity to changes in unobservable input assumptions

The table below summarizes those financial assets and liabilities classified as Level 3 for which a change in one or more of the unobservable inputs to reflect reasonably possible favorable and unfavorable alternative assumptions would change fair value significantly, and the estimated effect thereof. The table below does not represent the estimated effect of stress scenarios. Interdependencies between Level 1, 2 and 3 parameters have not been incorporated in the table. Furthermore, direct interrelationships between the Level 3 parameters discussed below are not a significant element of the valuation uncertainty.

Sensitivity data is estimated using a number of techniques, including the estimation of price dispersion among different market participants, variation in modeling approaches and reasonably possible changes to assumptions used within the fair value measurement process. The sensitivity ranges are not always symmetrical around the fair values, as the inputs used in valuations are not always precisely in the middle of the favorable and unfavorable range.

Sensitivity data is determined at a product or parameter level and then aggregated assuming no diversification benefit. Diversification would incorporate estimated correlations across different sensitivity results and, as such, would result in an overall sensitivity that would be less than the sum of the individual component sensitivities. However, UBS AG believes that the diversification benefit is not significant to this analysis.

Sensitivity of fair value measurements to changes in unobservable input assumptions¹

USD m	31.12.25		31.12.24	
	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Loans at fair value (held for trading and not held for trading) and guarantees ²	79	(67)	185	(143)
Securities financing transactions	16	(8)	30	(24)
Auction rate securities	8	(4)	8	(6)
Asset-backed securities	15	(15)	32	(28)
Equity instruments	414	(389)	333	(308)
Investment fund units	204	(206)	179	(181)
Loan commitments measured at FVTPL	15	(25)	38	(42)
Interest rate derivatives, net	52	(23)	115	(70)
Credit derivatives, net	25	(55)	112	(117)
Foreign exchange derivatives, net	9	(6)	3	(2)
Equity / index derivatives, net	667	(570)	732	(617)
Other	206	(83)	289	(161)
Total	1,710	(1,452)	2,056	(1,700)

¹ Sensitivity of issued and over-the-counter debt instruments is reported with the equivalent derivative or Other. ² Sensitivity of funded derivatives is reported under equivalent derivatives.

g) Level 3 instruments: movements during the period

The table below presents additional information about material Level 3 assets and liabilities measured at fair value on a recurring basis. Level 3 assets and liabilities may be hedged with instruments classified as Level 1 or Level 2 in the fair value hierarchy, and, as a result, realized and unrealized gains and losses included in the table may not include the effect of related hedging activity. Furthermore, the realized and unrealized gains and losses presented in the table are not limited solely to those arising from Level 3 inputs, as valuations are generally derived from both observable and unobservable parameters. Assets and liabilities transferred into or out of Level 3 are presented as if those assets or liabilities had been transferred at the beginning of the year.

Note 20 Fair value measurement (continued)

Movements of Level 3 instruments

<i>USD bn</i>	Balance at the beginning of the period	Effect from merger of UBS AG and Credit Suisse AG	Net gains / losses included in comprehensive income ¹	<i>of which: related to instruments held at the end of the period</i>	Purchases	Sales	Issuances	Settlements	Transfers into Level 3	Transfers out of Level 3	Foreign currency translation	Balance at the end of the period
For the twelve months ended 31 December 2025²												
Financial assets at fair value held for trading	3.1		(0.2)	(0.2)	0.6	(1.6)	0.5	(0.4)	0.3	(0.1)	0.1	2.3
<i>of which: Equity instruments</i>	0.1		(0.0)	(0.0)	0.0	(0.0)	0.0	(0.0)	0.1	(0.0)	0.0	0.2
<i>of which: Corporate and municipal bonds</i>	0.8		(0.1)	(0.0)	0.6	(0.5)	0.0	(0.0)	0.1	(0.1)	0.0	0.9
<i>of which: Loans</i>	1.8		0.0	(0.1)	0.0	(0.8)	0.5	(0.4)	0.0	(0.0)	0.0	1.1
Derivative financial instruments – assets	2.8		(0.3)	(0.2)	0.0	(0.0)	1.3	(1.2)	0.9	(0.3)	(0.0)	3.2
<i>of which: Interest rate</i>	0.9		0.2	0.1	0.0	(0.0)	0.1	(0.3)	0.5	(0.1)	(0.1)	1.2
<i>of which: Equity / index</i>	1.1		(0.3)	(0.3)	0.0	(0.0)	0.8	(0.4)	0.3	(0.2)	0.0	1.4
<i>of which: Credit</i>	0.6		(0.1)	(0.0)	0.0	(0.0)	0.1	(0.3)	0.1	(0.0)	0.0	0.3
Financial assets at fair value not held for trading	8.7		0.7	0.6	0.3	(1.6)	2.4	(1.8)	0.2	(0.3)	0.2	8.9
<i>of which: Loans</i>	3.2		0.8	0.8	0.0	(0.0)	1.9	(1.5)	0.0	(0.2)	0.1	4.2
<i>of which: Auction rate securities</i>	0.2		0.0	0.0	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	0.2
<i>of which: Equity instruments</i>	2.9		0.0	(0.0)	0.2	(1.2)	0.0	(0.0)	0.0	(0.0)	0.1	2.1
<i>of which: Investment fund units</i>	0.7		0.0	0.0	0.1	(0.2)	0.0	(0.0)	0.0	(0.0)	0.0	0.7
<i>of which: Asset-backed securities</i>	0.6		(0.0)	(0.0)	0.0	(0.1)	0.0	(0.1)	0.1	(0.0)	0.0	0.5
Derivative financial instruments – liabilities	4.1		0.3	0.3	0.0	(0.0)	2.3	(1.5)	0.4	(0.6)	0.1	5.0
<i>of which: Interest rate</i>	0.3		0.0	(0.1)	0.0	(0.0)	0.2	(0.2)	0.0	(0.0)	0.0	0.3
<i>of which: Equity / index</i>	3.1		0.3	0.4	0.0	(0.0)	1.9	(1.0)	0.3	(0.5)	0.0	4.2
<i>of which: Credit</i>	0.4		(0.1)	(0.0)	0.0	(0.0)	0.1	(0.2)	0.0	(0.0)	0.0	0.3
<i>of which: Loan commitments measured at FVTPL</i>	0.1		0.0	0.0	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	0.0
Debt issued designated at fair value	11.8		0.8	0.8	0.0	(0.0)	4.2	(3.4)	0.8	(3.7)	0.4	11.1
Other financial liabilities designated at fair value	4.3		0.1	0.1	0.0	(0.0)	0.7	(2.0)	0.0	(0.0)	0.1	3.2
For the twelve months ended 31 December 2024												
Financial assets at fair value held for trading	1.8	7.8	(0.0)	(0.3)	0.5	(4.2)	0.5	(3.1)	0.3	(0.4)	(0.1)	3.1
<i>of which: Equity instruments</i>	0.1	0.1	(0.1)	(0.1)	0.0	(0.2)	0.0	(0.0)	0.1	(0.0)	(0.0)	0.1
<i>of which: Corporate and municipal bonds</i>	0.6	0.4	(0.1)	(0.1)	0.3	(0.3)	0.0	(0.0)	0.1	(0.0)	(0.0)	0.8
<i>of which: Loans</i>	0.9	7.0	0.2	(0.1)	0.0	(3.5)	0.5	(3.0)	0.0	(0.4)	(0.1)	1.8
Derivative financial instruments – assets	1.3	0.7	0.0	0.2	0.0	(0.1)	1.3	(0.7)	0.7	(0.4)	(0.0)	2.8
<i>of which: Interest rate</i>	0.3	0.0	0.1	0.0	0.0	(0.1)	0.5	(0.1)	0.2	(0.0)	0.0	0.9
<i>of which: Equity / index</i>	0.7	0.2	0.1	0.1	0.0	(0.0)	0.6	(0.3)	0.2	(0.3)	(0.0)	1.1
<i>of which: Credit</i>	0.3	0.1	(0.1)	(0.0)	0.0	(0.0)	0.1	(0.1)	0.3	(0.0)	(0.0)	0.6
Financial assets at fair value not held for trading	4.1	4.1	0.2	0.2	0.3	(0.4)	2.4	(1.9)	0.5	(0.4)	(0.1)	8.7
<i>of which: Loans</i>	1.3	0.8	0.2	0.3	0.0	0.0	1.6	(0.4)	0.0	(0.3)	(0.1)	3.2
<i>of which: Auction rate securities</i>	1.2	0.0	0.0	(0.0)	0.0	0.0	0.0	(1.1)	0.0	0.0	0.0	0.2
<i>of which: Equity instruments</i>	1.1	1.8	0.0	(0.0)	0.2	(0.2)	0.0	(0.0)	0.1	0.0	(0.0)	2.9
<i>of which: Investment fund units</i>	0.2	0.4	0.0	(0.0)	0.1	(0.1)	0.0	0.0	0.0	(0.0)	(0.0)	0.7
<i>of which: Asset-backed securities</i>	0.0	0.5	0	0	0.0	(0.1)	0.0	0.0	0.3	(0.1)	0	0.6
Derivative financial instruments – liabilities	3.2	0.9	0.1	0.2	0.0	(0.0)	1.9	(2.0)	0.6	(0.6)	(0.1)	4.1
<i>of which: Interest rate</i>	0.1	0.1	0.0	0.1	0.0	(0.0)	0.0	(0.0)	0.1	(0.0)	0.0	0.3
<i>of which: Equity / index</i>	2.7	0.2	0.4	0.2	0.0	(0.0)	1.7	(1.8)	0.4	(0.4)	(0.1)	3.1
<i>of which: Credit</i>	0.3	0.2	(0.1)	(0.1)	0.0	(0.0)	0.2	(0.1)	0.0	(0.0)	(0.0)	0.4
<i>of which: Loan commitments measured at FVTPL</i>	0.0	0.4	(0.2)	(0.0)	0.0	(0.0)	0.0	(0.1)	0.0	(0.1)	(0.0)	0.1
Debt issued designated at fair value	7.8	4.5	0.3	0.2	0.0	(0.0)	4.3	(3.5)	1.7	(2.9)	(0.3)	11.8
Other financial liabilities designated at fair value	2.3	1.9	(0.1)	(0.1)	0.0	(0.0)	1.3	(1.1)	0.1	(0.1)	(0.0)	4.3

¹ Net gains / losses included in comprehensive income are recognized in Net interest income and Other net income from financial instruments measured at fair value through profit or loss in the Income statement, and also in Gains / (losses) from own credit on financial liabilities designated at fair value, before tax in the Statement of comprehensive income. ² Total Level 3 assets as of 31 December 2025 were USD 14.5bn (31 December 2024: USD 14.7bn). Total Level 3 liabilities as of 31 December 2025 were USD 19.4bn (31 December 2024: USD 20.4bn).

Note 20 Fair value measurement (continued)

i) Financial instruments not measured at fair value

The table below provides the estimated fair values of financial instruments not measured at fair value.

Financial instruments not measured at fair value

	31.12.25						31.12.24					
	Carrying amount	Fair value					Carrying amount	Fair value				
	Total	Carrying amount approximates fair value ¹	Level 1	Level 2	Level 3	Total	Total	Carrying amount approximates fair value ¹	Level 1	Level 2	Level 3	Total
<i>USD bn</i>												
Assets												
Cash and balances at central banks	209.9	209.9	0.0	0.0	0.0	209.9	223.3	223.3	0.0	0.0	0.0	223.3
Amounts due from banks	19.2	18.4	0.0	0.8	0.0	19.2	18.1	17.1	0.0	0.8	0.2	18.1
Receivables from securities financing transactions measured at amortized cost	83.7	79.4	0.0	3.7	0.5	83.7	118.3	115.1	0.0	2.8	0.4	118.3
Cash collateral receivables on derivative instruments	41.6	41.6	0.0	0.0	0.0	41.6	44.0	44.0	0.0	0.0	0.0	44.0
Loans and advances to customers	658.8	178.5	0.0	41.6	430.1	650.2	587.3	182.9	0.0	44.5	355.0	582.4
Other financial assets measured at amortized cost	72.0	12.2	16.2	40.1	2.8	71.3	59.3	10.5	13.2	31.0	2.8	57.5
Liabilities												
Amounts due to banks	24.4	16.4	0.0	8.1	0.0	24.5	23.3	16.1	0.0	7.2	0.0	23.4
Payables from securities financing transactions measured at amortized cost	16.2	6.1	0.0	9.9	0.2	16.2	14.8	7.1	0.0	7.5	0.2	14.8
Cash collateral payables on derivative instruments	34.7	34.7	0.0	0.0	0.0	34.7	36.4	36.4	0.0	0.0	0.0	36.4
Customer deposits	796.3	737.1	0.0	59.6	0.0	796.7	749.5	677.3	0.0	72.6	0.0	750.0
Funding from UBS Group AG measured at amortized cost	110.6	1.9	0.0	112.7	0.0	114.6	107.9	2.5	0.0	110.0	0.0	112.5
Debt issued measured at amortized cost	100.2	14.2	0.0	86.4	0.0	100.6	101.1	15.6	0.0	87.1	0.0	102.7
Other financial liabilities measured at amortized cost ²	13.1	13.1	0.0	0.0	0.0	13.1	17.9	16.5	0.0	0.1	1.3	17.9

¹ Includes certain financial instruments where the carrying amount is a reasonable approximation of the fair value due to the instruments' short-term nature (instruments that are receivable or payable on demand or with a remaining maturity (excluding the effects of callable features) of three months or less). ² Excludes lease liabilities.

The fair values included in the table above have been calculated for disclosure purposes only. The valuation techniques and assumptions described below relate only to the fair value of UBS AG's financial instruments not measured at fair value. Other institutions may use different methods and assumptions for their fair value estimations, and therefore such fair value disclosures cannot necessarily be compared from one financial institution to another. The following principles were applied when determining fair value estimates for financial instruments not measured at fair value.

- For financial instruments with remaining maturities greater than three months, the fair value was determined from quoted market prices, if available.
- Where quoted market prices were not available, the fair values were estimated by discounting contractual cash flows using current market interest rates or appropriate yield curves for instruments with similar credit risk and maturity. These estimates generally include adjustments for counterparty credit risk or UBS AG's own credit.
- For short-term financial instruments with remaining maturities of three months or less, the carrying amount, which is net of credit loss allowances, is generally considered a reasonable estimate of fair value.

Note 21 Offsetting financial assets and financial liabilities

UBS AG enters into netting agreements with counterparties to manage the credit risks associated primarily with repurchase and reverse repurchase transactions, securities borrowing and lending, over-the-counter derivatives, and exchange-traded derivatives. These netting agreements and similar arrangements generally enable the counterparties to set liabilities off against available assets received in the ordinary course of business and/or in the event that the counterparties to the transaction are unable to fulfill their contractual obligations.

The tables below provide a summary of financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements, as well as financial collateral received or pledged to mitigate credit exposures for these financial instruments.

UBS AG engages in a variety of counterparty credit risk mitigation strategies in addition to netting and collateral arrangements. Therefore, the net amounts presented in the tables below do not purport to represent their actual credit risk exposure.

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

	Assets subject to netting arrangements						Assets not subject to netting arrangements ²	Total assets		
	Netting recognized on the balance sheet			Netting potential not recognized on the balance sheet ¹				Assets recognized on the balance sheet	Total assets after consideration of netting potential	Total assets recognized on the balance sheet
	Gross assets before netting	Netting with gross liabilities ³	Net assets recognized on the balance sheet	Financial liabilities	Collateral received	Assets after consideration of netting potential				
<i>As of 31.12.25, USD bn</i>										
Receivables from securities financing transactions measured at amortized cost	91.5	(21.9)	69.6	(2.0)	(67.1)	0.5	14.0	14.5	83.7	
Derivative financial instruments	141.9	(3.4)	138.5	(110.3)	(22.4)	5.8	9.8	15.6	148.3	
Cash collateral receivables on derivative instruments ⁴	40.1	0.0	40.1	(24.1)	(1.7)	14.2	1.5	15.7	41.6	
Financial assets at fair value not held for trading	114.3	(88.3)	26.0	(1.3)	(24.8)	0.0	81.3	81.3	107.3	
<i>of which: reverse repurchase agreements</i>	108.9	(88.3)	20.6	(1.3)	(19.3)	0.0	0.2	0.2	20.8	
Total assets	387.8	(113.6)	274.2	(137.7)	(116.0)	20.5	106.6	127.1	380.8	
<i>As of 31.12.24, USD bn</i>										
Receivables from securities financing transactions measured at amortized cost	111.4	(13.3)	98.2	(3.1)	(95.0)	0.1	20.1	20.3	118.3	
Derivative financial instruments	178.7	(2.6)	176.1	(135.6)	(27.1)	13.5	10.3	23.8	186.4	
Cash collateral receivables on derivative instruments ⁴	42.0	0.0	42.0	(25.9)	(2.4)	13.7	1.9	15.7	44.0	
Financial assets at fair value not held for trading	112.3	(87.1)	25.2	(1.8)	(23.3)	0.1	70.0	70.1	95.2	
<i>of which: reverse repurchase agreements</i>	109.6	(87.1)	22.5	(1.8)	(20.6)	0.1	1.0	1.0	23.4	
Total assets	444.5	(103.0)	341.5	(166.4)	(147.7)	27.4	102.4	129.8	443.9	

¹ For the purpose of this disclosure, the amounts of financial instruments and cash collateral presented have been capped so as not to exceed the net amount of financial assets presented on the balance sheet; i.e. over-collateralization, where it exists, is not reflected in the table. ² Includes assets not subject to enforceable netting arrangements and other out-of-scope items. ³ The logic of the table results in amounts presented in the "Netting with gross liabilities" column corresponding directly to the amounts presented in the "Netting with gross assets" column in the liabilities table presented below. Netting in this column for reverse repurchase agreements presented within the lines "Receivables from securities financing transactions measured at amortized cost" and "Financial assets at fair value not held for trading" taken together corresponds to the amounts presented for repurchase agreements in the "Payables from securities financing transactions measured at amortized cost" and "Other financial liabilities designated at fair value" lines in the liabilities table presented below. ⁴ The net amount of Cash collateral receivables on derivative instruments recognized on the balance sheet includes certain OTC derivatives that are legally net settled on a daily basis and exchange-traded derivatives that are economically settled on a daily basis.

Note 21 Offsetting financial assets and financial liabilities (continued)

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

	Liabilities subject to netting arrangements						Liabilities not subject to netting arrangements ²	Total liabilities		
	Netting recognized on the balance sheet			Netting potential not recognized on the balance sheet ¹				Liabilities recognized on the balance sheet	Total liabilities after consideration of netting potential	Total liabilities recognized on the balance sheet
	Gross liabilities before netting	Netting with gross assets ³	Net liabilities recognized on the balance sheet	Financial assets	Collateral pledged	Liabilities after consideration of netting potential				
<i>As of 31.12.25, USD bn</i>										
Payables from securities financing transactions measured at amortized cost	36.4	(21.1)	15.2	(2.0)	(13.2) ⁴	0.0	1.0	1.0	16.2	
Derivative financial instruments	151.2	(3.4)	147.8	(110.3)	(29.0)	8.5	8.5	17.0	156.3	
Cash collateral payables on derivative instruments ⁵	32.9	0.0	32.9	(15.8)	(1.7)	15.3	1.9	17.2	34.7	
Other financial liabilities designated at fair value	94.2	(89.1)	5.1	(1.3)	(3.8)	0.0	30.2	30.2	35.3	
<i>of which: repurchase agreements</i>	92.7	(89.1)	3.6	(1.3)	(2.3)	0.0	0.3	0.3	3.8	
Total liabilities	314.6	(113.6)	201.0	(129.4)	(47.8)	23.8	41.5	65.3	242.5	
<i>As of 31.12.24, USD bn</i>										
Payables from securities financing transactions measured at amortized cost	25.0	(11.5)	13.5	(1.1)	(12.4) ⁴	0.0	1.4	1.4	14.8	
Derivative financial instruments	176.2	(2.6)	173.6	(135.6)	(30.8)	7.2	7.1	14.3	180.7	
Cash collateral payables on derivative instruments ⁵	34.8	0.0	34.8	(20.2)	(2.4)	12.2	1.6	13.8	36.4	
Other financial liabilities designated at fair value	96.9	(88.9)	8.0	(3.8)	(4.1)	0.0	26.1	26.1	34.0	
<i>of which: repurchase agreements</i>	94.7	(88.9)	5.8	(3.8)	(2.0)	0.0	0.0	0.0	5.8	
Total liabilities	332.8	(103.0)	229.8	(160.7)	(49.7)	19.5	36.1	55.6	265.9	

¹ For the purpose of this disclosure, the amounts of financial instruments and cash collateral presented have been capped so as not to exceed the net amount of financial liabilities presented on the balance sheet; i.e. over-collateralization, where it exists, is not reflected in the table. ² Includes liabilities not subject to enforceable netting arrangements and other out-of-scope items. ³ The logic of the table results in amounts presented in the "Netting with gross assets" column corresponding directly to the amounts presented in the "Netting with gross liabilities" column in the assets table presented above. Netting in this column for repurchase agreements presented within the lines "Payables from securities financing transactions measured at amortized cost" and "Other financial liabilities designated at fair value" taken together corresponds to the amounts presented for reverse repurchase agreements in the "Receivables from securities financing transactions measured at amortized cost" and "Financial assets at fair value not held for trading" lines in the assets table presented above. ⁴ Includes collateral of USD 9.1bn (2024: USD 8.8bn) for securities financing transactions measured at amortized cost that use UBS AG debt instruments as the underlying. ⁵ The net amount of Cash collateral payables on derivative instruments recognized on the balance sheet includes certain OTC derivatives that are legally net settled on a daily basis and exchange-traded derivatives that are economically settled on a daily basis.

Note 22 Restricted and transferred financial assets

This Note provides information about restricted financial assets (Note 22a), transfers of financial assets (Note 22b and 22c) and financial assets that are received as collateral with the right to resell or repledge these assets (Note 22d).

a) Restricted financial assets

Restricted financial assets consist of assets pledged as collateral against an existing liability or contingent liability and other assets that are otherwise explicitly restricted such that they cannot be used to secure funding.

Financial assets pledged as collateral include pledged mortgage loans, which serve as collateral for existing liabilities against Swiss mortgage institutions and US Federal Home Loan Banks, and in connection with the issuance of covered bonds. Existing liabilities against Swiss central mortgage institutions and US Federal Home Loan Banks and for existing covered bond issuances were USD 54.0bn as of 31 December 2025 (31 December 2024: USD 48.4bn).

Other financial assets are pledged as collateral in relation to securities lending transactions and in repurchase transactions, which are generally entered into under standard market agreements. For securities lending, the cash received as collateral may be more or less than the fair value of the securities loaned, depending on the nature of the transaction. For repurchase agreements, the fair value of the collateral sold under an agreement to repurchase is generally in excess of the cash borrowed.

Other restricted financial assets include assets protected under client asset segregation rules, assets held under unit-linked investment contracts to back related liabilities to the policy holders and assets held in certain jurisdictions to comply with explicit minimum local asset maintenance requirements. The carrying amount of the liabilities associated with these other restricted financial assets is generally equal to the carrying amount of the assets, with the exception of assets held to comply with local asset maintenance requirements, for which the associated liabilities are greater.

Restricted financial assets

USD m	31.12.25		31.12.24	
	Restricted financial assets	<i>of which: assets pledged as collateral that may be sold or repledged by counterparties</i>	Restricted financial assets	<i>of which: assets pledged as collateral that may be sold or repledged by counterparties</i>
Financial assets pledged as collateral				
Cash and balances at central banks ¹	1,031		876	
Financial assets at fair value held for trading	84,065	44,627	71,050	38,532
Loans and advances to customers	71,189		71,887	
Financial assets at fair value not held for trading	4,670	3,202	3,645	2,566
Other financial assets measured at amortized cost	10,150	8,689	8,703	7,891
Financial assets measured at fair value through other comprehensive income	43	43		
Total financial assets pledged as collateral	171,149		156,160	
Other restricted financial assets				
Amounts due from banks	2,794		2,473	
Financial assets at fair value held for trading	179		264	
Cash collateral receivables on derivative instruments	8,406		8,006	
Loans and advances to customers	146		186	
Other financial assets measured at amortized cost ²	4,852		4,184	
Financial assets at fair value not held for trading	24,467		20,377	
Financial assets measured at fair value through other comprehensive income	1,843		1,863	
Other	285		128	
Total other restricted financial assets	42,971		37,481	
Total financial assets pledged and other restricted financial assets³	214,120		193,641	

¹ Predominantly reflects assets pledged to the depositor protection system in Switzerland. ² Predominantly includes cash collateral provided to exchanges and clearing houses to secure securities trading activity through those counterparties. ³ Does not include assets placed with central banks related to undrawn credit lines and for payment, clearing and settlement purposes, as well as undrawn contingency funding facilities (31 December 2025: USD 42.6bn; 31 December 2024: USD 30.5bn).

Note 22 Restricted and transferred financial assets (continued)

In addition to restrictions on financial assets, UBS AG and its subsidiaries are, in certain cases, subject to regulatory requirements that affect the transfer of dividends and capital within UBS AG, as well as intercompany lending. Supervisory authorities may also require entities to measure capital and leverage ratios on a stressed basis, such as the Federal Reserve Board's Comprehensive Capital Analysis and Review (CCAR) process, which may limit the relevant subsidiaries' ability to make distributions of capital based on the results of those tests.

Supervisory authorities generally have discretion to impose higher requirements or to otherwise limit the activities of subsidiaries.

Non-regulated subsidiaries are generally not subject to such requirements and transfer restrictions. However, restrictions can also be the result of different legal, regulatory, contractual, entity- or country-specific arrangements and / or requirements.

b) Transferred financial assets that are not derecognized in their entirety

The table below presents information for financial assets that have been transferred but are subject to continued recognition in full, as well as recognized liabilities associated with those transferred assets.

Transferred financial assets subject to continued recognition in full

<i>USD m</i>	31.12.25		31.12.24	
	Carrying amount of transferred assets	Carrying amount of associated liabilities recognized on balance sheet	Carrying amount of transferred assets	Carrying amount of associated liabilities recognized on balance sheet
Financial assets at fair value held for trading that may be sold or repledged by counterparties	44,627	24,137	38,532	19,690
Financial assets at fair value not held for trading that may be sold or repledged by counterparties	3,202	2,580	2,566	2,012
Other financial assets measured at amortized cost that may be sold or repledged by counterparties	8,689	7,575	7,891	7,442
Financial assets measured at fair value through other comprehensive income that may be sold or repledged by counterparties	43	43		
Total financial assets transferred	56,561	34,335	48,989	29,144

Transactions in which financial assets are transferred but continue to be recognized in their entirety on UBS AG's balance sheet include securities lending and repurchase agreements, as well as other financial asset transfers. Repurchase and securities lending arrangements are, for the most part, conducted under standard market agreements and are undertaken with counterparties subject to UBS AG's normal credit risk control processes.

› Refer to Note 1a item 2e for more information about repurchase and securities lending agreements

Financial assets at fair value held for trading that may be sold or repledged by counterparties include securities lending and repurchase agreements in exchange for cash received, securities lending agreements in exchange for securities received and other financial asset transfers.

For securities lending and repurchase agreements, a haircut of between 0% and 15% is generally applied to the transferred assets, which results in associated liabilities having a carrying amount below the carrying amount of the transferred assets. The counterparties to the associated liabilities included in the table above have full recourse to UBS AG.

In securities lending arrangements entered into in exchange for the receipt of other securities as collateral, neither the securities received nor the obligation to return them are recognized on UBS AG's balance sheet, as the risks and rewards of ownership are not transferred to UBS AG. In cases where such financial assets received are subsequently sold or repledged in another transaction, this is not considered to be a transfer of financial assets.

Other financial asset transfers primarily include securities transferred to collateralize derivative transactions, for which the carrying amount of associated liabilities is not included in the table above, because those replacement values are managed on a portfolio basis across counterparties and product types, and therefore there is no direct relationship between the specific collateral pledged and the associated liability.

Transferred financial assets that are not subject to derecognition in full but remain on the balance sheet to the extent of UBS AG's continuing involvement were not material as of 31 December 2025 and as of 31 December 2024.

Note 22 Restricted and transferred financial assets (continued)

c) Transferred financial assets that are derecognized in their entirety with continuing involvement

Continuing involvement in a transferred and fully derecognized financial asset may result from contractual provisions in the particular transfer agreement or from a separate agreement, with the counterparty or a third party, entered into in connection with the transfer.

The fair value and carrying amount of UBS AG's continuing involvement from transferred positions as of 31 December 2025 and 31 December 2024 was not material. Life-to-date losses reported in prior periods primarily related to legacy positions in securitization vehicles that have been fully marked down, with no remaining exposure to loss.

d) Off-balance sheet assets received

The table below presents assets received from third parties that can be sold or repledged and that are not recognized on the balance sheet but that are held as collateral, including amounts that have been sold or repledged.

Off-balance sheet assets received

USD m	31.12.25	31.12.24
Fair value of assets received that can be sold or repledged ¹	674,167	581,769
of which: sold or repledged ²	499,184	383,227

¹ Includes securities received as initial margin from its clients that UBS AG is required to remit to central counterparties, brokers and deposit banks through its exchange-traded derivative clearing and execution services. ² Does not include off-balance sheet securities (31 December 2025: USD 15.3bn; 31 December 2024: USD 21.4bn) placed with central banks related to undrawn credit lines and for payment, clearing and settlement purposes for which there are no associated liabilities or contingent liabilities.

Note 23 Maturity analysis of assets and liabilities

a) Maturity analysis of carrying amounts of assets and liabilities

The table below provides an analysis of carrying amounts of balance sheet assets and liabilities, as well as off-balance sheet exposures by residual contractual maturity as of the reporting date. The residual contractual maturity of assets includes the effects of callable features. The residual contractual maturity of liabilities and off-balance sheet exposures is based on the earliest date on which a third party could require UBS AG to pay.

Derivative financial instruments and financial assets and liabilities at fair value held for trading are presented in the *Due within 1 month* column; however, the respective contractual maturities may extend over periods significantly longer than one month.

Assets held to hedge unit-linked investment contracts (presented within *Financial assets at fair value not held for trading*) are presented in the *Due within 1 month* column, consistent with the maturity assigned to the related amounts due under unit-linked investment contracts (presented within *Other financial liabilities designated at fair value*).

Other financial assets and liabilities with no contractual maturity, such as equity securities, are presented in the *Perpetual / Not applicable* column. Undated or perpetual instruments are classified based on the contractual notice period that the counterparty of the instrument is entitled to give. Where there is no contractual notice period, undated or perpetual contracts are presented in the *Perpetual / Not applicable* column.

Non-financial assets and liabilities with no contractual maturity are generally included in the *Perpetual / Not applicable* column.

Note 23 Maturity analysis of assets and liabilities (continued)

Maturity analysis of carrying amounts of assets and liabilities

USD bn	31.12.25							Perpetual / Not applicable	Total
	Due within 1 month	Due between 1 and 3 months	Due between 3 and 12 months	Due between 1 and 2 years	Due between 2 and 5 years	Due over 5 years			
Assets									
Total financial assets measured at amortized cost	532.7	44.8	77.6	131.6	161.5	136.8			1,085.1
<i>Amounts due from banks</i>	17.7	0.7	0.7	0.0	0.1	0.1			19.2
<i>Loans and advances to customers</i>	184.2	31.9	67.9	122.5	138.9	113.4			658.8
<i>Other financial assets measured at amortized cost</i>	10.9	1.4	5.0	8.9	22.5	23.3			72.0
Total financial assets measured at fair value through profit or loss	402.0	10.4	12.4	22.1	14.5	1.3	3.4		466.1
<i>Financial assets at fair value not held for trading</i>	43.2	10.4	12.4	22.1	14.5	1.3	3.4		107.3
Financial assets measured at fair value through other comprehensive income	0.1	0.6	1.4	0.0	0.5	11.2			13.9
Total non-financial assets	18.2		0.5		0.3	1.0	32.3		52.2
Total assets	953.0	55.9	91.8	153.7	176.8	150.2	35.7		1,617.2
Liabilities									
Total financial liabilities measured at amortized cost	759.1	64.6	87.2	30.6	72.6	65.4	19.6		1,099.2
<i>Customer deposits</i>	681.5	55.6	38.3	9.1	11.7	0.1			796.3
<i>Funding from UBS Group AG measured at amortized cost</i>	1.8	0.2	5.4	9.2	32.6	41.8	19.6		110.6
<i>Debt issued measured at amortized cost</i>	7.1	7.0	36.9	7.5	19.2	22.4			100.2
<i>of which: non-subordinated</i>	7.1	7.0	36.6	7.5	19.1	22.4			99.9
<i>of which: subordinated</i>	0.0		0.2	0.0	0.1				0.3
Total financial liabilities measured at fair value through profit or loss ¹	310.6	10.9	24.1	31.8	12.4	25.2			415.0
<i>Debt issued designated at fair value</i>	14.4	10.5	22.9	30.6	11.1	18.1			107.5
Total non-financial liabilities	8.4	4.4	0.0	0.1	0.2	0.2	0.6		13.8
Total liabilities	1,078.2	79.9	111.3	62.5	85.2	90.7	20.3		1,528.0
Guarantees, loan commitments and forward starting transactions²									
Irrevocable loan commitments	80.7	0.6	0.8	0.1					82.1
Guarantees	47.4								47.4
Forward starting reverse repurchase and securities borrowing agreements	10.7								10.7
Irrevocable committed prolongation of existing loans	3.3	2.1	2.8	0.0					8.2
Total	142.0	2.7	3.5	0.1					148.4

USD bn	31.12.24							Perpetual / Not applicable	Total
	Due within 1 month	Due between 1 and 3 months	Due between 3 and 12 months	Due between 1 and 2 years	Due between 2 and 5 years	Due over 5 years			
Assets									
Total financial assets measured at amortized cost	558.4	50.3	70.2	116.2	130.5	124.7			1,050.3
<i>Amounts due from banks</i>	16.7	0.5	0.5	0.0	0.2	0.1			18.1
<i>Loans and advances to customers</i>	164.9	33.3	62.0	108.9	112.5	105.7			587.3
<i>Other financial assets measured at amortized cost</i>	9.9	0.9	5.3	6.6	17.7	18.9			59.3
Total financial assets measured at fair value through profit or loss	413.2	6.5	14.2	13.5	12.7	2.3	4.2		466.7
<i>Financial assets at fair value not held for trading</i>	41.7	6.5	14.2	13.5	12.7	2.3	4.2		95.2
Financial assets measured at fair value through other comprehensive income	0.5	0.8	0.9	0.0	0.0	0.0			2.2
Total non-financial assets	12.8	0.3	0.6	0.0	2.5	1.1	31.5		48.8
Total assets	984.8	57.9	86.0	129.7	145.8	128.2	35.8		1,568.1
Liabilities									
Total financial liabilities measured at amortized cost	691.5	80.0	88.0	45.9	71.6	61.9	15.9		1,054.8
<i>Customer deposits</i>	611.7	65.5	51.2	8.9	11.8	0.3			749.5
<i>Funding from UBS Group AG measured at amortized cost</i>	0.0	2.5	3.2	17.0	31.9	37.5	15.9		107.9
<i>Debt issued measured at amortized cost</i>	8.3	7.3	29.6	15.4	18.7	21.8			101.1
<i>of which: non-subordinated</i>	8.3	7.3	29.2	15.2	18.6	21.8			100.4
<i>of which: subordinated</i>			0.3	0.3	0.1				0.7
Total financial liabilities measured at fair value through profit or loss ¹	299.7	11.9	27.7	26.7	13.1	22.4			401.6
<i>Debt issued designated at fair value</i>	12.0	11.4	26.3	25.1	11.5	16.3			102.6
Total non-financial liabilities	11.3	3.9	0.1	0.2	0.4	0.4	0.7		17.0
Total liabilities	1,002.4	95.8	115.8	72.9	85.2	84.7	16.6		1,473.4
Guarantees, loan commitments and forward starting transactions²									
Irrevocable loan commitments	78.7	0.5	0.4	0.0					79.6
Guarantees	40.7								40.7
Forward starting reverse repurchase and securities borrowing agreements	24.9								24.9
Irrevocable committed prolongation of existing loans	2.5	0.7	1.4	0.0					4.6
Total	146.7	1.2	1.7	0.0					149.8

¹ As of 31 December 2025 and 31 December 2024, the contractual redemption amount at maturity of debt issued designated at fair value through profit or loss and other financial liabilities designated at fair value through profit or loss was not materially different from the carrying amount. ² The notional amounts associated with derivative loan commitments and forward starting repurchase and reverse repurchase agreements measured at fair value through profit or loss are presented together with the total notional amounts related to derivative instruments in Note 10 and have been excluded from the table above.

Note 23 Maturity analysis of assets and liabilities (continued)

b) Maturity analysis of financial liabilities on an undiscounted basis

The table below provides an analysis of financial liabilities on an undiscounted basis, including all cash flows relating to principal and future interest payments. The residual contractual maturities for non-derivative and non-trading financial liabilities are based on the earliest date on which UBS AG could be contractually required to pay. Derivative positions and trading liabilities, predominantly made up of short sale transactions, are presented in the *Due within 1 month* column, as this provides a conservative reflection of the nature of these trading activities. The residual contractual maturities may extend over periods significantly longer than one month.

Maturity analysis of financial liabilities on an undiscounted basis

USD bn	31.12.25						Perpetual / Not applicable	Total
	Due within 1 month	Due between 1 and 3 months	Due between 3 and 12 months	Due between 1 and 2 years	Due between 2 and 5 years	Due over 5 years		
Financial liabilities recognized on balance sheet¹								
Amounts due to banks	15.5	1.4	4.6	2.1	1.6			25.2
Payables from securities financing transactions	5.8	0.4	1.6	2.3	6.5			16.6
Cash collateral payables on derivative instruments	34.7							34.7
Customer deposits	681.9	56.2	39.5	10.2	13.8	0.1		801.8
Funding from UBS Group AG measured at amortized cost ²	2.0	1.6	8.7	14.1	45.3	54.3	19.7	145.7
Debt issued measured at amortized cost ²	7.3	7.4	38.1	8.4	20.7	24.5		106.6
Other financial liabilities measured at amortized cost	9.1	0.1	0.5	0.6	1.5	1.2		13.0
of which: lease liabilities	0.1	0.1	0.5	0.6	1.5	1.2		4.0
Total financial liabilities measured at amortized cost	756.4	67.2	93.2	37.7	89.4	80.1	19.7	1,143.7
Financial liabilities at fair value held for trading ^{3,4}	53.7							53.7
Derivative financial instruments ^{3,5}	156.3							156.3
Brokerage payables designated at fair value	62.2							62.2
Debt issued designated at fair value ⁶	14.4	10.6	23.3	31.4	11.9	24.5		116.1
Other financial liabilities designated at fair value	24.0	0.4	1.3	1.2	1.7	19.1		47.7
Total financial liabilities measured at fair value through profit or loss	310.5	11.0	24.6	32.7	13.7	43.6		436.1
Total	1,067.0	78.2	117.8	70.4	103.1	123.7	19.7	1,579.8
Guarantees, loan commitments and forward starting transactions								
Irrevocable loan commitments ⁷	80.7	0.6	0.8	0.1				82.1
Guarantees	47.4							47.4
Forward starting reverse repurchase and securities borrowing agreements ⁷	10.7							10.7
Irrevocable committed prolongation of existing loans	3.3	2.1	2.8	0.0				8.2
Total	142.0	2.7	3.5	0.1				148.4

USD bn	31.12.24						Perpetual / Not applicable	Total
	Due within 1 month	Due between 1 and 3 months	Due between 3 and 12 months	Due between 1 and 2 years	Due between 2 and 5 years	Due over 5 years		
Financial liabilities recognized on balance sheet¹								
Amounts due to banks	13.5	3.1	3.1	1.5	2.8			24.1
Payables from securities financing transactions	5.4	1.5	0.7	2.8	5.0			15.5
Cash collateral payables on derivative instruments	36.3							36.4
Customer deposits	612.3	66.5	53.7	9.9	13.9	0.3		756.7
Funding from UBS Group AG measured at amortized cost ²	0.3	4.0	6.4	21.9	44.6	50.3	16.3	143.8
Debt issued measured at amortized cost	8.5	7.7	30.6	16.8	20.7	24.2		108.5
Other financial liabilities measured at amortized cost	11.4	0.1	0.7	0.9	2.5	2.6		18.3
of which: lease liabilities	0.1	0.1	0.6	0.7	1.5	1.5		4.5
Total financial liabilities measured at amortized cost	687.8	83.0	95.3	53.7	89.6	77.4	16.3	1,103.2
Financial liabilities at fair value held for trading ^{3,4}	35.2							35.2
Derivative financial instruments ^{3,5}	180.7							180.7
Brokerage payables designated at fair value	49.0							49.0
Debt issued designated at fair value ⁶	12.1	11.7	28.1	27.7	12.5	22.1		114.1
Other financial liabilities designated at fair value	22.6	0.5	1.4	1.7	1.6	14.8		42.6
Total financial liabilities measured at fair value through profit or loss	299.6	12.2	29.6	29.4	14.1	36.9		421.7
Total	987.4	95.2	124.9	83.1	103.7	114.3	16.3	1,524.9
Guarantees, loan commitments and forward starting transactions								
Irrevocable loan commitments ⁷	78.7	0.5	0.4	0.0				79.6
Guarantees	40.7							40.7
Forward starting reverse repurchase and securities borrowing agreements ⁷	24.9							24.9
Irrevocable committed prolongation of existing loans	2.5	0.7	1.4	0.0				4.6
Total	146.7	1.2	1.7	0.0				149.8

¹ Except for financial liabilities at fair value held for trading and derivative financial instruments (see footnote 3), the amounts presented generally represent undiscounted cash flows of future interest and principal payments. ² The time-bucket Perpetual / Not applicable includes perpetual loss-absorbing additional tier 1 capital instruments, for which future interest payments are calculated over a 5 year period. ³ Carrying amount is fair value. Management believes that this best represents the cash flows that would have to be paid if these positions had to be settled or closed out. ⁴ Contractual maturities of financial liabilities at fair value held for trading are: USD 50.9bn due within 1 month (31 December 2024: USD 33.0bn), USD 2.8bn due between 1 month and 1 year (31 December 2024: USD 2.2bn). ⁵ Includes USD 39m (31 December 2024: USD 166m) related to fair values of derivative loan commitments and forward starting reverse repurchase agreements classified as derivatives, presented within "Due within 1 month". The full contractual committed amount of USD 68.8bn (31 December 2024: USD 66.3bn) is presented in Note 10 under notional amounts. ⁶ Future interest payments on variable-rate liabilities are determined by reference to the applicable interest rate prevailing as of the reporting date. Future principal payments that are variable are determined by reference to the conditions existing at the relevant reporting date. ⁷ Excludes derivative loan commitments and forward starting reverse repurchase agreements measured at fair value (see footnote 5).

Derivatives designated in hedge accounting relationships

UBS AG applies hedge accounting to interest rate risk and foreign exchange risk, including structural foreign exchange risk related to net investments in foreign operations.

- › Refer to “Market risk” in the “Risk management and control” section of this report for more information about how risks arise and how they are managed by UBS AG

Hedging instruments and hedged risk

Interest rate swaps are designated in fair value hedges or cash flow hedges of interest rate risk arising solely from changes in benchmark interest rates. Fair value changes arising from such risk are usually the largest component of the overall change in the fair value of the hedged position in the transaction currency.

Cross-currency swaps are designated as fair value hedges of foreign exchange risk. Foreign exchange forwards and foreign exchange swaps are mainly designated as hedges of structural foreign exchange risk related to net investments in foreign operations. In both cases the hedged risk arises solely from changes in the spot foreign exchange rate.

The notional of the designated hedging instruments matches the notional of the hedged items, except when the interest rate swaps are designated in cash flow hedges after the trade date, in which case the hedge ratio designated is determined based on the swap sensitivity.

Hedged items and hedge designation

Fair value hedges of interest rate risk related to debt instruments and loan assets

Fair value hedges of interest rate risk related to debt instruments and loan assets involve swapping fixed cash flows associated with loans to customers (including long-term fixed-rate mortgage loans in Swiss francs), debt securities held, customer deposits, funding from UBS Group AG, debt issued to floating cash flows by entering into interest rate swaps that either pay fixed and receive floating cash flows or that receive fixed and pay floating cash flows. The floating future cash flows are based on the following benchmark rates: the Secured Overnight Financing Rate (SOFR), the Effective Federal Funds Rate (EFFR), the Swiss Average Rate Overnight (SARON), the Euro Short-Term Rate (ESTR), the Euro Interbank Offered Rate (EURIBOR), the Sterling Overnight Index Average (SONIA), the Singapore Overnight Rate Average (SORA), the Bank Bill Swap Rate (BBSW), the Tokyo Overnight Average Rate (TONA), the Hong Kong Interbank Offered Rate (HIBOR) and the Norwegian Krona Overnight Index Swap (NOK OIS).

Cash flow hedges of forecast transactions

UBS AG hedges forecast cash flows on non-trading financial assets and liabilities that bear interest at variable rates or are expected to be refinanced or reinvested in the future, due to movements in future market rates. The amounts and timing of future cash flows, representing both principal and interest flows, are projected on the basis of contractual terms and other relevant factors, including estimates of prepayments and defaults. The aggregate principal balances and interest cash flows across all portfolios over time form the basis for identifying the non-trading interest rate risk of UBS AG, which is hedged with interest rate swaps, the maximum maturity of which is 15 years. Cash flow forecasts and risk exposures are monitored and adjusted on an ongoing basis, and consequently additional hedging instruments are traded and designated, or are terminated resulting in a hedge discontinuance.

Fair value hedges of foreign exchange risk related to debt instruments

Debt instruments denominated in currencies other than the US dollar are designated in fair value hedges of spot foreign exchange risk, in addition to and separate from the fair value hedges of interest rate risk. Cross-currency swaps economically convert debt instruments denominated in currencies other than the US dollar to US dollars. The hedge designations also involve intragroup debt instruments that are eliminated upon consolidation but FX gains and losses impact consolidated profit or loss.

Hedges of net investments in foreign operations

UBS AG applies hedge accounting for certain net investments in foreign operations, which include subsidiaries, branches and associates. Upon maturity of hedging instruments, typically one to three months with certain hedges extending up to twelve months, the hedge relationship is terminated and new designations are made to reflect any changes in the net investments in foreign operations.

Economic relationship between hedged item and hedging instrument

The economic relationship between the hedged item and the hedging instrument is determined based on a qualitative analysis of their critical terms. In cases where hedge designation takes place after the trade date of the hedging instrument, a quantitative analysis of the possible behavior of the hedging derivative and the hedged item during their respective terms is also performed.

Sources of hedge ineffectiveness

In hedges of interest rate risk, hedge ineffectiveness can arise from mismatches of critical terms and / or the use of different curves to discount the hedged item and instrument, or from entering into a hedge relationship after the trade date of the hedging derivative.

Note 24 Hedge accounting (continued)

In hedges of foreign exchange risk related to debt instruments, hedge ineffectiveness can arise due to the discounting of the hedging instruments and undesigned risk components and lack of such discounting and risk components in the hedged items.

In hedges of net investments in foreign operations, ineffectiveness is unlikely unless the hedged net assets fall below the designated hedged amount. The exceptions are hedges where the hedging currency is not the same as the currency of the foreign operation, where the currency basis may cause ineffectiveness.

Hedge ineffectiveness is recognized in *Other net income from financial instruments measured at fair value through profit or loss*.

Derivatives not designated in hedge accounting relationships

Non-hedge-accounted derivatives are mandatorily held for trading with all fair value movements taken to *Other net income from financial instruments measured at fair value through profit or loss*, even when held as an economic hedge or to facilitate client clearing. The one exception relates to forward points on certain short- and long-duration foreign exchange and interest rate contracts acting as economic hedges, which are reported in *Net interest income*.

All hedges: designated hedging instruments and hedge ineffectiveness

	As of or for the year ended					
	31.12.25					
	Carrying amount			Changes in fair value of hedging instruments ¹	Changes in fair value of hedged items ¹	Hedge ineffectiveness recognized in the income statement
<i>USD m</i>	Notional amount	Derivative financial assets	Derivative financial liabilities			
Interest rate risk						
Fair value hedges	237,149	14	23	1,619	(1,641)	(22)
Cash flow hedges	94,650	1	0	479	(465)	13
Foreign exchange risk						
Fair value hedges ²	65,089	635	615	1,764	(1,787)	(23)
Hedges of net investments in foreign operations	19,305	42	260	(2,198)	2,190	(8)

	As of or for the year ended					
	31.12.24					
	Carrying amount			Changes in fair value of hedging instruments ¹	Changes in fair value of hedged items ¹	Hedge ineffectiveness recognized in the income statement
<i>USD m</i>	Notional amount	Derivative financial assets	Derivative financial liabilities			
Interest rate risk						
Fair value hedges	227,737	25	10	(718)	676	(43)
Cash flow hedges	88,256	1	0	(1,458)	1,453	(5)
Foreign exchange risk						
Fair value hedges ²	51,562	566	1,153	(749)	721	(28)
Hedges of net investments in foreign operations	20,454	670	1	1,345	(1,340)	4

¹ Amounts used as the basis for recognizing hedge ineffectiveness for the period. ² The foreign currency basis spread of cross-currency swaps designated as hedging derivatives is excluded from the hedge accounting designation and accounted for as a cost of hedging with amounts deferred in Other comprehensive income within Equity.

Note 24 Hedge accounting (continued)

Fair value hedges: designated hedged items recognized on the balance sheet¹

USD m	31.12.25		31.12.24	
	Interest rate risk	FX risk	Interest rate risk	FX risk
Loans and advances to customers				
Carrying amount of designated loans	61,204		58,439	
of which: accumulated amount of fair value hedge adjustment	38		373	
of which: accumulated amount of fair value hedge adjustment subject to amortization attributable to the portion of the portfolio that ceased to be part of hedge accounting	(180)		(176)	
Other financial assets measured at amortized cost – debt securities				
Carrying amount of designated debt securities	18,347		9,125	
of which: accumulated amount of fair value hedge adjustment	(377)		(348)	
Financial assets measured at fair value through other comprehensive income				
Carrying amount of designated debt securities	11,659			
of which: accumulated amount of fair value changes related to hedge accounting	48			
Payables from securities financing transactions measured at amortized cost				
Carrying amount of designated repo transactions	1,001			
of which: accumulated amount of fair value hedge adjustment	1			
Customer deposits				
Carrying amount of customer deposits	8,406		13,031	
of which: accumulated amount of fair value hedge adjustment	6		(18)	
Funding from UBS Group AG and its subsidiaries				
Carrying amount of designated debt instruments	101,892	24,443	105,470	15,419
of which: accumulated amount of fair value hedge adjustment	(3,619)		(5,820)	
Debt issued measured at amortized cost				
Carrying amount of designated debt issued	33,415	24,502	39,731	21,047
of which: accumulated amount of fair value hedge adjustment	(20)		31	

¹ In addition, as of 31 December 2025, UBS AG designated in fair value hedges of FX risk USD 16bn (31 December 2024: USD 15bn) of intragroup debt instruments that are not recognized on the consolidated balance sheet but FX gains and losses on these instruments impact consolidated profit or loss.

Fair value hedges: profile of the timing of the nominal amount of the hedging instrument

USD bn	31.12.25					
	Due within 1 month	Due between 1 and 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due after 5 years	Total
Interest rate swaps	5	4	33	117	78	237
Cross-currency swaps	2	3	12	35	12	65

USD bn	31.12.24					
	Due within 1 month	Due between 1 and 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due after 5 years	Total
Interest rate swaps	3	9	38	115	64	228
Cross-currency swaps	1	0	5	36	9	52

Cash flow hedge reserve on a pre-tax basis

USD m	31.12.25	31.12.24
Amounts related to hedge relationships for which hedge accounting continues to be applied	(1,053)	(2,514)
Amounts related to hedge relationships for which hedge accounting is no longer applied	(641)	(714)
Total other comprehensive income recognized directly in equity related to cash flow hedges, on a pre-tax basis	(1,694)	(3,228)

Foreign currency translation reserve on a pre-tax basis

USD m	31.12.25	31.12.24
Amounts related to hedge relationships for which hedge accounting continues to be applied	(1,543)	639
Amounts related to hedge relationships for which hedge accounting is no longer applied	266	266
Total other comprehensive income recognized directly in equity related to hedging instruments designated as net investment hedges, on a pre-tax basis	(1,277)	904

Note 25 Post-employment benefit plans

a) Defined benefit plans

UBS AG has established defined benefit plans for its employees in various jurisdictions in accordance with local regulations and practices. The major plans are located in Switzerland, with smaller plans mainly in UK, US and Germany. The level of benefits depends on the specific plan rules.

Major Swiss pension plans

The major Swiss pension plans consist of the UBS Swiss plan and the Credit Suisse Swiss plan, covering employees of UBS AG in Switzerland and employees of companies in Switzerland that have close economic or financial ties with UBS AG, and exceed the minimum benefit requirements under Swiss pension law. A significant number of employees are employed by UBS Business Solutions AG and Credit Suisse Services AG, which are subsidiaries of UBS Group AG. UBS AG, UBS Business Solutions AG and Credit Suisse Services AG each are legal sponsors of the Swiss plans. The sponsoring entities apply proportionate defined benefit accounting, i.e. the net pension cost and the net pension asset / liability of the Swiss pension plans are allocated proportionally between UBS AG, UBS Business Solutions AG and Credit Suisse Services AG based on the aggregated net pension cost and defined benefit obligations related to their employees. The Swiss plans offer retirement, disability and survivor benefits and are governed by Pension Foundation Boards. The responsibilities of these boards are defined by Swiss pension law and the plan rules. The UBS Swiss plan covers contributions for all salary levels. The Credit Suisse Swiss plan covers contributions up to a salary of CHF 154,224 (USD 194,501), and contributions above that salary go into the Credit Suisse Swiss 1e plan, which is accounted for under IFRS Accounting Standards as a defined contribution plan.

Savings contributions to the Swiss plans are paid by both the employer and the employee. For the UBS AG Swiss plan, depending on the age of the employee, UBS AG pays a savings contribution that ranges between 6.5% and 27.5% of the contributory base salary and between 2.8% and 9% of the contributory variable compensation. Employees can choose the level of savings contributions paid by them, which vary between 2.5% and 13.5% of the contributory base salary and between 0% and 9% of the contributory variable compensation, depending on age and choice of savings contribution category. For the Credit Suisse Swiss plan, depending on the age of the employee, UBS AG pays a savings contribution that ranges between 7.5% and 25.0% of the contributory base salary and 6% of the contributory variable compensation. Employees can choose the level of savings contributions paid by them, which vary between 5.0% and 14.0% of the contributory base salary and between 3% and 9% of the contributory variable compensation, depending on age and choice of savings contribution category. UBS AG also pays risk contributions that are used to fund disability and survivor benefits.

The plans offer to members at the normal retirement age of 65 a choice between a lifetime pension and a partial or full lump sum payment. Participants can choose to draw early retirement benefits starting from the age of 58, but they can also continue employment and remain active members of the plan until the age of 70. Employees can make additional purchases of benefits to fund early retirement benefits.

The pension amount payable to a participant is calculated by applying a conversion rate to the accumulated balance of the participant's retirement savings account at the retirement date. The balance is based on credited vested benefits transferred from previous employers, purchases of benefits, employee and employer contributions made to the participant's retirement savings account, and interest accrued. The annual interest rate credited to participants is determined by the Pension Foundation Boards at the end of each year.

Although the Swiss plans are based on a defined contribution promise under Swiss pension law, they are accounted for as defined benefit plans under IFRS Accounting Standards, primarily because of the obligation to accrue interest on the participants' retirement savings accounts and the payment of lifetime pension benefits.

Actuarial valuations in accordance with Swiss pension law are performed regularly. Should an underfunded situation on this basis occur, the Pension Foundation Board of the respective plan is required to take the necessary measures to ensure that full funding can be expected to be restored within a maximum period of 10 years. If a Swiss plan were to become significantly underfunded on a Swiss pension law basis, additional employer and employee contributions could be required. In this situation, the risk is shared between employer and employees, and the employer is not legally obliged to cover more than 50% of the additional contributions required. As of 31 December 2025, the technical funding ratio in accordance with Swiss pension law was 120.9% at a 0.5% technical interest rate for the UBS Swiss plan and 124.6% at a 1.02% technical interest rate for the Credit Suisse Swiss plan (UBS Swiss plan 31 December 2024: 120.6% at a 0.5% technical interest rate, Credit Suisse Swiss plan 31 December 2024: 125.5% at a 1.31% technical interest rate).

Note 25 Post-employment benefit plans (continued)

The investment strategies of the Swiss plans comply with Swiss pension law, including the rules and regulations relating to diversification of plan assets, and are derived from the risk budget defined by the Pension Foundation Boards based on regularly performed asset and liability management analyses. The Pension Foundation Boards strive for a medium- and long-term balance between assets and liabilities.

As of 31 December 2025, the Swiss plans were in surplus situations on an IFRS Accounting Standards measurement basis, as the fair value of the plan assets exceeded the defined benefit obligation (DBO) by USD 3,993m for the UBS Swiss plan and USD 2,168m for the Credit Suisse Swiss plan (UBS Swiss plan 31 December 2024: USD 2,683m, Credit Suisse Swiss plan 31 December 2024: USD 2,474m). However, a surplus is only recognized on the balance sheet to the extent that it does not exceed the estimated future economic benefit, which equals the difference between the present value of the estimated future net service cost and the present value of the estimated future employer contributions. As of both 31 December 2025 and 31 December 2024, the estimated future economic benefit of the UBS Swiss plan was zero and hence no net defined benefit asset was recognized on the balance sheet; as of 31 December 2025, a net defined benefit asset of USD 21m was recognized by UBS AG for prepaid contributions held at the Credit Suisse Swiss plan (31 December 2024: USD 17m).

The regular employer contributions in 2026 are estimated at USD 359m for the UBS Swiss plan and USD 146m for the Credit Suisse Swiss plan.

Changes to the Credit Suisse Swiss pension plan

In December 2023, the Pension Foundation Board of the Credit Suisse Swiss plan decided to align the Swiss pension scheme to that of the UBS Swiss plan, effective as of 1 January 2027. On that date, the Credit Suisse Swiss plan will adopt the plan rules of the UBS Swiss plan. In 2025, the Pension Foundation Board of the Credit Suisse Swiss plan decided to integrate the Credit Suisse Swiss 1e plan into the Credit Suisse Swiss pension plan as of 1 January 2027 resulting in a one-time pre-tax loss of USD 147m (CHF 117m) and an offsetting gain in other comprehensive income in the third quarter of 2025 with no impact on equity.

Financial information

The tables below provide an analysis of the movement in the net asset / liability recognized on the balance sheet for defined benefit plans, as well as an analysis of amounts recognized in net profit and in *Other comprehensive income*.

Note 25 Post-employment benefit plans (continued)

Net asset / liability of defined benefit plans		
USD m		
Major Swiss plans (funded)	31.12.25	31.12.24¹
Defined benefit obligation at the beginning of the year	29,977	15,748
Defined benefit obligation recognized upon the merger of UBS AG and Credit Suisse AG ²		13,367
Current service cost	464	411
Interest expense	316	296
Plan participant contributions	293	244
Remeasurements	(4,842)	2,657
<i>of which: actuarial (gains) / losses due to changes in demographic assumptions</i>	21	18
<i>of which: actuarial (gains) / losses due to changes in financial assumptions</i>	(1,025)	2,011
<i>of which: experience (gains) / losses³</i>	(3,838)	628
Past service cost related to plan amendments	151	0
Curtailements	(51)	(71)
Benefit payments	(1,694)	(1,420)
Foreign currency translation	4,049	(1,257)
Defined benefit obligation at the end of the year	28,665	29,977
<i>of which: amounts owed to active members</i>	16,742	16,758
<i>of which: amounts owed to retirees</i>	11,922	13,219
Fair value of plan assets at the beginning of the year	35,135	19,333
Fair value of plan assets recognized upon the merger of UBS AG and Credit Suisse AG ²		16,097
Return on plan assets excluding interest income	208	1,623
Interest income	388	369
Employer contributions	516	431
Plan participant contributions	293	244
Benefit payments	(1,694)	(1,420)
Administration expenses, taxes and premiums paid	(21)	(15)
Other movements	(4,877)	0
Foreign currency translation	4,878	(1,527)
Fair value of plan assets at the end of the year	34,826	35,135
Surplus / (deficit)	6,161	5,158
Asset ceiling effect at the beginning of the year	5,141	3,585
Asset ceiling effect recognized upon the merger of UBS AG and Credit Suisse AG ²		2,713
Interest expense on asset ceiling effect	67	68
Asset ceiling effect excluding interest expense and foreign currency translation on asset ceiling effect	107	(955)
Foreign currency translation	826	(270)
Asset ceiling effect at the end of the year	6,140	5,141
Net defined benefit asset / (liability) of major Swiss plans	21	17
Other plans		
Net defined benefit asset / (liability) of other plans⁴	347	203
Total net defined benefit asset / (liability)	368	220
<i>of which: Net defined benefit asset</i>	983	911
<i>of which: Net defined benefit liability⁵</i>	(615)	(691)

¹ Including Credit Suisse AG from 31 May 2024. ² Refer to Note 28 for more information about the merger of UBS AG and Credit Suisse AG. ³ Experience (gains) / losses are a component of actuarial remeasurements of the defined benefit obligation and reflect the effects of differences between the previous actuarial assumptions and what has actually occurred. ⁴ Mainly relates to UK, US and German plans. ⁵ Refer to Note 18c.

Note 25 Post-employment benefit plans (continued)

Income statement – expenses related to defined benefit plans¹

<i>USD m</i>		
	31.12.25	31.12.24 ²
Major Swiss plans		
Current service cost	464	411
Interest expense related to defined benefit obligation	316	296
Interest income related to plan assets	(388)	(369)
Interest expense on asset ceiling effect	67	68
Administration expenses, taxes and premiums paid	21	15
Past service cost related to plan amendments	151	0
Curtailments	(51)	(71)
Other movements	(8)	1
Net periodic expenses recognized in net profit for major Swiss plans	573	353
Other plans		
Net periodic expenses recognized in net profit for other plans³	13	27
Total net periodic expenses recognized in net profit	586	380

¹ Refer to Note 6. ² Including Credit Suisse AG from 31 May 2024. ³ Includes differences between actual and estimated performance award accruals.

Other comprehensive income – gains / (losses) on defined benefit plans

<i>USD m</i>		
	31.12.25	31.12.24 ¹
Major Swiss plans		
Other comprehensive income recognized upon the merger of UBS AG and Credit Suisse AG ²		109
Remeasurement of defined benefit obligation	4,842	(2,657)
<i>of which: change in discount rate assumption</i>	1,087	(2,102)
<i>of which: change in rate of salary increase assumption</i>	111	(168)
<i>of which: change in rate of pension increase assumption</i>	0	0
<i>of which: change in rate of interest credit on retirement savings assumption</i>	(176)	257
<i>of which: change in life expectancy</i>	0	0
<i>of which: change in other actuarial assumptions</i>	(18)	(17)
<i>of which: experience gains / (losses)³</i>	3,838	(628)
Return on plan assets excluding interest income	(4,673)	1,623
Asset ceiling effect excluding interest expense and foreign currency translation	(107)	955
Total gains / (losses) recognized in other comprehensive income for major Swiss plans	62	30
Other plans		
Total gains / (losses) recognized in other comprehensive income for other plans⁴	(32)	(83)
Total gains / (losses) recognized in other comprehensive income	30	(53)
<i>of which: attributable to other comprehensive income recognized upon the merger of UBS AG and Credit Suisse AG²</i>		53
<i>of which: attributable to other comprehensive income recognized for defined benefit plans during the period⁵</i>	30	(106)

¹ Including Credit Suisse AG from 31 May 2024. ² Refer to Note 28 for more information about the merger of UBS AG and Credit Suisse AG. ³ Experience (gains) / losses are a component of actuarial remeasurements of the defined benefit obligation and reflect the effects of differences between the previous actuarial assumptions and what has actually occurred. ⁴ Mainly relates to UK, US and German plans. ⁵ Refer to the "Statement of comprehensive income".

The table below provides information about the duration of the DBO and the timing for expected benefit payments.

Duration of the defined benefit obligation and the timing for expected benefit payments

	31.12.25	31.12.24
Major Swiss defined benefit plans		
Duration of the defined benefit obligation (in years)¹	12.8	13.3
Maturity analysis of benefits expected to be paid		
<i>USD m</i>		
Benefits expected to be paid within 12 months	1,756	2,095
Benefits expected to be paid between 1 and 3 years	3,264	3,392
Benefits expected to be paid between 3 and 6 years	4,895	5,043
Benefits expected to be paid between 6 and 11 years	7,481	7,718
Benefits expected to be paid between 11 and 16 years	6,524	6,607
Benefits expected to be paid in more than 16 years	21,105	20,622

¹ The duration of the defined benefit obligation represents a weighted average across the UBS and Credit Suisse plans.

Actuarial assumptions

The actuarial assumptions used for the defined benefit plans are based on the economic conditions prevailing in the jurisdiction in which they are offered. Changes in the defined benefit obligation are most sensitive to changes in the discount rate. The discount rate is based on the yield of high-quality corporate bonds quoted in an active market in the currency of the respective plan. A decrease in the discount curve increases the DBO. UBS AG regularly reviews the actuarial assumptions used in calculating the DBO to determine their continuing relevance.

› Refer to Note 1a item 5 for a description of the accounting policy for defined benefit plans

Note 25 Post-employment benefit plans (continued)

The tables below show the significant actuarial assumptions used in calculating the DBO at the end of the year.

Significant actuarial assumptions of major Swiss defined benefit plans¹

<i>In %</i>	31.12.25	31.12.24
Discount rate	1.27	0.92
Rate of salary increase	2.53	2.80
Rate of pension increase	0.00	0.00
Rate of interest credit on retirement savings	2.41	2.02

¹ Represents a weighted average across the UBS and Credit Suisse plans.

Swiss mortality table: BVG 2020 G with CMI 2024 projections¹

	aged 65		aged 45	
	31.12.25	31.12.24	31.12.25	31.12.24
Life expectancy at age 65 for a male member currently	21.9	21.9	23.6	23.5
Life expectancy at age 65 for a female member currently	23.7	23.6	25.3	25.2

¹ In 2024, BVG 2020 G with CMI 2023 projections was used.

Sensitivity analysis of significant actuarial assumptions

The table below presents a sensitivity analysis for each significant actuarial assumption, showing how the DBO would have been affected by changes in the relevant actuarial assumption that were reasonably possible at the balance sheet date. Unforeseen circumstances may arise, which could result in variations that are outside the range of alternatives deemed reasonably possible. Caution should be used in extrapolating the sensitivities below on the DBO, as the sensitivities may not be linear.

Sensitivity analysis of significant actuarial assumptions of major Swiss defined benefit plans¹

Increase / (decrease) in defined benefit obligation	31.12.25	31.12.24
<i>USD m</i>		
Discount rate		
Increase by 50 basis points	(1,497)	(1,667)
Decrease by 50 basis points	1,693	1,893
Rate of salary increase		
Increase by 50 basis points	162	166
Decrease by 50 basis points	(162)	(167)
Rate of pension increase		
Increase by 50 basis points	1,141	1,315
Decrease by 50 basis points	→	→
Rate of interest credit on retirement savings		
Increase by 50 basis points	379	254
Decrease by 50 basis points	(254)	(252)
Life expectancy		
Increase in longevity by one additional year	783	895

¹ The sensitivity analyses are based on a change in one assumption while holding all other assumptions constant, so that interdependencies between the assumptions are excluded. ² As the assumed rate of pension increase was 0% as of 31 December 2025 and as of 31 December 2024, a downward change in assumption is not applicable.

Note 25 Post-employment benefit plans (continued)

Composition and fair value of Swiss defined benefit plan assets

	31.12.25				31.12.24			
	Fair value			Plan asset allocation %	Fair value			Plan asset allocation %
	Quoted in an active market	Other	Total		Quoted in an active market	Other	Total	
<i>USD m</i>								
Cash and cash equivalents	476	0	476	1	773	0	773	2
Real estate / property								
Domestic	0	4,059	4,059	12	0	3,955	3,955	11
Foreign	0	758	758	2	0	617	617	2
Investment funds								
Equity								
Domestic	832	0	832	2	885	0	885	3
Foreign	5,933	2,063	7,997	23	5,645	2,393	8,038	23
Bonds ¹								
Domestic, AAA to BBB–	4,816	0	4,816	14	4,682	0	4,682	13
Domestic, below BBB–	8	0	8	0	8	0	8	0
Foreign, AAA to BBB–	8,491	0	8,491	24	8,902	0	8,902	25
Foreign, below BBB–	814	0	814	2	862	0	862	2
Real estate								
Domestic	1,201	0	1,201	3	1,654	0	1,654	5
Foreign	279	98	377	1	385	67	451	1
Other	899	2,801	3,700	11	799	1,927	2,726	8
Other investments	556	741	1,297	4	352	1,231	1,582	5
Total fair value of plan assets	24,306	10,520	34,826	100	24,947	10,189	35,135	100
Total fair value of plan assets			34,826				35,135	
<i>of which: Investments in UBS Group AG instruments²</i>								
Bank accounts at UBS Group AG			360				782	
UBS Group AG debt instruments			116				137	
UBS Group AG shares			49				42	
Securities lent to UBS Group AG ³			674				609	
Property occupied by UBS Group AG			47				41	
Derivative financial instruments, counterparty UBS Group AG ³			15				(83)	

¹ The bond credit ratings are primarily based on S&P's credit ratings. Ratings AAA to BBB– and below BBB– represent investment grade and non-investment grade ratings, respectively. In cases where credit ratings from other rating agencies were used, these were converted to the equivalent rating in S&P's rating classification. ² Bank accounts at UBS AG encompass accounts in the name of the Swiss pension funds. The other positions disclosed in the table encompass both direct investments in UBS AG instruments and UBS Group AG shares and indirect investments, i.e. those made through funds that the pension fund invests in. ³ Securities lent to UBS AG and derivative financial instruments are presented gross of any collateral. Securities lent to UBS AG were fully covered by collateral as of 31 December 2025 and 31 December 2024. Net of collateral, derivative financial instruments amounted to USD 8m as of 31 December 2025 (31 December 2024: negative USD 50m).

b) Defined contribution plans

UBS AG sponsors several defined contribution plans, with the most significant plans in the US and the UK. UBS AG's obligation is limited to its contributions made in accordance with each plan, which may include direct contributions and matching contributions. Employer contributions to defined contribution plans are recognized as an expense and were USD 442m in 2025 and USD 408m in 2024.

› Refer to Note 6 for more information

Note 25 Post-employment benefit plans (continued)

c) Related-party disclosure

UBS AG is the principal provider of banking services for the pension funds of UBS and Credit Suisse in Switzerland. In this capacity, UBS AG is engaged to execute most of the pension funds' banking activities. These activities can include, but are not limited to, investment management fees, trading, securities lending and borrowing and derivative transactions. The non-Swiss UBS AG pension funds do not have a similar banking relationship with UBS AG. During 2025, UBS AG received USD 26m in fees for banking services from the major UBS AG plans (2024: USD 25m). As of 31 December 2025, the Swiss, UK and US post-employment benefit plans held USD 521m in UBS Group AG shares (31 December 2024: USD 378m).

› Refer to the "Composition and fair value of Swiss defined benefit plan assets" table in Note 25a for more information about fair value of investments in UBS AG and UBS Group AG instruments held by the major Swiss pension funds

Note 26 Employee benefits: variable compensation

a) Plans offered

UBS has several share-based and other deferred compensation plans that align the interests of Group Executive Board (GEB) members and other employees with the interests of investors.

Share-based awards are granted in the form of notional shares and, where permitted, carry a dividend equivalent that may be paid in notional shares or cash. Awards are settled by delivering UBS shares at vesting, except in jurisdictions where this is not permitted for legal or tax reasons.

Deferred compensation awards are generally forfeitable upon, among other circumstances, voluntary termination of employment with UBS. These compensation plans are also designed to meet regulatory requirements and include special provisions for regulated employees. For the majority of variable compensation awards granted under such plans to employees of UBS AG, the grantor entity is UBS Group AG. Expenses associated with these awards are charged by UBS Group AG to UBS AG. For the purpose of this Note, references to shares refer to UBS Group AG shares.

The most significant deferred compensation plans are described below.

› Refer to Note 1a item 4 for a description of the accounting policy related to share-based and other deferred compensation plans

Mandatory deferred compensation plans

Long-Term Incentive Plan

The Long-Term Incentive Plan (the LTIP) is a mandatory deferral plan for GEB members and Managing Directors (MDs) reporting to the GEB and their direct reports at MD level.

The number of notional shares delivered at vesting depends on two equally weighted performance metrics over a three-year performance period: return on common equity tier 1 (CET1) capital and relative total shareholder return (TSR), which compares the TSR of UBS with the TSR of an index consisting of listed Global Systemically Important Banks as determined by the Financial Stability Board (excluding UBS). The final number of shares vest over three years following the performance period for GEB members and cliff vest in the year following the performance period for selected senior management.

Equity Ownership Plan / Fund Ownership Plan

The Equity Ownership Plan (the EOP) is the deferred share-based compensation plan for employees that are subject to deferral requirements but do not receive LTIP awards. EOP awards generally vest over three years.

Certain Asset Management employees receive some or all of their EOP in the form of notional funds (the Fund Ownership Plan). This plan is generally delivered in cash and vests over three years. The amount delivered depends on the value of the underlying investment funds at the time of vesting.

Deferred Contingent Capital Plan

The Deferred Contingent Capital Plan (the DCCP) is a deferred compensation plan for all employees who are subject to deferral requirements. Such employees are awarded notional additional tier 1 (AT1) capital instruments, which, at the discretion of UBS, can be settled in cash or a perpetual, marketable AT1 capital instrument. DCCP awards generally bear notional interest paid annually (except for certain regulated employees) and vest in full after five years. Awards are forfeited if a viability event occurs (i.e. if the Swiss Financial Market Supervisory Authority (FINMA) notifies the firm that the DCCP awards must be written down to mitigate the risk of 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 if the Group's CET1 capital ratio falls below a defined threshold. In addition, GEB members forfeit 20% of DCCP awards for each loss-making year during the vesting period.

Note 26 Employee benefits: variable compensation (continued)

Deferred compensation plans awarded to employees of Credit Suisse

Existing compensation plans offered to employees of Credit Suisse prior to the acquisition

Credit Suisse offered a range of compensation plans to its employees. Outstanding deferred compensation included upfront cash awards, share awards and other deferred awards settled in cash. Generally, the existing awards continued to vest according to their original terms, with the expense recognized over the residual service period. Awards referenced to shares in the Credit Suisse Group were converted into units over UBS Group shares according to the exchange ratio applied to the merger transaction (1 share in UBS for 22.48 shares in Credit Suisse).

Financial advisor variable compensation

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

Cash compensation reflects a percentage of the compensable production that each financial advisor generates. 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.

Financial advisors may also be granted deferred awards. These amounts generally vest over a six-year period. The deferred award takes into account the overall percentage rate and production.

Cash compensation and deferred 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. Financial advisor compensation also includes expenses related to compensation commitments with financial advisors entered into at the time of recruitment that are subject to vesting requirements.

b) Effect on the income statement

Effect on the income statement for the financial year and future periods

The table below provides information about compensation expenses related to total variable compensation that were recognized in the financial year ended 31 December 2025, as well as expenses that were deferred and will be recognized in the income statement for 2026 and later. Deferred expenses related to compensation plans granted to employees of Credit Suisse in 2023 and earlier years are presented under Variable compensation – other. The expense recognized in 2025 associated with these awards was USD 82m (2024: USD 122m) for outstanding deferred compensation plans that existed on the date of the acquisition.

The majority of expenses deferred to 2026 and later that are related to the 2025 performance year pertain to awards granted in February 2026. The total unamortized compensation expense for unvested share-based awards granted up to 31 December 2025 will be recognized in future periods over a weighted average period of 2.4 years.

Note 26 Employee benefits: variable compensation (continued)

Variable compensation

USD m	Expenses recognized in 2025			Expenses deferred to 2026 and later ¹		
	Related to the 2025 performance year	Related to prior performance years	Total	Related to the 2025 performance year	Related to prior performance years	Total
Non-deferred cash	3,124	(56)	3,067	0	0	0
Deferred compensation awards	589	696	1,285	750	855	1,606
of which: Equity Ownership Plan	128	254	382	320	198	518
of which: Deferred Contingent Capital Plan	223	296	519	336	513	848
of which: Long-Term Incentive Plan	208	115	324	59	125	185
of which: Fund Ownership Plan	29	31	60	35	19	54
Variable compensation – performance awards	3,712	640	4,352	750	855	1,606
Variable compensation – financial advisors²	4,874	780	5,654	1,059	3,591	4,651
of which: non-deferred cash	4,498	0	4,498	0	0	0
of which: deferred share-based awards	132	93	225	126	233	360
of which: deferred cash-based awards	230	251	480	592	1,267	1,859
of which: compensation commitments with recruited financial advisors	15	437	451	341	2,092	2,433
Variable compensation – other³	470	279	748	197	283	480
Total variable compensation	9,057	1,699	10,755⁴	2,007	4,730	6,737

¹ Estimate as of 31 December 2025. Actual amounts to be expensed in future periods may vary, e.g. due to forfeiture of awards. ² Financial advisor compensation consists of cash compensation, determined using a formulaic approach based on production, and deferred awards. 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 Includes severance payments, replacement and retention awards, existing deferred awards granted to Credit Suisse employees, interest expense related to the Deferred Contingent Capital Plan and forfeiture credits. ⁴ Includes USD 1,064m in expenses related to share-based compensation (performance awards: USD 706m; other variable compensation: USD 134m; financial advisor compensation: USD 225m). A further USD 166m in expenses related to share-based compensation was recognized within other expense categories included in Note 6 (salaries: USD 2m related to role-based allowances; social security: USD 134m; other personnel expenses: USD 29m related to the Equity Plus Plan).

Variable compensation

USD m	Expenses recognized in 2024			Expenses deferred to 2025 and later ¹		
	Related to the 2024 performance year	Related to prior performance years	Total	Related to the 2024 performance year	Related to prior performance years	Total
Non-deferred cash	2,469	(59)	2,410	0	0	0
Deferred compensation awards	463	638	1,101	679	814	1,493
of which: Equity Ownership Plan	146	263	409	242	209	451
of which: Deferred Contingent Capital Plan	163	268	431	286	491	777
of which: Long-Term Incentive Plan	131	67	197	124	90	214
of which: Fund Ownership Plan	24	41	64	27	24	52
Variable compensation – performance awards	2,932	579	3,511	679	814	1,493
Variable compensation – financial advisors²	4,485	808	5,293	1,028	3,639	4,667
of which: non-deferred cash	4,125	(1)	4,124	0	0	0
of which: deferred share-based awards	123	96	219	130	232	362
of which: deferred cash-based awards	203	239	443	476	1,176	1,652
of which: compensation commitments with recruited financial advisors	33	474	507	422	2,231	2,653
Variable compensation – other³	314	297	610	220	455	675
Total variable compensation	7,730	1,684	9,414⁴	1,927	4,908	6,835

¹ Estimate as of 31 December 2024. Actual amounts expensed may vary, e.g. due to forfeiture of awards. ² Financial advisor compensation consists of cash compensation, determined using a formulaic approach based on production, and deferred awards. 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 Includes USD 930m in expenses related to share-based compensation (performance awards: USD 606m; other variable compensation: USD 105m; financial advisor compensation: USD 219m). A further USD 101m in expenses related to share-based compensation was recognized within other expense categories included in Note 6 (salaries: USD 2m related to role-based allowances; social security: USD 74m; other personnel expenses: USD 25m related to the Equity Plus Plan).

Note 26 Employee benefits: variable compensation (continued)

Variable compensation

	Expenses recognized in 2023			Expenses deferred to 2024 and later ¹		
	Related to the 2023 performance year	Related to prior performance years	Total	Related to the 2023 performance year	Related to prior performance years	Total
<i>USD m</i>						
Non-deferred cash	1,884	(36)	1,848	0	0	0
Deferred compensation awards	356	637	993	537	731	1,268
<i>of which: Equity Ownership Plan</i>	95	319	415	180	235	416
<i>of which: Deferred Contingent Capital Plan</i>	124	233	357	216	436	652
<i>of which: Long-Term Incentive Plan</i>	121	39	160	112	33	145
<i>of which: Fund Ownership Plan</i>	15	45	61	28	27	55
Variable compensation – performance awards	2,240	601	2,841	537	731	1,268
Variable compensation – financial advisors²	3,761	788	4,549	1,236	3,300	4,536
<i>of which: non-deferred cash</i>	3,440	(4)	3,436	0	0	0
<i>of which: deferred share-based awards</i>	110	87	197	113	209	321
<i>of which: deferred cash-based awards</i>	169	245	414	301	1,029	1,331
<i>of which: compensation commitments with recruited financial advisors</i>	42	459	501	822	2,062	2,884
Variable compensation – other³	168	111	279	224	214	438
Total variable compensation	6,169	1,500	7,669⁴	1,997	4,245	6,242

¹ Estimate as of 31 December 2023. Actual amounts expensed may vary, e.g. due to forfeiture of awards. ² Financial advisor compensation consists of cash compensation, determined using a formulaic approach based on production, and deferred awards. 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 replacement payments, forfeiture credits, severance payments, retention plan payments and interest expense related to the Deferred Contingent Capital Plan. ⁴ Includes USD 818m in expenses related to share-based compensation (performance awards: USD 575m; other variable compensation: USD 46m; financial advisor compensation: USD 197m). A further USD 135m in expenses related to share-based compensation was recognized within other expense categories included in Note 6 (salaries: USD 4m related to role-based allowances; social security: USD 109m; other personnel expenses: USD 22m related to the Equity Plus Plan).

c) Outstanding share-based compensation awards

Share and performance share awards

Movements in outstanding share-based awards granted by UBS AG and its subsidiaries to employees during 2025 and 2024 are provided in the table below.

Movements in outstanding share-based compensation awards

	Number of shares 2025 ¹	Weighted average grant date fair value (USD)	Number of shares 2024 ¹	Weighted average grant date fair value (USD)
Outstanding, at the beginning of the year	7,184,565	20	756,925	19
Share obligations assumed at merger with Credit Suisse AG			7,697,548	20
Awarded during the year	204,762	30	151,964	26
Distributed during the year	(3,557,228)	20	(1,202,448)	20
Forfeited during the year	(444,463)	21	(219,425)	21
Outstanding, at the end of the year	3,387,635	21	7,184,565	20
<i>of which: shares vested for accounting purposes</i>	2,761,285		4,936,340	

¹ Number of shares reflects the maximum opportunity for awards with a performance condition.

The total carrying amount of the liability related to cash-settled share-based awards as of 31 December 2025 and 31 December 2024 was USD 14m and USD 22m, respectively.

d) Valuation

UBS share awards

UBS measures compensation expense based on the average market price of UBS shares on the grant date as quoted on the SIX Swiss Exchange, taking into consideration post-vesting sale and hedge restrictions, non-vesting conditions and market conditions, where applicable. The fair value of the share awards subject to post-vesting sale and hedge restrictions is discounted on the basis of the duration of the post-vesting restriction and is referenced to the cost of purchasing an at-the-money European put option for the term of the transfer restriction. The grant date fair value of notional shares without dividend entitlements also includes a deduction for the present value of future expected dividends to be paid between the grant date and distribution.

Note 27 Interests in subsidiaries and other entities

a) Interests in subsidiaries

UBS AG defines its significant subsidiaries as those entities that, either individually or in aggregate, contribute significantly to UBS AG's financial position or results of operations, based on a number of criteria, including the subsidiaries' equity and contribution to UBS AG's total assets and profit or loss before tax, in accordance with the requirements set by IFRS 12, Swiss regulations and the rules of the US Securities and Exchange Commission (the SEC).

Individually significant subsidiaries

The table below lists UBS AG's individually significant subsidiaries as of 31 December 2025. Unless otherwise stated, the subsidiaries listed below have share capital consisting solely of ordinary shares held entirely by UBS AG and the proportion of ownership interest held is equal to the voting rights held by UBS AG.

The country where the respective registered office is located is also the principal place of business. UBS AG operates through a global branch network and a significant proportion of its business activity is conducted outside Switzerland, including in the UK, the US, Singapore, the Hong Kong SAR and other countries. UBS Europe SE has branches and offices in a number of EU Member States, including France, Germany, Italy, Luxembourg and Spain. Share capital is provided in the currency of the legally registered office.

Individually significant subsidiaries of UBS AG as of 31 December 2025¹

Company	Registered office	Primary business	Share capital in million	Equity interest accumulated in %
Credit Suisse International	London, UK	Non-core and Legacy	USD 1.3	97.6
UBS Americas Holding LLC	Wilmington, Delaware, US	Group Items	USD 2,900.0 ²	100.0
UBS Americas Inc.	Wilmington, Delaware, US	Group Items	USD 0.0	100.0
UBS Asset Management AG	Zurich, Switzerland	Asset Management	CHF 43.2	100.0
UBS Bank USA	Salt Lake City, Utah, US	Global Wealth Management	USD 0.0	100.0
UBS Europe SE	Frankfurt, Germany	Global Wealth Management	EUR 446.0	100.0
UBS Financial Services Inc.	Wilmington, Delaware, US	Global Wealth Management	USD 0.0	100.0
UBS Securities LLC	Wilmington, Delaware, US	Investment Bank	USD 1,283.1 ³	100.0
UBS Switzerland AG	Zurich, Switzerland	Personal & Corporate Banking	CHF 10.0	100.0

¹ Includes direct and indirect subsidiaries of UBS AG. ² Consists of common share capital of USD 1,000 and non-voting preferred share capital of USD 2.9bn. ³ Consists of common share capital of USD 100,000 and non-voting preferred share capital of USD 1.3bn.

Other subsidiaries

The table below lists other direct and indirect subsidiaries of UBS AG that are not individually significant but contribute to UBS AG's total assets and aggregated profit before tax thresholds and are thus disclosed in accordance with requirements set by the SEC.

Other subsidiaries of UBS AG as of 31 December 2025

Company	Registered office	Primary business	Share capital in million	Equity interest accumulated in %
Banco de Investimentos Credit Suisse (Brasil) S.A.	São Paulo, Brazil	Investment Bank	BRL 164.8	100.0
Bank-now AG	Horgen, Switzerland	Personal & Corporate Banking	CHF 30.0	100.0
Credit Suisse (USA) LLC	Wilmington, Delaware, US	Group Items	USD 0.0	100.0
UBS Asset Management (Americas) LLC	Wilmington, Delaware, US	Asset Management	USD 0.0	100.0
UBS Asset Management Life Ltd	London, UK	Asset Management	GBP 15.0	100.0
UBS Asset Management Switzerland AG	Zurich, Switzerland	Asset Management	CHF 0.5	100.0
UBS Business Solutions US LLC	Wilmington, Delaware, US	Group Items	USD 0.0	100.0
UBS Credit Corp.	Wilmington, Delaware, US	Global Wealth Management	USD 0.0	100.0
UBS Fund Management (Switzerland) AG	Basel, Switzerland	Asset Management	CHF 1.0	100.0
UBS (Monaco) S.A.	Monte Carlo, Monaco	Global Wealth Management	EUR 49.2	100.0
UBS Securities Australia Ltd	Sydney, Australia	Investment Bank	AUD 0.3 ¹	100.0
UBS Securities Hong Kong Limited	Hong Kong SAR, China	Investment Bank	HKD 4,254.2	100.0
UBS Securities Japan Co., Ltd.	Tokyo, Japan	Investment Bank	JPY 44,908.7	100.0
UBS SuMi TRUST Wealth Management Co., Ltd.	Tokyo, Japan	Global Wealth Management	JPY 5,165.0	51.0

¹ Includes a nominal amount relating to redeemable preference shares.

Note 27 Interests in subsidiaries and other entities (continued)

Consolidated structured entities

Consolidated structured entities (SEs) include certain investment funds, securitization vehicles and client investment vehicles. UBS AG has no individually significant subsidiaries that are SEs.

In 2025 and 2024, UBS AG did not enter into any contractual obligation that could require UBS AG to provide financial support to consolidated SEs. In addition, UBS AG did not provide support, financial or otherwise, to a consolidated SE when UBS AG was not contractually obligated to do so, nor does UBS AG currently have any intention to do so in the future. Furthermore, UBS AG did not provide support, financial or otherwise, to a previously unconsolidated SE that resulted in UBS AG controlling the SE during the reporting period.

b) Interests in associates and joint ventures

As of 31 December 2025 and 31 December 2024, no associate or joint venture was individually material to UBS AG. Also, there were no significant restrictions on the ability of associates or joint ventures to transfer funds to UBS AG or its subsidiaries as cash dividends or to repay loans or advances made. There were no quoted market prices for any associates or joint ventures of UBS AG.

Investments in associates and joint ventures

USD m	2025	2024
Carrying amount at the beginning of the year	2,306	983
Balance recognized upon the merger of UBS AG and Credit Suisse AG		1,330
Additions	55	0
Disposals	(1)	(6)
Reclassifications ¹	(292)	
Share of comprehensive income	154	105
of which: share of net profit / (loss) ²	79	74
of which: share of other comprehensive income ³	75	31
Share of changes in retained earnings	(2)	(3)
Dividends received	(159)	(31)
Impairment	(2)	
Foreign currency translation	273	(73)
Carrying amount at the end of the year	2,331	2,306
of which: associates	2,331	2,057
of which: SIX Group AG, Zurich ⁴	1,612	1,484
of which: other associates	719	572
of which: joint ventures ¹		249

¹ In October 2024, UBS AG entered into an agreement to sell its 50% interest in Swisscard AECS GmbH. In 2025, the investment was reclassified to Properties and other non-current assets held for sale within Other non-financial assets. Refer to Note 28 for more information. ² For 2025, consists of negative USD 14m from associates and USD 94m from joint ventures (for 2024, consists of USD 40m from associates and USD 33m from joint ventures). ³ For 2025, consists of USD 75m from associates (for 2024, consists of USD 31m from associates). ⁴ In 2025, UBS AG's legal equity interest amounted to 34% (for 2024, UBS AG's legal equity interest amounted to 34%). UBS AG is represented on the Board of Directors.

c) Unconsolidated structured entities

During 2025, UBS AG sponsored the creation of various SEs and interacted with a number of non-sponsored SEs, including securitization vehicles, client vehicles and certain investment funds, that UBS AG did not consolidate as of 31 December 2025 because it did not control them.

Interests in unconsolidated structured entities

The table below presents UBS AG's interests in and maximum exposure to loss from unconsolidated SEs. It additionally includes total assets held by the SEs in which UBS AG had an interest as of year-end, except for unconsolidated structured entities sponsored by third parties, for which the carrying amount of UBS AG's interest as of year-end has been disclosed.

Note 27 Interests in subsidiaries and other entities (continued)

Interests in unconsolidated structured entities

	31.12.25					
<i>USD m, except where indicated</i>	Securitization vehicles ¹	Client vehicles sponsored by UBS AG ²	Investment funds	Other vehicles sponsored by third parties ³	Total	Maximum exposure to loss ⁴
Financial assets at fair value held for trading	80	415	7,696	173	8,363	8,363
Derivative financial instruments	0	230	56	0	286	286
Loans and advances to customers	126	0	172	61	359	359
Financial assets at fair value not held for trading	955	0	635	139	1,728	1,728
Financial assets measured at fair value through other comprehensive income	0	0	0	0	0	0
Other financial assets measured at amortized cost	1,782	0	0	0	1,782	1,782
Total assets	2,942⁵	645	8,558⁶	373	12,518	12,518
Derivative financial instruments	0	287	940	0	1,227	51
Total liabilities	0	287	940	0	1,227	51
Assets held by the unconsolidated structured entities in which UBS AG had an interest (USD bn)	32⁷	3⁸	208⁹	0¹⁰		

	31.12.24					
<i>USD m, except where indicated</i>	Securitization vehicles ¹	Client vehicles sponsored by UBS AG ²	Investment funds	Other vehicles sponsored by third parties ³	Total	Maximum exposure to loss ⁴
Financial assets at fair value held for trading	94	143	6,482	235	6,953	6,953
Derivative financial instruments	2	110	83	0	195	195
Loans and advances to customers	0	138	286	23	446	446
Financial assets at fair value not held for trading	1,275	0	631	236	2,142	2,142
Financial assets measured at fair value through other comprehensive income	0	0	0	0	0	0
Other financial assets measured at amortized cost	1,023	0	0	0	1,024	1,024
Total assets	2,394⁵	392	7,482⁶	494	10,761	10,761
Derivative financial instruments	1	50	716	0	767	2
Total liabilities	1	50	716	0	767	2
Assets held by the unconsolidated structured entities in which UBS AG had an interest (USD bn)	63	3⁸	180⁹	0¹⁰		

¹ Includes loans to pre-securitization warehouse structured entities managed by third parties that have a high loan-to-value ratio (LTV) or are credit-impaired, as well as securities issued by securitization structured entities sponsored by both UBS AG and third parties. ² Client vehicles sponsored by UBS AG are structured entities that do not qualify as a securitization in line with regulatory requirements and are not considered an investment fund. ³ Other vehicles sponsored by third parties are structured entities that do not qualify as a securitization in line with regulatory requirements and are not considered an investment fund. Interests in other vehicles sponsored by third parties includes loans provided to third-party structured entities that have a high LTV or are credit-impaired. ⁴ For the purpose of this disclosure, maximum exposure to loss amounts do not consider the risk-reducing effects of collateral or other credit enhancements. ⁵ As of 31 December 2025, USD 999m (31 December 2024: USD 1,273m) represents the carrying amount of UBS AG's interests in securitization vehicles sponsored by UBS AG and USD 1,943m (31 December 2024: USD 1,121m) represents the carrying amount of UBS AG's interests in securitization vehicles not sponsored by UBS AG. ⁶ As of 31 December 2025, USD 797m (31 December 2024: USD 971m) represents the carrying amount of UBS AG's interests in investment funds sponsored by UBS AG and USD 7,761m (31 December 2024: USD 6,511m) represents the carrying amount of UBS AG's interests in investment funds not sponsored by UBS AG. ⁷ As of 31 December 2025, USD 30bn represents the principal amount outstanding for securitization vehicles sponsored by UBS AG and USD 2bn represents the carrying amount of UBS AG's interests in securitization vehicles not sponsored by UBS AG. ⁸ Represents the market value of total assets. ⁹ As of 31 December 2025, USD 200bn (31 December 2024: USD 173bn) represents the net asset value of investment funds sponsored by UBS AG and USD 8bn (31 December 2024: USD 7bn) represents the carrying amount of UBS AG's interests in investment funds not sponsored by UBS AG. ¹⁰ Represents the carrying amount of UBS AG's interest in other vehicles sponsored by third parties.

UBS AG retains or purchases interests in unconsolidated SEs in the form of direct investments, financing, underwriting, secondary market making activities, guarantees, letters of credit and derivatives, as well as through management contracts. UBS AG's maximum exposure to loss is generally equal to the carrying amount of UBS AG's interest in the given SE, with this subject to change over time with market movements. Guarantees, letters of credit and credit derivatives are an exception, with the given contract's notional amount, adjusted for losses already incurred, representing the maximum loss that UBS AG is exposed to.

The maximum exposure to loss disclosed in the table above does not reflect UBS AG's risk management activities, including effects from financial instruments that may be used to economically hedge risks inherent in the given unconsolidated SE or risk-reducing effects of collateral or other credit enhancements.

In 2025 and 2024, UBS AG did not provide support, financial or otherwise, to any unconsolidated SE when not contractually obligated to do so, nor does UBS AG currently have any intention to do so in the future.

In 2025 and 2024, income and expenses from interests in unconsolidated SEs primarily resulted from mark-to-market movements recognized in *Other net income from financial instruments measured at fair value through profit or loss*, which were generally hedged with other financial instruments, as well as fee and commission income received from UBS AG-sponsored funds.

Interests in securitization vehicles

In addition to the interests disclosed in the table above, UBS AG manages the assets of certain securitization vehicles and receives fees based, in whole or in part, on the asset value of the vehicles. Interest in such vehicles is not represented by the on-balance sheet fee receivable but rather by the future exposure to variable fees. The net asset value of such vehicles was USD 25bn as of 31 December 2025 (31 December 2024: USD 24bn) and has been excluded from the table above.

Note 27 Interests in subsidiaries and other entities (continued)

The numbers outlined in the table above may differ from the securitization positions presented in the 31 December 2025 Pillar 3 Report, available under "Pillar 3 disclosures" at ubs.com/investors, for the following reasons: (i) exclusion of synthetic securitizations transacted with entities that are not SEs and transactions in which UBS AG did not have an interest because it did not absorb any risk; (ii) a different measurement basis in certain cases (e.g. IFRS Accounting Standards carrying amount within the table above compared with net exposure amount at default for Pillar 3 disclosures); (iii) different classification of vehicles viewed as sponsored by UBS AG versus sponsored by third parties and (iv) as the trading book exposure table has been removed, Pillar 3 disclosures now only include banking book securitization exposures.

› Refer to the 31 December 2025 Pillar 3 Report, available under "Pillar 3 disclosures" at ubs.com/investors, for more information

Interests in client vehicles sponsored by UBS AG

UBS AG-sponsored client vehicles are established predominantly for clients to gain exposure to specific assets or risk exposures. Such vehicles may enter into derivative agreements, with UBS AG or a third party, to align the cash flows of the entity with the investor's intended investment objective, or to introduce other desired risk exposures.

Interests in investment funds

Investment funds have a collective investment objective, and are either passively managed, so that any decision-making does not have a substantive effect on variability, or are actively managed and investors or their governing bodies do not have substantive voting or similar rights.

In addition to the interests disclosed in the table above, UBS AG manages the assets of various pooled investment funds and receives fees based, in whole or in part, on the net asset value of the fund and / or the performance of the fund. These fee contracts represent an interest in the fund, as they align UBS AG's exposure with investors, providing a variable return based on the performance of the entity. Depending on the structure of the fund, these fees may be collected directly from the fund's assets and / or from the investors. Any amounts due are collected on a regular basis and are generally backed by the fund's assets. Therefore, interest in such funds is not represented by the on-balance sheet fee receivable but rather by the future exposure to variable fees. The net asset value of such funds were USD 661bn and USD 547bn as of 31 December 2025 and 31 December 2024, respectively, and has been excluded from the table above. UBS AG did not have any material exposure to loss from these interests as of 31 December 2025 or as of 31 December 2024.

Interests in other vehicles sponsored by third parties

Interests in other vehicles sponsored by third parties include loans with a high LTV and credit-impaired loans provided to third-party structured entities.

Sponsored unconsolidated structured entities in which UBS AG did not have an interest at year-end

UBS AG is considered to sponsor another entity if, in addition to ongoing involvement with that entity, it had a key role in establishing that entity or in bringing together relevant counterparties for a transaction facilitated by that entity.

During 2025 and 2024, UBS AG did not earn material income from sponsored unconsolidated SEs in which it did not have an interest at year-end.

During 2025, the aggregated carrying amount of assets transferred into newly created sponsored SEs, excluding sponsored funds, was USD 10.3bn (2024: USD 5.5bn). For sponsored investment funds, several new open-ended and close-ended funds were created during the year with further transfers arising from management of the strategy, investor activity and market movements, which did not result in a material net asset value movement in 2025 (2024: immaterial).

Certain associates in the Asset Management business division sponsor investment funds. UBS AG's share of those associates' invested assets is USD 93bn (2024: USD 84bn).

› › Refer to Note 30 for more information about invested assets

Increases in ownership interests in subsidiaries and businesses

Ownership increase in UBS Securities China

In the second quarter of 2025, UBS AG increased its stake in UBS Securities China from 67% to 100%. The closing of the transaction did not affect profit or loss.

Disposals of subsidiaries and businesses

Agreement to sell Swisscard AECS GmbH

In October 2024, UBS AG entered into an agreement to sell to American Express Swiss Holdings GmbH (American Express) its 50% interest in Swisscard AECS GmbH (Swisscard), a joint venture in Switzerland between UBS AG and American Express, subject to certain closing conditions. Also in October 2024, UBS AG entered into an agreement with Swisscard to transition the Credit Suisse-branded card portfolios to UBS AG. In 2024, UBS AG recorded an expense of USD 41m in connection with the termination of the Swisscard joint venture. In January 2025, UBS AG completed the purchase of the card portfolios and recorded an expense of USD 180m related to this purchase and a gain of USD 64m related to UBS AG's investment in Swisscard. As of 31 December 2025, the 50% interest in Swisscard was presented as *Properties and other non-current assets held for sale* and amounted to USD 299m. In January 2026, UBS AG completed the sale of its 50% interest in Swisscard and expects to recognize a gain on sale in the first quarter of 2026. As previously disclosed, this gain is expected to largely offset the aforementioned effects related to the prior Swisscard transactions recorded in 2024 and 2025.

Sale of Select Portfolio Servicing

In March 2025, UBS AG completed the sale of Select Portfolio Servicing, the US mortgage servicing business of Credit Suisse, which is managed in Non-core and Legacy. UBS AG recognized a loss of USD 11m upon the completion of the transaction. As of 31 December 2024, the associated assets and liabilities were presented as *Assets of disposal groups held for sale* and *Liabilities of disposal groups held for sale*, respectively, and amounted to USD 1,823m and USD 1,212m, respectively.

Collaboration with 360 ONE WAM Ltd and sale of wealth management business in India

In April 2025, UBS AG entered into a strategic collaboration with 360 ONE WAM Ltd (360 ONE), one of India's largest wealth and asset management firms. As part of the agreement, UBS AG acquired warrants for a 4.83% interest in 360 ONE and sold its onshore wealth management business in India to 360 ONE. Upon the completion of the sale in 2025, UBS AG recognized a gain of USD 33m.

Sale of O'Connor business

In May 2025, UBS Asset Management (Americas) LLC entered into an agreement to sell its O'Connor single-manager hedge fund, private credit and commodities platform to Cantor Fitzgerald. On 31 December 2025, UBS Asset Management (Americas) LLC completed the first closing of the transaction. In connection with this closing, UBS AG recognized a loss of USD 29m in 2025. UBS AG expects to complete the transfer of the remaining funds in the first quarter of 2026 and does not expect to recognize any material profit or loss upon such completion.

Sale of a 36.01% stake in Credit Suisse Securities (China) Limited

In 2025, UBS AG completed the sale of a 36.01% stake in a subsidiary, Credit Suisse Securities (China) Limited (CSS), to Beijing State-Owned Assets Management Co., Ltd., and deconsolidated the entity. The sale resulted in a pre-tax gain of USD 128m. UBS AG retains a 14.99% shareholding in CSS and accounts for this minority interest as an investment in an associate.

Changes in organization

Merger of UBS AG and Credit Suisse AG

On 31 May 2024, the merger of UBS AG and Credit Suisse AG was completed. UBS AG succeeded to all rights and obligations of Credit Suisse AG, including all outstanding Credit Suisse AG debt instruments.

The merger of UBS AG and Credit Suisse AG constitutes a business combination under common control accounted for based on the accounting policies set out in Note 1 to these financial statements. The comparative periods prior to the merger date have not been restated, as the transaction has been accounted for prospectively since 31 May 2024, i.e. the date on which the merger of UBS AG and Credit Suisse AG was effected.

Assets and liabilities

UBS AG accounted for the merger with Credit Suisse AG using the historic carrying values of the assets and liabilities of Credit Suisse AG as at the date of the transaction (31 May 2024), determined under IFRS Accounting Standards.

- No fair value adjustments were made to assets and liabilities (which is different to the UBS Group AG consolidated financial statements where acquisition method accounting was required under IFRS 3, *Business Combinations*, on 31 May 2023 for the acquisition of Credit Suisse Group AG).
- UBS AG has elected to retain historic accumulated depreciation and impairment of non-financial assets arising since 31 May 2023, i.e. the date on which Credit Suisse AG came to be under the common control of UBS Group AG.

Note 28 Changes in organization and acquisitions and disposals of subsidiaries and businesses (continued)

- Expected credit loss allowances and provisions for performing and credit-impaired exposures were recognized under IFRS 9.
- No new goodwill, intangible assets or contingent liabilities have been recognized as a result of the merger of UBS AG and Credit Suisse AG.
- Uniform accounting policies for like transactions and events have been applied throughout UBS AG and Credit Suisse AG as of 31 May 2023 (the date of the acquisition of Credit Suisse Group AG by UBS Group AG).

UBS AG recognized USD 489.3bn of assets and USD 429.7bn of liabilities of Credit Suisse AG on 31 May 2024 as a result of the merger. Transactions between UBS AG and Credit Suisse AG (USD 7.1bn of assets and USD 24.8bn of liabilities of Credit Suisse AG) were eliminated from the aforementioned assets and liabilities.

Equity reserves

UBS AG has taken on the carrying amount of the total IFRS equity of Credit Suisse AG as of 31 May 2024. This was allocated to the individual components of equity for UBS AG as follows:

- The individual equity reserve balances of Credit Suisse AG recorded from 31 May 2023 to 31 May 2024 have been added to the corresponding equity reserves of UBS AG, with the exception of the foreign currency translation reserve.
- UBS AG has elected to reset the foreign currency translation reserve. As a result, the net investment hedge accounting reserve has been added to Retained earnings as if no net investment hedge accounting had been applied by Credit Suisse. The remaining balance of the foreign currency translation reserve was then added to Share premium.
- Equity reserve balances of Credit Suisse AG recorded prior to 31 May 2023 (i.e. the date on which Credit Suisse AG came under the common control of UBS Group AG) have not been individually retained.
- The difference between the net carrying value of the Credit Suisse AG assets and liabilities as of 31 May 2024 and the individual equity reserve balances established as outlined above has been recognized as an adjustment to Share premium (reflecting the contribution of the Credit Suisse AG business to UBS AG from the common parent, UBS Group AG).

UBS AG recognized USD 41.4bn of equity attributable to shareholders and USD 0.5bn of equity attributable to non-controlling interests of Credit Suisse AG on 31 May 2024 as a result of the merger.

Other changes related to legal structure integration

On 7 June 2024, the transition to a single US intermediate holding company was completed. In the second quarter of 2025, Credit Suisse Holdings (USA), Inc. merged with UBS Americas Inc, and Credit Suisse Securities (USA) LLC was deregistered as a broker-dealer.

On 1 July 2024, the merger of UBS Switzerland AG and Credit Suisse (Schweiz) AG was completed. UBS Switzerland AG succeeded to all rights and obligations of Credit Suisse (Schweiz) AG.

› Refer to the “Integration of Credit Suisse” section of this report for more information

Note 29 Related parties

Related parties of UBS AG are:

- entities within UBS Group, i.e. the parent entity, UBS Group AG, and fellow subsidiaries consolidated within UBS Group (including Credit Suisse subsidiaries from the date of the acquisition of the Credit Suisse Group);
- associates (entities that are under the significant influence of UBS AG or other group entities consolidated within UBS Group);
- joint ventures (entities in which UBS AG or other group entity consolidated within UBS Group shares control with another party);
- post-employment benefit plans for the benefit of UBS AG’s employees or employees of entities related to UBS AG;
- key management personnel and close family members of key management personnel; and
- entities over which key management personnel or their close family members have solely or jointly a direct or indirect significant influence.

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly. UBS AG considers the members of the Board of Directors (the BoD) and the Executive Board (the EB) of UBS AG and the members of the Board of Directors (the BoD) and the Group Executive Board (the GEB) of UBS Group AG to constitute key management personnel.

a) Remuneration of key management personnel

The Vice Chairman of the BoD has a specific management employment contract and receives pension benefits upon retirement. Total remuneration of the Chairman and the Vice Chairman of the BoD and all EB and GEB members (as defined above) is included in the table below.

Note 29 Related parties (continued)

Remuneration of key management personnel

<i>USD m, except where indicated</i>	31.12.25	31.12.24	31.12.23
Base salaries and other cash payments ¹	32	33	35
Incentive awards – cash ²	38	30	24
Annual incentive award under DCCP	34	39	36
Employer's contributions to retirement benefit plans	4	3	3
Benefits in kind, fringe benefits (at market value)	1	2	1
Share-based compensation ³	76	65	63
Total	184	172	162
Total (CHF m)⁴	153	151	147

¹ For 2023, may include role-based allowances in line with market practice and regulatory requirements. From 2024 onward, role-based allowances for EB / GEB members have been eliminated. ² The cash portion may also include blocked shares in line with regulatory requirements. ³ Compensation expense is based on the share price on grant date taking into account performance conditions. Refer to Note 26 for more information. For EB / GEB members, share-based compensation for 2025, 2024 and 2023 was entirely composed of LTIP awards. For the Chairman and the Vice-Chairman of the BoD, the share-based compensation for 2025, 2024 and 2023 was entirely composed of UBS shares. ⁴ Swiss franc amounts disclosed represent the respective US dollar amounts translated at the applicable performance award currency exchange rates (2025: USD / CHF 0.83; 2024: USD / CHF 0.88; 2023: USD / CHF 0.91).

The independent members of the BoD, including the Chairman, do not have employment or service contracts with UBS AG, and thus are not entitled to benefits upon termination of their service on the BoD. Payments to these individuals for their services as independent members of the BoD amounted to USD 13.8m (CHF 11.4m) in 2025, USD 13.1m (CHF 11.5m) in 2024 and USD 11.7m (CHF 10.6m) in 2023.

b) Equity holdings of key management personnel

Equity holdings of key management personnel¹

	31.12.25	31.12.24
Number of UBS Group AG shares held by members of the BoD and the EB and parties closely linked to them ²	7,085,881	5,593,474

¹ No options were held in 2025 and 2024 by non-independent members of the BoD or any EB member or any of their related parties. ² Excludes shares granted under variable compensation plans with forfeiture provisions.

Of the share totals above, no shares were held by close family members of key management personnel on 31 December 2025 and 31 December 2024. No shares in UBS Group AG were held by entities that are directly or indirectly controlled or jointly controlled by key management personnel or their close family members on 31 December 2025 and 31 December 2024. As of 31 December 2025, no member of the BoD or EB was the beneficial owner of more than 1% of the shares in UBS Group AG.

c) Loans, advances, mortgages and deposit balances with key management personnel

The non-independent members of the BoD and EB members are granted loans, fixed advances and mortgages in the ordinary course of business on substantially the same terms and conditions that are available 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. Independent BoD members are granted loans and mortgages in the ordinary course of business at general market conditions.

Outstanding balances with key management personnel were as follows.

Loans, advances, mortgages and deposit balances with key management personnel¹

<i>USD m, except where indicated</i>	2025		2024	
	Loans	Deposit balances	Loans	Deposit balances
Balance at the beginning of the year	51	139	55	21
Balance at the end of the year	59	158	51	139
Balance at the end of the year (CHF m)²	47	125	46	126

¹ All loans are secured loans. ² Swiss franc amounts disclosed represent the respective US dollar amounts translated at the relevant year-end closing exchange rate.

d) Other related-party transactions with entities controlled by key management personnel

In 2025 and 2024, UBS AG did not enter into transactions with entities over whom key management personnel or their close family members have solely or jointly a direct or indirect significant influence and as of 31 December 2025, 31 December 2024 and 31 December 2023 there were no outstanding balances related to such transactions. Furthermore, in 2025 and 2024, such entities did not sell any goods or provide any services to UBS AG and therefore did not receive any fees from UBS AG. UBS AG also did not provide services to such entities in 2025 and 2024 and therefore also received no fees.

Note 29 Related parties (continued)

e) Transactions with associates and joint ventures

Loans to and outstanding receivables from associates and joint ventures

<i>USD m</i>	2025	2024
Carrying amount at the beginning of the year	663	183
Additions ¹	785	955
Reductions	(695)	(440)
Foreign currency translation	95	(34)
Carrying amount at the end of the year	849	663
<i>of which: unsecured loans and receivables</i>	840	656

¹ Additions in 2024 include balances of USD 89m recognized upon the merger of UBS AG and Credit Suisse AG.

Other transactions with associates and joint ventures

<i>USD m</i>	As of or for the year ended	
	31.12.25	31.12.24
Payments to associates and joint ventures for goods and services received	401 ¹	200
Income from services provided to associates and joint ventures	36	27
Liabilities to associates and joint ventures	116	312

¹ Includes a USD 180m expense related to the payment to Swisscard AECS GmbH for the sale of the Credit Suisse card portfolios to UBS AG. Refer to Note 28 for more information.

In addition to the items in the table above, transactions with associates and joint ventures also include off-balance sheet exposures of USD 0.9bn (2024: USD 1.1bn), which are provided on an arm's length basis.

› Refer to Note 27 for an overview of investments in associates and joint ventures

f) Receivables and payables from / to UBS Group AG and other subsidiaries of UBS Group AG

Receivables and payables from / to UBS Group AG and other subsidiaries of UBS Group AG

<i>USD m</i>	31.12.25	31.12.24
Receivables		
Loans and advances to customers	1,357	2,826
Other financial assets measured at amortized cost	106	423
Financial assets at fair value held for trading	151	123
Derivative financial instruments	548	885
Payables		
Cash collateral payables on derivative instruments	520	876
Customer deposits	7,958	3,699
Funding from UBS Group AG measured at amortized cost	110,614	107,918
Other financial liabilities measured at amortized cost	3,965	3,930
Derivative financial instruments	24	42
Other financial liabilities designated at fair value ¹	7,104	5,342

¹ Mainly represents funding recognized from UBS Group AG that is designated at fair value. Refer to Note 18b for more information.

Note 30 Invested assets and net new money

The following disclosures provide a breakdown of UBS AG's invested assets and a presentation of their development, including net new money, as required by the Swiss Financial Market Supervisory Authority (FINMA).

Invested assets

Invested assets consist of all client assets managed by or deposited with UBS AG for investment purposes. Invested assets include managed fund assets, managed institutional assets, discretionary and advisory wealth management portfolios, fiduciary deposits, time deposits, savings accounts, and wealth management securities or brokerage accounts. All assets held for purely transactional purposes and custody-only assets, including corporate client assets held for cash management and transactional purposes, are excluded from invested assets, as UBS AG only administers the assets and does not offer advice on how they should be invested. Also excluded are non-bankable assets (e.g. art collections) and deposits from third-party banks for funding or trading purposes.

Discretionary assets are defined as client assets that UBS AG decides how to invest. Other invested assets are those where the client ultimately decides how the assets are invested. When a single product is created in one business division and sold in another, it is counted in both the business division managing the investment and the one distributing it. This results in double counting within UBS AG's total invested assets and net new money, as both business divisions are independently providing a service to their respective clients, and both add value and generate revenue.

Net new money

Net new money in a reporting period is the amount of invested assets entrusted to UBS AG by new and existing clients, less those withdrawn by existing clients and clients who terminated relationships with UBS AG.

Net new money is calculated using the direct method, under which inflows and outflows to / from invested assets are determined at the client level, based on transactions. Interest and dividend income from invested assets are not counted as net new money inflows. Market and currency movements, as well as fees, commissions and interest on loans charged, are excluded from net new money. Also excluded are effects resulting from any acquisition or divestment of a UBS subsidiary or business, as well as effects that result from UBS AG's strategic decisions to exit a market or cease offering a service in a particular location, or those resulting from new externally imposed regulations. Reclassifications between invested assets and custody-only assets as a result of a change in service level delivered are generally treated as net new money flows. However, where the change in service level directly results from an externally imposed regulation or a strategic decision by UBS AG to exit a market or cease offering a service in a particular location, the one-time net effect is reported as *Other effects*.

The Investment Bank does not track invested assets and net new money. However, when a client is transferred from the Investment Bank to another business division, this may produce net new money for the receiving business division even though the client's assets were already with UBS AG.

Invested assets and net new money

	As of or for the year ended	
<i>USD bn</i>		
Fund assets managed by UBS	31,12.25	31.12.24
Discretionary assets	674	639
Other invested assets	2,663	2,213
Total invested assets¹	3,668	3,235
<i>of which: double counts</i>	<i>598</i>	<i>503</i>
Net new money^{1,2}	36	81

¹ Includes the share of net new money and invested assets relating to associates in the Asset Management business division. ² Includes double counts.

Development of invested assets

<i>USD bn</i>	2025	2024
Total invested assets at the beginning of the year ^{1,2}	6,087	4,505
Net new money	36	81
Market movements ³	648	497
Foreign currency translation	274	(126)
Invested assets recognized upon the merger of Credit Suisse AG with UBS AG ⁴		1,153
Other effects	(40)	(23)
<i>of which: acquisitions / (divestments)</i>	<i>(4)</i>	<i>(4)</i>
Total invested assets at the end of the year^{1,2}	7,005	6,087

¹ Includes the share of net new money and invested assets relating to associates in the Asset Management business division. ² Includes double counts. ³ Includes interest and dividend income. ⁴ Invested assets recognized upon the merger of UBS AG and Credit Suisse AG were measured and reported as of 31 May 2024, the merger effective date, in alignment with UBS AG's accounting policies.

Note 31 Currency translation rates

The following table shows the rates of the main currencies used to translate the financial information of UBS AG's operations with a functional currency other than the US dollar into US dollars.

Currency translation rates

	Closing exchange rate		Average rate ¹		
	As of		For the year ended		
	31.12.25	31.12.24	31.12.25	31.12.24	31.12.23
1 CHF	1.26	1.10	1.21	1.13	1.11
1 EUR	1.17	1.04	1.13	1.08	1.08
1 GBP	1.35	1.25	1.33	1.28	1.25
100 JPY	0.64	0.63	0.67	0.66	0.71

¹ Monthly income statement items of operations with a functional currency other than the US dollar are translated into US dollars using month-end rates. Disclosed average rates for a year represent an average of twelve month-end rates, weighted according to the income and expense volumes of all operations of UBS AG with the same functional currency for each month. Weighted average rates for individual business divisions may deviate from the weighted average rates for UBS AG.

Note 32 Main differences between IFRS Accounting Standards and Swiss GAAP

The consolidated financial statements of UBS AG are prepared in accordance with IFRS Accounting Standards. The Swiss Financial Market Supervisory Authority (FINMA) requires financial groups presenting financial statements under IFRS Accounting Standards to provide a narrative explanation of the main differences between IFRS Accounting Standards and Swiss generally accepted accounting principles (GAAP) (the FINMA Accounting Ordinance, FINMA Circular 2020/1 "Accounting – banks" and the Banking Ordinance (the BO)). Included in this Note are the significant differences in the recognition and measurement between IFRS Accounting Standards and the provisions of the BO and the guidelines of FINMA governing true and fair view financial statement reporting pursuant to Art. 25 to Art. 42 of the BO.

1. Consolidation

Under IFRS Accounting Standards, all entities that are controlled by the holding entity are consolidated. Under Swiss GAAP, controlled entities deemed immaterial to a group or those held only temporarily are exempt from consolidation, but instead are recorded as participations accounted for under the equity method of accounting or as financial investments measured at the lower of cost or market value.

2. Classification and measurement of financial assets

Under IFRS Accounting Standards, debt instruments are measured at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL), depending on the nature of the business model within which the particular asset is held and the characteristics of the contractual cash flows of the asset. Equity instruments are accounted for at FVTPL by UBS. Under Swiss GAAP, trading assets and derivatives are measured at FVTPL, in line with IFRS Accounting Standards. However, non-trading debt instruments are generally measured at amortized cost, even when the assets are managed on a fair value basis. In addition, the measurement of financial assets in the form of securities depends on the nature of the asset: debt instruments not held to maturity, i.e. instruments available for sale, and equity instruments with no permanent holding intent, are classified as *Financial investments* and measured at the lower of (amortized) cost or market value. Market value adjustments up to the original cost amount and realized gains or losses upon disposal of the investment are recorded in the income statement as *Other income from ordinary activities*. Equity instruments with a permanent holding intent are classified as participations in *Non-consolidated investments in subsidiaries and other participations* and are measured at cost less impairment. Impairment losses are recorded in the income statement as *Impairment of investments in non-consolidated subsidiaries and other participations*. Reversals of impairments up to the original cost amount and realized gains or losses upon disposal of the investment are recorded as *Extraordinary income / Extraordinary expenses*.

3. Fair value option applied to financial liabilities

Under IFRS Accounting Standards, UBS applies the fair value option to certain financial liabilities not held for trading. Instruments for which the fair value option is applied are accounted for at FVTPL. The amount of change in the fair value attributable to changes in UBS's own credit is presented in *Other comprehensive income* directly within *Retained earnings*. The fair value option is applied primarily to issued structured debt instruments, certain non-structured debt instruments, certain payables under repurchase agreements and cash collateral on securities lending agreements, amounts due under unit-linked investment contracts, and brokerage payables.

Under Swiss GAAP, the fair value option can only be applied to structured debt instruments consisting of a debt host contract and one or more embedded derivatives that do not relate to own equity. Furthermore, unrealized changes in fair value attributable to changes in UBS's own credit are not recognized, whereas realized own credit is recognized in *Net trading income*.

4. Allowances and provisions for credit losses

Swiss GAAP permit use of IFRS Accounting Standards for accounting for allowances and provisions for credit losses based on an expected credit loss (ECL) model. UBS has chosen to apply the IFRS 9 ECL approach to those exposures that are in the ECL scope of both frameworks, IFRS Accounting Standards and Swiss GAAP.

For the small residual exposures within the scope of Swiss GAAP ECL requirements, which are not subject to ECL under IFRS Accounting Standards due to classification differences, UBS applies alternative approaches.

- For exposures for which Pillar 1 internal ratings-based models are applied to measure credit risk, ECL is determined by the regulatory expected loss (EL), with an add-on for scaling up to the residual maturity of exposures maturing beyond the next 12 months, as appropriate. For detailed information on regulatory EL, refer to the “Risk management and control” section of this report.
- For exposures for which the Pillar 1 standardized approach is used to measure credit risk, ECL is determined using a portfolio approach that derives a conservative probability of default (PD) and a conservative loss given default (LGD) for the entire portfolio.

5. Hedge accounting

Under IFRS Accounting Standards, when cash flow hedge accounting is applied, the fair value gain or loss on the effective portion of a derivative designated as a cash flow hedge is recognized initially in equity and reclassified to the income statement when certain conditions are met. When fair value hedge accounting is applied, the fair value change of the hedged item attributable to the hedged risk is reflected in the measurement of the hedged item and is recognized in the income statement along with the change in the fair value of the hedging derivative. Under Swiss GAAP, the effective portion of the fair value change of a derivative instrument designated as a cash flow or as a fair value hedge is deferred on the balance sheet as *Other assets* or *Other liabilities*. The carrying amount of the hedged item designated in fair value hedges is not adjusted for fair value changes attributable to the hedged risk.

6. Goodwill and intangible assets

Under IFRS Accounting Standards, goodwill acquired in a business combination is not amortized but tested annually for impairment. Intangible assets with an indefinite useful life are also not amortized but tested annually for impairment. Under Swiss GAAP, goodwill and intangible assets with indefinite useful lives are amortized over a period not exceeding five years, unless a longer useful life, which may not exceed ten years, can be justified. In addition, these assets are tested annually for impairment.

7. Post-employment benefit plans

Swiss GAAP permit the use of IFRS Accounting Standards or Swiss accounting standards for post-employment benefit plans, with the election made on a plan-by-plan basis.

UBS has elected to apply IAS 19 for the non-Swiss defined benefit plans in the UBS AG standalone financial statements and Swiss accounting standards for the Swiss pension plan in the UBS AG and the UBS Switzerland AG standalone financial statements. The requirements of Swiss GAAP are better aligned with the specific nature of Swiss pension plans, which are hybrid in that they combine elements of defined contribution and defined benefit plans, but are treated as defined benefit plans under IFRS Accounting Standards. Key differences between Swiss GAAP and IFRS Accounting Standards include the treatment of dynamic elements, such as future salary increases and future interest credits on retirement savings, which are not considered under the static method used in accordance with Swiss GAAP. Also, the discount rate used to determine the defined benefit obligation in accordance with IFRS Accounting Standards is based on the yield of high-quality corporate bonds of the market in the respective pension plan country. The discount rate used in accordance with Swiss GAAP (i.e. the technical interest rate) is determined by the Pension Foundation Board based on the expected returns of the Board’s investment strategy.

For defined benefit plans, IFRS Accounting Standards require the full defined benefit obligation net of the plan assets to be recorded on the balance sheet subject to the asset ceiling rules, with changes resulting from remeasurements recognized directly in equity. However, for non-Swiss defined benefit plans for which IFRS Accounting Standards are elected, changes due to remeasurements are recognized in the income statement of UBS AG standalone under Swiss GAAP.

Swiss GAAP require employer contributions to the pension fund to be recognized as personnel expenses in the income statement. Swiss GAAP also require an assessment of whether, based on the pension fund’s financial statements prepared in accordance with Swiss accounting standards (FER 26), an economic benefit to, or obligation of, the employer arises from the pension fund that is recognized in the balance sheet when conditions are met. Conditions for recording a pension asset or liability would be met if, for example, an employer contribution reserve is available or the employer is required to contribute to the reduction of a pension deficit (on an FER 26 basis).

Note 32 Main differences between IFRS Accounting Standards and Swiss GAAP (continued)

8. Leasing

Under IFRS Accounting Standards, a single lease accounting model applies that requires UBS to record a right-of-use (RoU) asset and a corresponding lease liability on the balance sheet when UBS is a lessee in a lease arrangement. The RoU asset and the lease liability are recognized when UBS acquires control of the physical use of the asset. The lease liability is measured based on the present value of the lease payments over the lease term, discounted using UBS's unsecured borrowing rate. The RoU asset is recorded at an amount equal to the lease liability but is adjusted for rent prepayments, initial direct costs, any costs to refurbish the leased asset and / or lease incentives received. The RoU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset.

Under Swiss GAAP, leases that transfer substantially all the risks and rewards, but not necessarily legal title in the underlying assets, are classified as finance leases. All other leases are classified as operating leases. Whereas finance leases are recognized on the balance sheet and measured in line with IFRS Accounting Standards, operating leases are not recognized on the balance sheet, with payments recognized as *General and administrative expenses* on a straight-line basis over the lease term, which commences with control of the physical use of the asset. Lease incentives are treated as a reduction of rental expense and recognized on a consistent basis over the lease term.

9. Netting of derivative assets and liabilities

Under IFRS Accounting Standards, derivative assets, derivative liabilities and related cash collateral not settled to market are reported on a gross basis unless the restrictive netting requirements under IFRS Accounting Standards are met: (i) existence of master netting agreements and related collateral arrangements that are unconditional and legally enforceable, in both the normal course of business and the event of default, bankruptcy or insolvency of UBS and its counterparties; and (ii) UBS's intention to either settle on a net basis or to realize the asset and settle the liability simultaneously. Under Swiss GAAP, derivative assets, derivative liabilities and related cash collateral not settled to market are generally reported on a net basis, provided the master netting and the related collateral agreements are legally enforceable in the event of default, bankruptcy or insolvency of UBS's counterparties.

10. Negative interest

Under IFRS Accounting Standards, negative interest income arising on a financial asset does not meet the definition of interest income and, therefore, negative interest on financial assets and negative interest on financial liabilities are presented within interest expense and interest income, respectively. Under Swiss GAAP, negative interest on financial assets is presented within interest income and negative interest on financial liabilities is presented within interest expense.

11. Extraordinary income and expense

Certain non-recurring and non-operating income and expense items, such as realized gains or losses from the disposal of participations, fixed and intangible assets, and reversals of impairments of participations and fixed assets, are classified as extraordinary items under Swiss GAAP. This distinction is not available under IFRS Accounting Standards.

Note 33 Supplemental guarantor information

In 2015, the Personal & Corporate Banking and Wealth Management businesses booked in Switzerland were transferred from UBS AG to UBS Switzerland AG through an asset transfer in accordance with the Swiss Merger Act. Under the terms of the asset transfer agreement, UBS Switzerland AG assumed joint liability for contractual obligations of UBS AG existing on the asset transfer date, including the full and unconditional guarantee of certain SEC-registered debt securities issued by UBS AG. The joint liability of UBS Switzerland AG for contractual obligations of UBS AG decreased in 2025 by USD 0.7bn to USD 1.9bn as of 31 December 2025. The decrease was mainly driven by contractual maturities and lower provisions.

UBS AG, together with UBS Group AG, has fully and unconditionally guaranteed the outstanding SEC-registered debt securities of Credit Suisse (USA) LLC, which as of 31 December 2025 consisted of a single outstanding issuance with a balance of USD 742m maturing in July 2032. Credit Suisse (USA) LLC is an indirect, wholly owned subsidiary of UBS AG. UBS AG assumed Credit Suisse AG's obligations under the guarantee as of 31 May 2024 (i.e. the date on which the merger of UBS AG and Credit Suisse AG was completed). In accordance with the guarantee, if Credit Suisse (USA) LLC fails to make a timely payment under the agreements governing such debt securities, the holders of the debt securities may demand payment from either UBS Group AG or UBS AG, without first proceeding against Credit Suisse (USA) LLC.



Comparison between UBS AG consolidated and UBS Group AG consolidated

The table below provides a comparison of selected financial and capital information of UBS AG consolidated and of UBS Group AG consolidated.

UBS AG and UBS Group AG both prepare consolidated financial statements in accordance with IFRS Accounting Standards. UBS Group AG has applied acquisition accounting as defined by IFRS 3, *Business Combinations*, to the acquisition of the Credit Suisse Group. The merger of UBS AG and Credit Suisse AG on 31 May 2024 has been accounted for as a business combination under common control, as defined in IFRS 3, using the historic carrying values of the assets and liabilities of Credit Suisse AG as at the date of the transaction (31 May 2024), determined under IFRS Accounting Standards. Therefore, differences exist between the accounting treatments applied at the UBS Group AG and UBS AG consolidated levels. There are also certain scope and presentation differences, as noted below.

› **Refer to Note 28 for more information about the accounting for the merger of UBS AG and Credit Suisse AG**

Assets, liabilities, revenues, operating expenses and tax expenses / (benefits) relating to UBS Group AG and its directly held subsidiaries, including UBS Business Solutions AG, are reflected in the consolidated financial statements of UBS Group AG but not in those of UBS AG. UBS AG's assets, liabilities, revenues and operating expenses related to transactions with UBS Group AG and its directly held subsidiaries, including UBS Business Solutions AG and other shared services subsidiaries, are not subject to elimination in the UBS AG consolidated financial statements, but are eliminated in the UBS Group AG consolidated financial statements.

In 2025, UBS AG consolidated recognized a net profit of USD 3,566m, while UBS Group AG consolidated recognized a net profit of USD 7,797m. The USD 4,231m difference was mainly due to certain purchase price allocation (PPA) effects recognized at the UBS Group AG level upon the acquisition of the Credit Suisse Group. These resulted in net accretion income and other profit or loss effects at the UBS Group AG level, net of tax effects, whereas UBS AG has not applied acquisition accounting and does not have the PPA effects or the corresponding net income. The PPA effects also resulted in net releases for litigation, regulatory and similar matters for UBS Group AG (while UBS AG incurred net expenses). Other differences in net profit mainly arise as UBS Business Solutions AG and other shared services subsidiaries of UBS Group AG charge other legal entities within the UBS AG consolidation scope a markup on costs incurred for services provided.

As of 31 December 2025, the total assets of UBS AG consolidated were USD 0.3bn lower than the total assets of UBS Group AG consolidated. The difference mainly reflected consolidation scope differences, largely offset by PPA effects recognized at the UBS Group AG level upon the acquisition of the Credit Suisse Group. The total liabilities of UBS AG consolidated were USD 1.1bn higher than the total liabilities of UBS Group AG, mainly due to consolidation scope differences.

The equity of UBS AG consolidated was USD 1.3bn lower than the equity of UBS Group AG consolidated as of 31 December 2025. This difference was mainly due to consolidation scope differences of USD 3.3bn, partly offset by PPA effects of USD 1.9bn recognized at the UBS Group AG level upon the acquisition of the Credit Suisse Group that did not impact UBS AG consolidated, primarily related to loans and loan commitments measured at amortized cost and contingent liabilities recognized under IFRS 3 for litigation, partly offset by PPA effects on real estate and debt issued.

The going concern capital of UBS AG consolidated was USD 1.2bn lower than the going concern capital of UBS Group AG consolidated as of 31 December 2025, reflecting the common equity tier 1 (CET1) capital of UBS AG being lower by USD 0.9bn and its going concern loss-absorbing additional tier 1 (AT1) capital being USD 0.3bn lower.

The USD 0.9bn lower CET1 capital of UBS AG consolidated was primarily due to a USD 5.6bn difference in dividend accruals between UBS Group AG and UBS AG and UBS AG consolidated IFRS equity being USD 1.3bn lower, largely offset by UBS Group AG holding a capital reserve for expected future share repurchases of USD 3.0bn, compensation-related regulatory capital accruals at the UBS Group AG level of USD 2.4bn and a USD 0.6bn effect from eligible deferred tax assets on temporary differences.

The leverage ratio denominator (the LRD) of UBS AG consolidated was USD 0.5bn higher than the LRD of UBS Group AG consolidated, mainly reflecting intercompany exposures in UBS AG toward Group entities, as well as PPA adjustments that apply at the Group level but not at the UBS AG level, partly offset by fixed assets held outside of the UBS AG consolidation scope.

Risk-weighted assets (RWA) of UBS AG consolidated were USD 3.6bn lower than the RWA of UBS Group AG consolidated, mainly reflecting non-counterparty-related assets held outside the UBS AG consolidation scope, partly offset by intercompany credit risk exposures in UBS AG toward Group entities outside of the UBS AG consolidation scope.

The daily average liquidity coverage ratio (the LCR) of UBS AG consolidated for the fourth quarter of 2025 was 6.4 percentage points lower than the daily average LCR of UBS Group AG consolidated. The difference mainly reflected the higher net cash outflows of UBS AG consolidated from intercompany deposits and loans that are not within the Group consolidation scope but are within the UBS AG consolidation scope.

The net stable funding ratio (the NSFR) of UBS AG consolidated was 0.4 percentage points lower than the NSFR of UBS Group AG consolidated. The difference primarily reflected lower UBS AG consolidated eligible regulatory capital as compared with UBS Group AG consolidated.

Comparison between UBS AG consolidated and UBS Group AG consolidated

	As of or for the year ended 31.12.25			As of or for the year ended 31.12.24		
	UBS AG consolidated	UBS Group AG consolidated	Difference (absolute)	UBS AG consolidated	UBS Group AG consolidated	Difference (absolute)
<i>USD m, except where indicated</i>						
Income statement						
Total revenues	47,688	49,573	(1,885)	42,323	48,611	(6,288)
Credit loss expense / (release)	549	524	26	544	551	(7)
Operating expenses	43,038	40,197	2,842	39,346	41,239	(1,893)
Operating profit / (loss) before tax	4,101	8,853	(4,752)	2,433	6,821	(4,388)
Net profit / (loss)	3,566	7,797	(4,230)	1,533	5,146	(3,613)
Balance sheet						
Total assets	1,617,173	1,617,427	(255)	1,568,060	1,565,028	3,033
Total liabilities	1,527,994	1,526,944	1,050	1,473,394	1,479,454	(6,060)
Total equity	89,179	90,484	(1,305)	94,666	85,574	9,092
Capital information						
Common equity tier 1 capital	70,394	71,262	(868)	73,792	71,367	2,425
Going concern capital	89,993	91,176	(1,183)	89,623	87,739	1,884
Risk-weighted assets	489,775	493,397	(3,622)	495,110	498,538	(3,429)
Common equity tier 1 capital ratio (%)	14.4	14.4	(0.1)	14.9	14.3	0.6
Going concern capital ratio (%)	18.4	18.5	(0.1)	18.1	17.6	0.5
Total loss-absorbing capacity ratio (%)	36.8	38.0	(1.2)	36.7	37.2	(0.5)
Leverage ratio denominator	1,622,921	1,622,438	483	1,523,277	1,519,477	3,799
Common equity tier 1 leverage ratio (%)	4.3	4.4	(0.1)	4.8	4.7	0.1
Liquidity coverage ratio (%) ¹	176.2	182.6	(6.4)	186.1	188.4	(2.3)
Net stable funding ratio (%)	115.7	116.1	(0.4)	124.1	125.5	(1.4)

¹ The disclosed ratios represent averages for the fourth quarter of each year presented, which were calculated based on an average of 64 data points in the fourth quarter of 2025 and 64 data points in the fourth quarter of 2024. Refer to the "Liquidity and funding management" section of this report for more information.

Additional regulatory information

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UBS AG consolidated supplemental disclosures required under SEC regulations

A – Introduction

The following pages contain supplemental UBS AG disclosures that are required under US Securities and Exchange Commission (SEC) regulations. UBS AG's consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the IASB) and are denominated in US dollars.

The merger of UBS AG and Credit Suisse AG was completed on 31 May 2024. UBS AG succeeded to all rights and obligations of Credit Suisse AG, including all outstanding Credit Suisse AG debt instruments. The merger of UBS AG and Credit Suisse AG constitutes a business combination under common control accounted for based on the accounting policies set out in "Note 1 Summary of material accounting policies" in the "Consolidated financial statements" section of this report.

› Refer to "Note 28 Changes in organization and acquisitions and disposals of subsidiaries and businesses" in the "Consolidated financial statements" section of this report for more information

B – Selected financial data

Dividends received from investments in subsidiaries and associates

In 2025, UBS AG received dividends of USD 10,643m (2024: USD 6,275m; 2023: USD 5,430m) from its subsidiaries and associates. Included in 2025 and 2024 are dividends received by UBS AG from its Credit Suisse subsidiaries since the merger of UBS AG and Credit Suisse AG in 2024. Dividends disclosed are based on IFRS Accounting Standards and have been translated to US dollars from the functional currency of the entity paying the dividend, using the closing exchange rate of the month in which the dividend was received.

Balance sheet data

USD m	31.12.25	31.12.24	31.12.23
Assets			
Cash and balances at central banks	209,858	223,329	171,806
Amounts due from banks	19,243	18,111	28,206
Receivables from securities financing transactions at amortized cost	83,656	118,302	74,128
Cash collateral receivables on derivative instruments	41,552	43,959	32,300
Loans and advances to customers	658,760	587,347	405,633
Other financial assets measured at amortized cost	72,025	59,279	54,334
Total financial assets measured at amortized cost	1,085,094	1,050,326	766,407
Financial assets at fair value held for trading	174,854	159,223	135,098
<i>of which: assets pledged as collateral that may be sold or repledged by counterparties</i>	<i>44,627</i>	<i>38,532</i>	<i>44,524</i>
Derivative financial instruments	148,325	186,435	131,728
Brokerage receivables	35,579	25,858	20,883
Financial assets at fair value not held for trading	107,293	95,203	63,754
Total financial assets measured at fair value through profit or loss	466,051	466,719	351,463
Financial assets measured at fair value through other comprehensive income	13,868	2,195	2,233
Investments in associates	2,331	2,306	983
Property, equipment and software	12,125	12,091	11,044
Goodwill and intangible assets	6,734	6,661	6,265
Deferred tax assets	11,085	10,481	9,244
Other non-financial assets	19,884	17,282	8,377
Total assets	1,617,173	1,568,060	1,156,016
Liabilities			
Amounts due to banks	24,434	23,347	16,720
Payables from securities financing transactions at amortized cost	16,225	14,824	5,782
Cash collateral payables on derivative instruments	34,742	36,366	34,886
Customer deposits	796,330	749,476	555,673
Funding from UBS Group AG measured at amortized cost	110,614	107,918	67,282
Debt issued measured at amortized cost	100,207	101,104	69,784
Other financial liabilities measured at amortized cost	16,617	21,762	12,713
Total financial liabilities measured at amortized cost	1,099,169	1,054,796	762,840
Financial liabilities at fair value held for trading	53,700	35,247	31,712
Derivative financial instruments	156,267	180,678	140,707
Brokerage payables designated at fair value	62,202	49,023	42,275
Debt issued designated at fair value	107,544	102,567	86,341
Other financial liabilities designated at fair value	35,287	34,041	27,366
Total financial liabilities measured at fair value through profit or loss	415,001	401,555	328,401
Provisions	3,564	5,131	2,524
Other non-financial liabilities	10,260	11,911	6,682
Total liabilities	1,527,994	1,473,394	1,100,448
Equity attributable to shareholders	88,845	94,003	55,234
Equity attributable to non-controlling interests	334	662	335
Total equity	89,179	94,666	55,569
Total liabilities and equity	1,617,173	1,568,060	1,156,016

C – Information about the company

Property, plant and equipment

As of 31 December 2025, UBS AG operated in about 701 business and banking locations worldwide, of which approximately 36% were in Switzerland, 44% in the Americas, 10% in the rest of Europe, the Middle East and Africa, and 10% in Asia Pacific. Of the business and banking locations in Switzerland, 22% were owned directly by UBS AG, with the remainder, along with most of UBS AG's offices outside Switzerland, being held under commercial leases. These premises are subject to continuous maintenance and upgrading and are considered suitable and adequate for current and anticipated operations.

D – Information required by Subpart 1400 of Regulation S-K

Selected statistical information

The tables below set forth selected statistical information regarding UBS AG's banking operations extracted from its financial statements. Unless otherwise indicated, average balances for the years ended 31 December 2025, 31 December 2024 and 31 December 2023 are calculated from monthly data. From 31 May 2024 to 31 December 2025, the calculation includes the effect of the merger of UBS AG with Credit Suisse AG. Unless otherwise indicated, the distinction between domestic (i.e. Swiss) and foreign (i.e. non-Swiss) is generally based on the booking location.

Average balances and interest rates

The tables below set forth average interest-earning assets and average interest-bearing liabilities, along with the average yield, for 2025, 2024 and 2023. Refer to "Note 3 Net interest income and other net income from financial instruments measured at fair value through profit or loss" in the "Consolidated financial statements" section of this report for more information about interest income and interest expense.

Average balances and interest rates

For the year ended	31.12.25			31.12.24			31.12.23		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
<i>USD m, except where indicated</i>									
Assets									
Balances at central banks									
Domestic	118,807	152	0.1	112,314	1,335	1.2	84,775	1,267	1.5
Foreign	103,000	3,452	3.4	91,617	3,944	4.3	70,892	2,946	4.2
Amounts due from banks									
Domestic	4,776	62	1.3	7,404	342	4.6	7,370	323	4.4
Foreign	14,765	91	0.6	13,468	365	2.7	10,937	48	0.4
Receivables from securities financing transactions measured at amortized cost ¹									
Domestic	4,060	83	2.1	7,442	194	2.6	3,592	167	4.6
Foreign	116,036	3,039	2.6	93,766	3,316	3.5	75,553	3,016	4.0
Loans and advances to customers									
Domestic	459,608	9,050	2.0	368,968	9,544	2.6	243,241	5,868	2.4
Foreign	171,113	8,359	4.9	159,047	8,294	5.2	150,165	7,472	5.0
Financial assets at fair value ^{1,2}									
Domestic	25,148	656	2.6	18,221	548	3.0	6,970	199	2.9
Foreign	225,071	7,865	3.5	219,007	8,986	4.1	172,570	6,782	3.9
Other interest-earning assets									
Domestic	19,209	590	3.1	12,444	321	2.6	8,840	181	2.1
Foreign	82,232	2,495	3.0	76,685	2,646	3.5	71,488	2,171	3.0
Total interest-earning assets³	1,343,824	35,896	2.7	1,180,383	39,837	3.4	906,393	30,440	3.4
Net interest income on swaps		5,627			4,874			2,253	
Interest income on off-balance sheet securities and other		953			696			747	
Interest income and average interest-earning assets	1,343,824	42,476⁴	3.2	1,180,383	45,407⁴	3.8	906,393	33,440⁴	3.7
Non-interest-earning assets ⁵	371,763			330,706			282,137		
Total average assets	1,715,587			1,511,089			1,188,531		

¹ Reverse repurchase agreements are presented on a gross basis and therefore, for the purpose of this disclosure, do not reflect the effect of netting permitted under IFRS Accounting Standards. ² Includes financial assets at fair value held for trading, financial assets at fair value not held for trading, financial assets at fair value through other comprehensive income and brokerage receivables. ³ Non-taxable positions and amounts were not material for the years presented. ⁴ For the purpose of this disclosure, negative interest income on assets is presented as a reduction to interest income, while in the consolidated income statement negative interest income on assets is presented as interest expense. Refer to "Note 3 Net interest income and other net income from financial instruments measured at fair value through profit or loss" in the "Consolidated financial statements" section of this report for more information. ⁵ Mainly includes derivative financial instruments, equity instruments at fair value held for trading and financial assets for unit-linked investment contracts.

Average balances and interest rates (continued)

Average balances and interest rates (continued)

For the year ended	31.12.25			31.12.24			31.12.23		
	Average balance	Interest expense	Average interest rate (%)	Average balance	Interest expense	Average interest rate (%)	Average balance	Interest expense	Average interest rate (%)
<i>USD m, except where indicated</i>									
Liabilities and equity									
Amounts due to banks									
Domestic	19,723	207	1.1	17,240	292	1.7	9,890	158	1.6
Foreign	7,586	214	2.8	6,419	136	2.1	5,026	174	3.5
Payables from securities financing transactions measured at amortized cost ¹									
Domestic	11,259	313	2.8	8,773	417	4.8	3,225	163	5.0
Foreign	23,111	1,028	4.4	15,566	899	5.8	16,552	853	5.2
Customer deposits									
Domestic	440,179	2,197	0.5	366,616	3,347	0.9	276,288	1,663	0.6
of which: demand deposits	204,289	621	0.3	149,115	800	0.5	119,796	500	0.4
of which: savings and sweep deposits	172,010	139	0.1	139,577	426	0.3	122,954	243	0.2
of which: time deposits	63,880	1,437	2.3	77,924	2,121	2.7	33,538	920	2.7
Foreign	334,288	10,259	3.1	308,396	11,764	3.8	243,413	7,722	3.2
of which: demand deposits	44,930	571	1.3	39,556	697	1.8	38,043	626	1.6
of which: savings and sweep deposits	74,750	1,918	2.6	68,039	1,867	2.7	75,671	2,176	2.9
of which: time deposits	214,609	7,771	3.6	200,801	9,200	4.6	129,698	4,920	3.8
Funding from UBS Group AG									
Domestic	79,656	3,781	4.7	69,069	3,107	4.5	61,922	2,416	3.9
Foreign	32,062	1,475	4.6	25,330	897	3.5	0	0	0.0
Commercial paper									
Domestic	0	0	0.0	0	0	0.0	1	0	0.0
Foreign	11,467	491	4.3	18,255	985	5.4	20,858	1,097	5.3
Other short-term debt issued measured at amortized cost									
Domestic	382	8	2.0	297	2	0.7	322	4	1.3
Foreign	20,354	768	3.8	15,421	759	4.9	12,023	610	5.1
Long-term debt issued measured at amortized cost									
Domestic	39,359	617	1.6	28,090	571	2.0	11,830	211	1.8
Foreign	29,791	1,007	3.4	30,591	1,066	3.5	17,177	492	2.9
Financial liabilities at fair value (excluding debt issued designated at fair value) ^{1,2}									
Domestic	595	4	0.6	704	5	0.7	374	11	3.0
Foreign	181,720	5,625	3.1	166,684	6,510	3.9	154,909	5,578	3.6
Debt issued designated at fair value									
Domestic	6,752	75	1.1	5,879	123	2.1	7,304	209	2.9
Foreign	99,975	4,054	4.1	91,212	4,374	4.8	72,610	3,451	4.8
Other interest-bearing liabilities									
Domestic	3,341	103	3.1	2,733	90	3.3	2,174	62	2.8
Foreign	33,869	1,096	3.2	34,833	1,462	4.2	33,639	1,229	3.7
Total interest-bearing liabilities	1,375,469	33,322	2.4	1,212,108	36,806	3.0	949,537	26,104	2.7
Swap interest on hedged debt instruments and other swaps		2,058			3,292			2,061	
Interest expense on off-balance sheet securities and other		742			631			710	
Interest expense and average interest-bearing liabilities	1,375,469	36,122³	2.6	1,212,108	40,729³	3.4	949,537	28,874³	3.0
Non-interest-bearing liabilities ⁴	246,520			219,018			183,979		
Total liabilities	1,621,990			1,431,125			1,133,517		
Total equity	93,597			79,964			55,014		
Total average liabilities and equity	1,715,587			1,511,089			1,188,531		
Net interest income		6,354			4,678			4,566	
Net yield on interest-earning assets			0.5			0.4			0.5

¹ Repurchase agreements are presented on a gross basis and therefore, for the purpose of this disclosure, do not reflect the effect of netting permitted under IFRS Accounting Standards. ² Includes financial liabilities at fair value held for trading, other financial liabilities designated at fair value and brokerage payables designated at fair value. ³ For the purpose of this disclosure, negative interest expense on liabilities is presented as a reduction to interest expense, while in the consolidated income statement negative interest income on liabilities is presented as interest income. Refer to "Note 3 Net interest income and other net income from financial instruments measured at fair value through profit or loss" in the "Consolidated financial statements" section of this report for more information. ⁴ Mainly includes derivative financial instruments, equity instruments at fair value held for trading and financial liabilities related to unit-linked investment contracts.

The percentage of total average interest-earning assets attributable to foreign activities was 53% for 2025 (2024: 55%; 2023: 61%). The percentage of total average interest-bearing liabilities attributable to foreign activities was 56% for 2025 (2024: 59%; 2023: 61%). All assets and liabilities are translated into US dollars at uniform month-end rates. Interest income and expense are translated at monthly average rates.

Average rates earned and paid on assets and liabilities can change from period to period based on the changes in interest rates in general, but are also affected by changes in the currency mix included in the assets and liabilities. Tax-exempt income is not recorded on a tax-equivalent basis. For all three years presented the tax-exempt income is considered to be insignificant, and the effect from such income is therefore negligible.

Analysis of changes in interest income and expense

The tables below provide information, by categories of interest-earning assets and interest-bearing liabilities, about the changes in interest income and expense due to changes in volume and interest rates for the year ended 31 December 2025 compared with the year ended 31 December 2024, and for the year ended 31 December 2024 compared with the year ended 31 December 2023. The change in average volume represents the change in the current average balance compared with the average balance from the prior year with respect to the average rate of the prior year. The change in average rate represents the difference between the net change in interest income and expense and the change in average volume.

Analysis of changes in interest income and expense

USD m	2025 compared with 2024			2024 compared with 2023		
	Increase / (decrease) due to changes in ¹			Increase / (decrease) due to changes in ¹		
	Average volume	Average interest rate	Net change	Average volume	Average interest rate	Net change
Interest income from interest-earning assets						
Balances at central banks						
Domestic	77	(1,260)	(1,183)	412	(344)	68
Foreign	490	(981)	(491)	861	137	998
Amounts due from banks						
Domestic	(121)	(159)	(280)	1	18	19
Foreign	35	(309)	(274)	11	306	317
Receivables from securities financing transactions measured at amortized cost						
Domestic	(88)	(23)	(111)	179	(152)	27
Foreign	788	(1,065)	(277)	727	(427)	300
Loans and advances to customers						
Domestic	2,345	(2,840)	(495)	3,033	644	3,677
Foreign	629	(564)	65	442	380	822
Financial assets at fair value						
Domestic	209	(102)	107	321	29	350
Foreign	249	(1,369)	(1,120)	1,825	379	2,204
Other interest-earning assets						
Domestic	175	94	269	74	66	140
Foreign	191	(343)	(152)	158	317	475
Interest income						
Domestic	2,597	(4,288)	(1,691)	4,020	261	4,281
Foreign	2,382	(4,632)	(2,250)	4,024	1,092	5,116
Total interest income from interest-earning assets						
	4,979	(8,920)	(3,941)	8,044	1,353	9,397
Net interest income on swaps						
			753			2,621
Interest income on off-balance sheet securities and other						
			258			(51)
Total interest income						
			(2,931)			11,967

¹ Currency effects are included within the variances disclosed in this table.

Analysis of changes in interest income and expense (continued)

Analysis of changes in interest income and expense (continued)

	2025 compared with 2024			2024 compared with 2023		
	Increase / (decrease) due to changes in ¹			Increase / (decrease) due to changes in ¹		
<i>USD m</i>	Average volume	Average interest rate	Net change	Average volume	Average interest rate	Net change
Interest expense on interest-bearing liabilities						
Amounts due to banks						
Domestic	42	(127)	(85)	117	18	135
Foreign	25	54	79	48	(86)	(38)
Payables from securities financing transactions measured at amortized cost						
Domestic	118	(222)	(104)	280	(26)	254
Foreign	436	(307)	129	(51)	97	46
Customer deposits						
Domestic	13	(1,164)	(1,151)	1,372	312	1,684
<i>of which: demand deposits</i>	296	(475)	(179)	122	178	300
<i>of which: savings and sweep deposits</i>	99	(387)	(288)	33	150	183
<i>of which: time deposits</i>	(382)	(302)	(684)	1,217	(16)	1,201
Foreign	912	(2,417)	(1,505)	2,502	1,540	4,042
<i>of which: demand deposits</i>	95	(221)	(126)	25	45	70
<i>of which: savings and sweep deposits</i>	184	(134)	50	(220)	(89)	(309)
<i>of which: time deposits</i>	633	(2,062)	(1,429)	2,697	1,584	4,281
Funding from UBS Group AG						
Domestic	476	198	674	279	412	691
Foreign	236	342	578	897	0	897
Commercial paper						
Domestic	0	0	0	0	0	0
Foreign	(366)	(128)	(494)	(137)	25	(112)
Other short-term debt issued measured at amortized cost						
Domestic	1	5	6	0	(2)	(2)
Foreign	243	(234)	9	172	(23)	149
Long-term debt issued measured at amortized cost						
Domestic	229	(183)	46	291	69	360
Foreign	(28)	(31)	(59)	384	190	574
Financial liabilities at fair value (excluding debt issued designated at fair value)						
Domestic	(1)	0	(1)	10	(16)	(6)
Foreign	587	(1,472)	(885)	424	508	932
Debt issued designated at fair value						
Domestic	18	(66)	(48)	(41)	(45)	(86)
Foreign	420	(740)	(320)	884	39	923
Other interest-bearing liabilities						
Domestic	20	(7)	13	16	12	28
Foreign	(40)	(326)	(366)	44	189	233
Interest expense						
Domestic	916	(1,566)	(650)	2,324	733	3,057
Foreign	2,425	(5,260)	(2,835)	5,167	2,479	7,645
Total interest expense on interest-bearing liabilities						
Swap interest on hedged debt instruments and other swaps			(1,233)			1,231
Interest expense on off-balance sheet securities and other			111			(79)
Total interest expense			(4,607)			11,854

¹ Currency effects are included within the variances disclosed in this table.

Deposits

The table below analyzes average deposits and average rates on each deposit category for the years ended 31 December 2025, 31 December 2024 and 31 December 2023. For the purpose of this disclosure, foreign deposits represent deposits from depositors who are based outside of Switzerland. Deposits by foreign depositors in domestic offices were USD 85,163m as of 31 December 2025 (31 December 2024: USD 87,497m; 31 December 2023: USD 60,596m).

Deposits

<i>USD m, except where indicated</i>	31.12.25		31.12.24		31.12.23	
	Average deposits	Average rate (%)	Average deposits	Average rate (%)	Average deposits	Average rate (%)
Due to banks						
Domestic						
Demand deposits	1,702	(0.2)	1,746	0.0	766	(0.1)
Time deposits	1,259	1.2	2,801	2.2	2,301	2.7
Total domestic	2,961	0.4	4,547	1.4	3,067	2.0
Foreign						
Demand deposits	12,701	0.5	9,486	1.0	5,118	1.0
Time deposits	11,647	3.0	9,627	2.8	6,731	3.3
Total foreign	24,347	1.7	19,113	1.9	11,849	2.3
Total due to banks¹	27,308	1.5	23,659	1.8	14,916	2.2
Customer deposits						
Domestic						
Demand deposits	163,348	0.4	116,440	0.7	88,794	0.6
Savings and sweep deposits	158,523	0.1	127,973	0.3	111,750	0.2
Time deposits	56,063	2.0	89,476	3.2	31,742	2.4
Total domestic	377,934	0.5	333,889	1.2	232,285	0.7
Foreign						
Demand deposits	85,871	0.7	72,232	0.9	69,046	0.9
Savings and sweep deposits	88,238	2.2	79,644	2.4	86,875	2.5
Time deposits	222,425	3.6	189,249	4.5	131,494	3.9
Total foreign	396,534	2.7	341,125	3.2	287,415	2.7
Total customer deposits¹	774,468	1.6	675,014	2.2	519,701	1.8

¹ For the purpose of this table, the distinction between foreign and domestic deposits is based on the domicile of the depositor, while foreign and domestic deposits disclosed in previous tables are based on the booking location.

Uninsured deposits

From the combined total of Due to banks and Customer deposits as of 31 December 2025, total estimated uninsured deposits were USD 617bn (31 December 2024: USD 570bn; 31 December 2023: USD 415bn). Uninsured deposits are deposits that are in excess of local deposit insurance or protection scheme limits in the key locations in which UBS AG operates, calculated based on the respective local regulations, as well as deposits in uninsured accounts. The main deposit insurance schemes applicable to UBS AG deposits are the Swiss depositor protection scheme in Switzerland (which protects applicable deposits up to a maximum of CHF 100,000 per client and per bank or securities firm), the Compensation Scheme of German Banks in combination with the Deposit Protection Fund of the Association of German Banks in Germany (which protects applicable deposits up to a maximum of EUR 3m per client and EUR 30m per business) and the Federal Deposit Insurance Corporation (the FDIC) scheme in the Americas (which protects applicable deposits up to a maximum of USD 250,000 per depositor, per insured bank, for each account ownership category).

The table below presents the maturity of estimated uninsured time deposits as of 31 December 2025. Where a depositor holds multiple accounts that in aggregate are in excess of a deposit insurance or protection limit, the insured amount is first allocated to the account with the shortest time to maturity.

Uninsured deposits

<i>USD m</i>	Uninsured time deposits ¹
Within 3 months	197,406
3 to 6 months	19,894
6 to 12 months	15,282
Over 12 months	10,055
Total uninsured time deposits as of 31 December 2025	242,638

¹ Amounts are estimated based on the methodologies defined in each local jurisdiction. As of 31 December 2025, there were no US time deposits subject to the FDIC scheme that were in excess of the FDIC insurance limit.

Investments in debt instruments

The table below presents the carrying amount and weighted average yield of debt instruments presented within Financial assets measured at fair value through other comprehensive income and Other financial assets measured at amortized cost on the balance sheet by contractual maturity bucket. The yield for each range of maturities is calculated by dividing the annualized interest income by the average balance of the investment per contractual maturity bucket. The maturity information presented does not consider any early redemption features.

Investments in debt instruments

<i>USD m, except where indicated</i>	Within 1 year		1 to 5 years		5 to 10 years		Over 10 years		Total carrying amount
	Carrying amount	Yield (%)	Carrying amount	Yield (%)	Carrying amount	Yield (%)	Carrying amount	Yield (%)	
Debt instruments measured at fair value through other comprehensive income									
Government bills / bonds			484	3.53	11,175	2.25			11,659
Corporate and other	2,145	4.59	64	1.76					2,208
Subtotal as of 31 December 2025	2,145		548		11,175				13,868
Debt securities measured at amortized cost									
Asset-backed securities			260	1.12	1,447	2.58	8,494	3.78	10,202
Government bills / bonds	2,899	2.74	9,665	2.49	4,524	3.62	3,561	3.90	20,648
Corporate and other	3,288	2.30	16,390	2.59	2,684	2.63			22,362
Subtotal as of 31 December 2025	6,187		26,315		8,655		12,055		53,212
Total as of 31 December 2025	8,332		26,863		19,830		12,055		67,079

Loan portfolio

The table below provides the maturity profile of UBS AG's core loan portfolio as of 31 December 2025. The contractual maturity is based on carrying amounts and includes the effect of callable features. For loans due after one year, a breakdown between fixed and adjustable or floating interest rates is also provided.

Loan portfolio

<i>USD m</i>	31.12.25				Total	<i>of which: over 1 year</i>	
	Within 1 year	1 to 5 years	5 to 15 years	Over 15 years		<i>Fixed rate</i>	<i>Adjustable or floating rate</i>
Private clients with mortgages	43,179	157,769	56,064	31,248	288,259	161,330	83,750
Real estate financing	37,328	41,343	14,044	361	93,076	43,003	12,745
Large corporate clients	8,413	16,776	1,732	43	26,963	6,418	12,132
SME clients	12,968	8,345	2,600	29	23,941	7,961	3,012
Lombard	154,106	10,574	613	43	165,336	9,707	1,523
Credit cards	2,408	0	0	0	2,408	0	0
Commodity trade finance	4,779	71	0	0	4,849	69	1
Ship / aircraft financing	1,106	5,611	2,036	0	8,753	0	7,647
Consumer financing	253	1,468	1,235	0	2,957	2,704	0
Other loans and advances to customers	19,421	19,475	3,240	80	42,217	6,026	16,770
Loans to financial advisors	112	326	2,211	67	2,716	2,604	0
Total	284,074	261,757	83,776	31,869	661,476	239,823	137,579

Allowance for credit losses

For the years ended 31 December 2025, 31 December 2024 and 31 December 2023, the ratio of net charge-offs (i.e. write-offs of expected credit loss allowances to gross carrying amount of the average loans outstanding) during the period was not material for UBS AG's core loan portfolio, both on an overall basis and on an individual loan category basis. Total write-offs for 31 December 2025 were USD 442m (31 December 2024: USD 380m; 31 December 2023: USD 77m). Refer to the coverage ratio tables in "Note 9 Financial assets at amortized cost and other positions in scope of expected credit loss measurement" in the "Consolidated financial statements" section of this report for the ratio of expected credit loss allowances to total loans outstanding at the end of each period.

Appendix

Alternative performance measures

An alternative performance measure (an APM) is a financial measure of historical or future financial performance, financial position or cash flows other than a financial measure defined or specified in the applicable recognized accounting standards or in other applicable regulations. A number of APMs are reported in the discussion of the financial and operating performance of the external reports (annual, quarterly and other reports). APMs are used to provide a more complete picture of operating performance and to reflect management's view of the fundamental drivers of the business results. The table below indicates where an APM also qualifies as non-GAAP measure as defined by US Securities and Exchange Commission (SEC) regulations. A definition of each APM, and non-GAAP measure as applicable, the method used to calculate it and the information content are presented in alphabetical order in the table below.

APM / non-GAAP label	Calculation	Information content / usefulness
Cost / income ratio (%)	Calculated as operating expenses divided by total revenues.	This measure provides information about the efficiency of the business by comparing operating expenses with total revenues.
Cost / income ratio (underlying) (%) (non-GAAP measure)	Calculated as underlying operating expenses (as defined above) divided by underlying total revenues (as defined above).	This measure provides information about the efficiency of the business by comparing operating expenses with total revenues, while excluding items that management believes are not representative of the underlying performance of the businesses.
Cost of credit risk (bps)	Calculated as total credit loss expense / (release) (annualized for reporting periods shorter than 12 months) divided by the average balance of lending assets for the reporting period, expressed in basis points. Lending assets include the gross amounts of Amounts due from banks and Loans and advances to customers.	This measure provides information about the total credit loss expense / (release) incurred in relation to the average balance of gross lending assets for the period.
Credit-impaired lending assets as a percentage of total lending assets, gross (%)	Calculated as credit-impaired lending assets divided by total lending assets. Lending assets includes the gross amounts of Amounts due from banks and Loans and advances to customers. Credit-impaired lending assets refers to the sum of stage 3 and purchased credit-impaired positions.	This measure provides information about the proportion of credit-impaired lending assets in the overall portfolio of gross lending assets.
Credit-impaired loan portfolio as a percentage of total loan portfolio, gross (%) – Global Wealth Management, Personal & Corporate Banking	Calculated as credit-impaired loan portfolio divided by total gross loan portfolio.	This measure provides information about the proportion of the credit-impaired loan portfolio in the total gross loan portfolio.
Customer deposit volumes (USD) – Global Wealth Management (non-GAAP measure)	Calculated as the sum of customer deposits and brokerage payables.	This measure provides information about the volume of customer deposits in Global Wealth Management.
Fee-generating assets (USD) – Global Wealth Management	Calculated as the sum of discretionary and non-discretionary wealth management portfolios (mandate volume) and assets where generated revenues are predominantly of a recurring nature, i.e. mainly investment, mutual, hedge and private-market funds where we have a distribution agreement, including client commitments into closed-ended private-market funds from the date that recurring fees are charged. Assets related to our Global Financial Intermediaries business are excluded, as are assets of sanctioned clients.	This measure provides information about the volume of invested assets that create a revenue stream, whether as a result of the nature of the contractual relationship with clients or through the fee structure of the asset. An increase in the level of fee-generating assets results in an increase in the associated revenue stream. Assets of sanctioned clients are excluded from fee-generating assets.
Gross margin on invested assets (bps) – Asset Management	Calculated as total revenues (annualized for reporting periods shorter than 12 months) divided by average invested assets.	This measure provides information about the total revenues of the business in relation to invested assets.

APM / non-GAAP label	Calculation	Information content / usefulness
Integration-related expenses (USD) (non-GAAP measure)	Generally include costs of internal staff and contractors substantially dedicated to integration activities, retention awards, redundancy costs, incremental expenses from the shortening of useful lives of property, equipment and software, and impairment charges relating to these assets. Classification as integration-related expenses does not affect the timing of recognition and measurement of those expenses or the presentation thereof in the income statement. Integration-related expenses incurred by Credit Suisse also included expenses associated with restructuring programs that existed prior to the acquisition.	This measure provides information about expenses that are temporary, incremental and directly related to the integration of Credit Suisse into UBS.
Invested assets (USD and CHF)	Calculated as the sum of managed fund assets, managed institutional assets, discretionary and advisory wealth management portfolios, fiduciary deposits, time deposits, savings accounts, and wealth management securities or brokerage accounts.	This measure provides information about the volume of client assets managed by or deposited with UBS for investment purposes.
Loan volumes (USD) – Global Wealth Management (non-GAAP measure)	Calculated as loans and advances to customers and brokerage receivables, gross of expected credit losses.	This measure provides information about the loan volumes in Global Wealth Management.
Net interest income (underlying) (USD) – Global Wealth Management, Personal & Corporate Banking (non-GAAP measure)	Calculated by adjusting net interest income as reported in accordance with IFRS Accounting Standards for items that management believes are not representative of the underlying performance of the businesses.	This measure provides information about the amount of net interest income, while excluding items that management believes are not representative of the underlying performance of the businesses.
Net interest margin (bps) – Personal & Corporate Banking	Calculated as net interest income (annualized for reporting periods shorter than 12 months) divided by average loans.	This measure provides information about the profitability of the business by calculating the difference between the interest charged for lending and the associated cost of funding, relative to loan value.
Net management fees (USD) – Asset Management (non-GAAP measure)	Calculated as the total of transaction fees, fund administration revenues (including net interest and trading income from lending activities and foreign-exchange hedging as part of the fund services offering), distribution fees, incremental fund-related expenses, gains or losses from seed money and co-investments, funding costs, the negative pass-through impact of third-party performance fees, and other items that are not Asset Management's performance fees.	This measure provides information about the amount of net management fees earned through managing client assets.
Net new assets (USD) – Global Wealth Management	Calculated as the net amount of inflows and outflows of invested assets (as defined in UBS policy) recorded during a specific period, plus interest and dividends. Excluded from the calculation are movements due to market performance, foreign exchange translation, fees, and the effects on invested assets of strategic decisions by UBS to exit markets or cease offering services in a particular location, or those resulting from new externally imposed regulations.	This measure provides information about the development of invested assets during a specific period as a result of net new asset flows, plus the effect of interest and dividends.
Net new assets growth rate (%) – Global Wealth Management	Calculated as the net amount of inflows and outflows of invested assets (as defined in UBS policy) recorded during a specific period (annualized for reporting periods shorter than 12 months), plus interest and dividends, divided by total invested assets at the beginning of the period.	This measure provides information about the growth of invested assets during a specific period as a result of net new asset flows.
Net new deposit volumes (USD) – Global Wealth Management (non-GAAP measure)	Calculated as the net amount of inflows and outflows of deposit volumes recorded during a specific period. Deposits include customer deposits and customer brokerage payables. Excluded from the calculation are movements due to fair value measurement, foreign exchange translation, accrued interest and fees, as well as the effects on customer deposits of strategic decisions by UBS to exit markets or cease offering services in a particular location, or those resulting from new externally imposed regulations.	This measure provides information about the development of deposits during a specific period as a result of net new deposit flows.
Net new fee-generating assets (USD) – Global Wealth Management	Calculated as the net amount of fee-generating asset inflows and outflows, including dividend and interest inflows into mandates and outflows from mandate fees paid by clients during a specific period. Excluded from the calculation are the effects on fee-generating assets of strategic decisions by UBS to exit markets or cease offering services in a particular location, or those resulting from new externally imposed regulations.	This measure provides information about the development of fee-generating assets during a specific period as a result of net flows, excluding movements due to market performance and foreign exchange translation, as well as the effects on fee-generating assets of strategic decisions by UBS to exit markets or cease offering services in a particular location, or those resulting from new externally imposed regulations.

APM / non-GAAP label	Calculation	Information content / usefulness
Net new loan volumes (USD) – Global Wealth Management (non-GAAP measure)	Calculated as the net amount of originations, drawdowns and repayments of loan volumes recorded during a specific period. Loan volumes include loans and advances to customers and customer brokerage receivables. Excluded from the calculation are allowances, movements due to fair value measurement and foreign exchange translation, as well as the effects on loans and advances to customers of strategic decisions by UBS to exit markets or cease offering services in a particular location, or those resulting from new externally imposed regulations.	This measure provides information about the development of loan volumes during a specific period as a result of net new loan volumes.
Net new money (USD) – Global Wealth Management, Asset Management	Calculated as the net amount of inflows and outflows of invested assets (as defined in UBS policy) recorded during a specific period. Excluded from the calculation are movements due to market performance, foreign exchange translation, dividends, interest and fees, as well as the effects on invested assets of strategic decisions by UBS to exit markets or cease offering services in a particular location, or those resulting from new externally imposed regulations. Net new money is not measured for Personal & Corporate Banking.	This measure provides information about the development of invested assets during a specific period as a result of net new money flows.
Net profit growth (%)	Calculated as the change in net profit attributable to shareholders from continuing operations between current and comparison periods divided by net profit attributable to shareholders from continuing operations of the comparison period.	This measure provides information about profit growth since the comparison period.
Operating expenses (underlying) (USD) (non-GAAP measure)	Calculated by adjusting operating expenses as reported in accordance with IFRS Accounting Standards for items that management believes are not representative of the underlying performance of the businesses.	This measure provides information about the amount of operating expenses, while excluding items that management believes are not representative of the underlying performance of the businesses.
Operating profit / (loss) before tax (underlying) (USD) (non-GAAP measure)	Calculated by adjusting operating profit / (loss) before tax as reported in accordance with IFRS Accounting Standards for items that management believes are not representative of the underlying performance of the businesses.	This measure provides information about the amount of operating profit / (loss) before tax, while excluding items that management believes are not representative of the underlying performance of the businesses.
Other revenues (USD and CHF) – Global Wealth Management, Personal & Corporate banking (non-GAAP measure)	Calculated by including other income as reported in accordance with IFRS Accounting Standards, profit or loss related to non-client derivative instruments and profit or loss related to equity investments measured at fair value through profit or loss.	This measure provides information about residual business division revenues, after deduction of net interest income, recurring net fee income and transaction-based income.
Other revenues (underlying) (USD and CHF) – Global Wealth Management, Personal & Corporate banking (non-GAAP measure)	Calculated by adjusting other revenues for items that management believes are not representative of the underlying performance of the businesses.	This measure provides information about the amount of other revenues, while excluding items that management believes are not representative of the underlying performance of the businesses.
Pre-tax profit growth (%) – Global Wealth Management, Personal & Corporate Banking, Asset Management, the Investment Bank	Calculated as the change in net profit before tax attributable to shareholders from continuing operations between current and comparison periods divided by net profit before tax attributable to shareholders from continuing operations of the comparison period.	This measure provides information about pre-tax profit growth since the comparison period.
Pre-tax profit growth (underlying) (%) – Global Wealth Management, Personal & Corporate Banking, Asset Management, the Investment Bank (non-GAAP measure)	Calculated as the change in underlying net profit before tax attributable to shareholders from continuing operations between current and comparison periods divided by underlying net profit before tax attributable to shareholders from continuing operations of the comparison period. Underlying net profit before tax attributable to shareholders from continuing operations excludes items that management believes are not representative of the underlying performance of the businesses and also excludes related tax impact.	This measure provides information about pre-tax profit growth since the comparison period, while excluding items that management believes are not representative of the underlying performance of the businesses.
Recurring net fee income (USD and CHF) – Personal & Corporate Banking (non-GAAP measure)	Calculated as the total of fees for services provided on an ongoing basis, such as portfolio management fees, asset-based investment fund fees and custody fees, which are generated on client assets, and administrative fees for accounts.	This measure provides information about the amount of recurring net fee income.
Return on attributed equity (%) – Global Wealth Management, Personal & Corporate Banking, Asset Management, the Investment Bank	Calculated as business division operating profit before tax (annualized for reporting periods shorter than 12 months) divided by average attributed equity.	This measure provides information about the profitability of the business divisions in relation to attributed equity.

APM / non-GAAP label	Calculation	Information content / usefulness
Return on attributed equity (underlying) (%) (non-GAAP measure)	Calculated as underlying business division operating profit before tax (annualized for reporting periods shorter than 12 months) (as defined above) divided by average attributed equity.	This measure provides information about the profitability of the business divisions in relation to attributed equity, while excluding items that management believes are not representative of the underlying performance of the businesses.
Return on common equity tier 1 capital (%)	Calculated as net profit attributable to shareholders (annualized for reporting periods shorter than 12 months) divided by average common equity tier 1 capital.	This measure provides information about the profitability of the business in relation to common equity tier 1 capital.
Return on common equity tier 1 capital (underlying) (%) (non-GAAP measure)	Calculated as underlying net profit attributable to shareholders (annualized for reporting periods shorter than 12 months) divided by average common equity tier 1 capital. Underlying net profit attributable to shareholders excludes items that management believes are not representative of the underlying performance of the businesses and also excludes related tax impact.	This measure provides information about the profitability of the business in relation to common equity tier 1 capital, while excluding items that management believes are not representative of the underlying performance of the businesses.
Return on equity (%)	Calculated as net profit attributable to shareholders (annualized for reporting periods shorter than 12 months) divided by average equity attributable to shareholders.	This measure provides information about the profitability of the business in relation to equity.
Return on tangible equity (%)	Calculated as net profit attributable to shareholders (annualized for reporting periods shorter than 12 months) divided by average equity attributable to shareholders less average goodwill and intangible assets.	This measure provides information about the profitability of the business in relation to tangible equity.
Return on tangible equity (underlying) (%) (non-GAAP measure)	Calculated as underlying net profit attributable to shareholders (annualized for reporting periods shorter than 12 months) divided by average equity attributable to shareholders less average goodwill and intangible assets. Underlying net profit attributable to shareholders excludes items that management believes are not representative of the underlying performance of the businesses and also excludes related tax impact.	This measure provides information about the profitability of the business in relation to tangible equity, while excluding items that management believes are not representative of the underlying performance of the businesses.
Revenues over leverage ratio denominator, gross (%)	Calculated as total revenues (annualized for reporting periods shorter than 12 months) divided by the average leverage ratio denominator.	This measure provides information about the revenues of the business in relation to the leverage ratio denominator.
Tangible book value per share (USD)	Calculated as equity attributable to shareholders less goodwill and intangible assets divided by the number of shares outstanding.	This measure provides information about tangible net assets on a per-share basis.
Total book value per share (USD)	Calculated as equity attributable to shareholders divided by the number of shares outstanding.	This measure provides information about net assets on a per-share basis.
Total revenues (underlying) (USD) (non-GAAP measure)	Calculated by adjusting total revenues as reported in accordance with IFRS Accounting Standards for items that management believes are not representative of the underlying performance of the businesses.	This measure provides information about the amount of total revenues, while excluding items that management believes are not representative of the underlying performance of the businesses.
Transaction-based income (USD and CHF) – Global Wealth Management, Personal & Corporate Banking (non-GAAP measure)	Calculated as the total of the non-recurring portion of net fee and commission income, mainly composed of brokerage and transaction-based investment fund fees, and credit card fees, as well as fees for payment and foreign-exchange transactions, together with other net income from financial instruments measured at fair value through profit or loss.	This measure provides information about the amount of the non-recurring portion of net fee and commission income, together with other net income from financial instruments measured at fair value through profit or loss.
Transaction-based income (underlying) (USD and CHF) – Global Wealth Management, Personal & Corporate Banking (non-GAAP measure)	Calculated by adjusting transaction-based income for items that management believes are not representative of the underlying performance of the businesses.	This measure provides information about the amount of transaction-based income, while excluding items that management believes are not representative of the underlying performance of the businesses.

This is a general list of the APMs and non-GAAP measures used in our financial reporting. Not all of the above-listed measures may appear in this particular report.

Abbreviations frequently used in our financial reports

A		CRO	Chief Risk Officer	FRTB	Fundamental Review of the Trading Book
ABS	asset-backed securities	CST	combined stress test	FSB	Financial Stability Board
AG	Aktiengesellschaft	CUSIP	Committee on Uniform Security Identification Procedures	FTA	Swiss Federal Tax Administration
AGM	Annual General Meeting of shareholders	CVA	credit valuation adjustment	FVA	funding valuation adjustment
AI	artificial intelligence	D		FVOCI	fair value through other comprehensive income
A-IRB	advanced internal ratings-based	DBO	defined benefit obligation	FVTPL	fair value through profit or loss
ALCO	Asset and Liability Committee	DCCP	Deferred Contingent Capital Plan	FX	foreign exchange
AMA	advanced measurement approach	DFAST	Dodd–Frank Act Stress Test	G	
AML	anti-money laundering	DisO-FINMA	FINMA Ordinance on the Disclosure Obligations of Banks and Securities Firms	GAAP	generally accepted accounting principles
AoA	Articles of Association	DM	discount margin	GBP	pound sterling
APM	alternative performance measure	DOJ	US Department of Justice	GDP	gross domestic product
ARR	alternative reference rate	DTA	deferred tax asset	GEB	Group Executive Board
ARS	auction rate securities	DVA	debit valuation adjustment	GHG	greenhouse gas
ASF	available stable funding	E		GCORC	Group Compliance and Operational Risk Control
AT1	additional tier 1	EAD	exposure at default	GRI	Global Reporting Initiative
AuM	assets under management	EB	Executive Board	G-SIB	global systemically important bank
B		EC	European Commission	H	
BCBS	Basel Committee on Banking Supervision	ECB	European Central Bank	HQLA	high-quality liquid assets
BIS	Bank for International Settlements	ECL	expected credit loss	I	
BoD	Board of Directors	EGM	Extraordinary General Meeting of shareholders	IAS	International Accounting Standards
C		EIR	effective interest rate	IASB	International Accounting Standards Board
CAO	Capital Adequacy Ordinance	EL	expected loss	IBOR	interbank offered rate
CCAR	Comprehensive Capital Analysis and Review	EMEA	Europe, Middle East and Africa	IFRIC	International Financial Reporting Interpretations Committee
CCF	credit conversion factor	EOP	Equity Ownership Plan	IFRS	accounting standards issued by the IASB
CCP	central counterparty	EPS	earnings per share	Accounting Standards	
CCR	counterparty credit risk	ESG	environmental, social and governance	IRB	internal ratings-based
CCRC	Corporate Culture and Responsibility Committee	ETD	exchange-traded derivatives	IRRBB	interest rate risk in the banking book
CDS	credit default swap	ETF	exchange-traded fund	ISDA	International Swaps and Derivatives Association
CEO	Chief Executive Officer	EU	European Union	ISIN	International Securities Identification Number
CET1	common equity tier 1	EUR	euro		
CFO	Chief Financial Officer	EURIBOR	Euro Interbank Offered Rate		
CGU	cash-generating unit	EVE	economic value of equity		
CHF	Swiss franc	EY	Ernst & Young Ltd		
CIO	Chief Investment Office	F			
CORC	Compliance and Operational Risk Control	FCA	UK Financial Conduct Authority		
CRM	credit risk mitigation	FDIC	Federal Deposit Insurance Corporation		
		FINMA	Swiss Financial Market Supervisory Authority		
		FMIA	Swiss Financial Market Infrastructure Act		

Abbreviations frequently used in our financial reports (continued)

K		R		T	
KRT	Key Risk Taker	RBC	risk-based capital	TBTF	too big to fail
L		RbM	risk-based monitoring	TCFD	Task Force on Climate-related Financial Disclosures
LAS	liquidity-adjusted stress	REIT	real estate investment trust	TIBOR	Tokyo Interbank Offered Rate
LCR	liquidity coverage ratio	RMBS	residential mortgage-backed securities	TLAC	total loss-absorbing capacity
LGD	loss given default	RniV	risks not in VaR	TTC	through the cycle
LIBOR	London Interbank Offered Rate	RoCET1	return on CET1 capital	U	
LLC	limited liability company	RoU	right-of-use	USD	US dollar
LoD	lines of defense	rTSR	relative total shareholder return	V	
LRD	leverage ratio denominator	RWA	risk-weighted assets	VaR	value-at-risk
LTIP	Long-Term Incentive Plan	S		VAT	value-added tax
LTV	loan-to-value	SA	standardized approach or société anonyme		
M		SA-CCR	standardized approach for counterparty credit risk		
M&A	mergers and acquisitions	SAR	Special Administrative Region of the People's Republic of China		
MRT	Material Risk Taker	SDG	Sustainable Development Goal		
N		SEC	US Securities and Exchange Commission		
NII	net interest income	SFT	securities financing transaction		
NSFR	net stable funding ratio	SIBOR	Singapore Interbank Offered Rate		
NYSE	New York Stock Exchange	SICR	significant increase in credit risk		
O		SIX	SIX Swiss Exchange		
OCA	own credit adjustment	SME	small and medium-sized entities		
OCI	other comprehensive income	SMF	Senior Management Function		
OECD	Organisation for Economic Co-operation and Development	SNB	Swiss National Bank		
OTC	over-the-counter	SOR	Singapore Swap Offer Rate		
P		SPPI	solely payments of principal and interest		
PCI	purchased credit impaired	SRB	systemically relevant bank		
PD	probability of default	SVaR	stressed value-at-risk		
PIT	point in time				
PPA	purchase price allocation				
Q					
QCCP	qualifying central counterparty				

This is a general list of the abbreviations frequently used in our financial reporting. Not all of the listed abbreviations may appear in this particular report.

Information sources

Reporting publications

Annual publications

UBS AG Annual Report: Published in English, this report provides descriptions of: our businesses, the performance of UBS AG (consolidated); the performance of the business divisions and Group functions; risk, treasury and capital management; corporate governance; and financial information, including the financial statements.

Compensation Report: This report discusses the compensation framework and provides information about compensation for the Board of Directors and the Group Executive Board members. It is available in English and German (“*Vergütungsbericht*”) and represents a component of the UBS Group Annual Report.

Sustainability Report: Published in English, the UBS Group Sustainability Report provides disclosures on environmental, social and governance (ESG) topics.

Quarterly publications

Quarterly financial report: This report provides an update on performance and strategy (where applicable) for the respective quarter. It is available in English.

The annual and quarterly publications are available in .pdf and online formats at ubs.com/investors, under “Financial information”. Printed copies, in any language, of the aforementioned annual publications are no longer provided.

Other information

Website

The “Investor Relations” website at ubs.com/investors provides the following information about UBS: results-related news releases; financial information, including results-related filings with the US Securities and Exchange Commission (the SEC); information for shareholders, including UBS dividend and share repurchase program information, and for bondholders, including rating agencies reports; the corporate calendar; and presentations by management for investors and financial analysts. Information is available online in English, with some information also available in German.

Results presentations

Quarterly results presentations are webcast live. Recordings of most presentations can be downloaded from ubs.com/presentations.

Messaging service

Email alerts to news about UBS can be subscribed for under “UBS News Alert” at ubs.com/global/en/investor-relations/contact/investor-services.html. Messages are sent in English, German, French or Italian, with an option to select theme preferences for such alerts.

Form 20-F and other submissions to the US Securities and Exchange Commission

UBS files periodic reports with and submits other information to the SEC. Principal among these filings is the annual report on Form 20-F, filed pursuant to the US Securities Exchange Act of 1934. The filing of Form 20-F is structured as a wraparound document. Most sections of the filing can be satisfied by referring to the UBS AG Annual Report. However, there is a small amount of additional information in Form 20-F that is not presented elsewhere and is particularly targeted at readers in the US. Readers are encouraged to refer to this additional disclosure. Any document that is filed with the SEC is available on the SEC’s website: sec.gov. Refer to ubs.com/investors for more information.

Cautionary statement regarding forward-looking statements | This report contains statements that constitute “forward-looking statements”, including but not limited to management’s outlook for UBS’s financial performance, statements relating to the anticipated effect of transactions and strategic initiatives on UBS’s business and future development and goals. While these forward-looking statements represent UBS’s judgments, expectations and objectives concerning the matters described, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from UBS’s expectations. In particular, the global economy may suffer significant adverse effects from increasing political tensions between world powers, changes to international trade policies, including those related to tariffs and trade barriers, and evolving armed conflicts. UBS’s acquisition of the Credit Suisse Group materially changed its outlook and strategic direction and introduced new operational challenges. The integration of the Credit Suisse entities into the UBS structure is expected to continue through 2026 and presents significant operational and execution risk, including the risks that UBS may be unable to achieve the cost reductions and business benefits contemplated by the transaction, that it may incur higher costs to execute the integration of Credit Suisse and that the acquired business may have greater risks or liabilities, including those related to litigation, than expected. Following the failure of Credit Suisse, Switzerland is considering significant changes to its capital, resolution and regulatory regime, which, if adopted, would significantly increase our capital requirements or impose other costs on UBS. These factors create greater uncertainty about forward-looking statements. Other factors that may affect UBS’s performance and ability to achieve its plans, outlook and other objectives also include, but are not limited to: (i) the degree to which UBS is successful in the execution of its strategic plans, including its cost reduction and efficiency initiatives and its ability to manage its levels of risk-weighted assets (RWA) and leverage ratio denominator (LRD), liquidity coverage ratio and other financial resources, including changes in RWA assets and liabilities arising from higher market volatility and the size of the combined Group; (ii) the degree to which UBS is successful in implementing changes to its businesses to meet changing market, regulatory and other conditions, including any potential changes to banking examination and oversight practices and standards as a result of executive branch orders or staff interpretations of law in the US; (iii) inflation and interest rate volatility in major markets; (iv) developments in the macroeconomic climate and in the markets in which UBS operates or to which it is exposed, including movements in securities prices or liquidity, credit spreads, currency exchange rates, residential and commercial real estate markets, general economic conditions, and changes to national trade policies on the financial position or creditworthiness of UBS’s clients and counterparties, as well as on client sentiment and levels of activity; (v) changes in the availability of capital and funding, including any adverse changes in UBS’s credit spreads and credit ratings of UBS, as well as availability and cost of funding, including as affected by the marketability of additional tier one debt instruments, to meet requirements for debt eligible for total loss-absorbing capacity (TLAC); (vi) changes in and potential divergence between central bank policies or the implementation of financial legislation and regulation in Switzerland, the US, the UK, the EU and other financial centers that have imposed, or resulted in, or may do so in the future, more stringent or entity-specific capital, TLAC, leverage ratio, net stable funding ratio, liquidity and funding requirements, heightened operational resilience requirements, incremental tax requirements, additional levies, limitations on permitted activities, constraints on remuneration, constraints on transfers of capital and liquidity and sharing of operational costs across the Group or other measures, and the effect these will or would have on UBS’s business activities; (vii) UBS’s ability to successfully implement resolvability and related regulatory requirements and the potential need to make further changes to the legal structure or booking model of UBS in response to legal and regulatory requirements including heightened requirements and expectations due to its acquisition of the Credit Suisse Group; (viii) UBS’s ability to maintain and improve its systems and controls for complying with sanctions in a timely manner and for the detection and prevention of money laundering to meet evolving regulatory requirements and expectations, in particular in the current geopolitical turmoil; (ix) the uncertainty arising from domestic stresses in certain major economies; (x) changes in UBS’s competitive position, including whether differences in regulatory capital and other requirements among the major financial centers adversely affect UBS’s ability to compete in certain lines of business; (xi) changes in the standards of conduct applicable to its businesses that may result from new regulations or new enforcement of existing standards, including measures to impose new and enhanced duties when interacting with customers and in the execution and handling of customer transactions; (xii) the liability to which UBS may be exposed, or possible constraints or sanctions that regulatory authorities might impose on UBS, due to litigation, including litigation it has inherited by virtue of the acquisition of Credit Suisse, contractual claims and regulatory investigations, including the potential for disqualification from certain businesses, potentially large fines or monetary penalties, or the loss of licenses or privileges as a result of regulatory or other governmental sanctions, as well as the effect that litigation, regulatory and similar matters have on the operational risk component of its RWA; (xiii) UBS’s ability to retain and attract the employees necessary to generate revenues and to manage, support and control its businesses, which may be affected by competitive factors; (xiv) changes in accounting or tax standards or policies, and determinations or interpretations affecting the recognition of gain or loss, the valuation of goodwill, the recognition of deferred tax assets and other matters; (xv) UBS’s ability to implement new technologies and business methods, including digital services, artificial intelligence and other technologies, and ability to successfully compete with both existing and new financial service providers, some of which may not be regulated to the same extent; (xvi) limitations on the effectiveness of UBS’s internal processes for risk management, risk control, measurement and modeling, and of financial models generally; (xvii) the occurrence of operational failures, such as fraud, misconduct, unauthorized trading, financial crime, cyberattacks, data leakage and systems failures, the risk of which is increased with persistently high levels of cyberattack threats; (xviii) restrictions on the ability of UBS Group AG, UBS AG and regulated subsidiaries of UBS AG to make payments or distributions, including due to restrictions on the ability of its subsidiaries to make loans or distributions, directly or indirectly, or, in the case of financial difficulties, due to the exercise by FINMA or the regulators of UBS’s operations in other countries of their broad statutory powers in relation to protective measures, restructuring and liquidation proceedings; (xix) the degree to which changes in regulation, capital or legal structure, financial results or other factors may affect UBS’s ability to maintain its stated capital return objective; (xx) uncertainty over the scope of actions that may be required by UBS, governments and others for UBS to achieve goals relating to climate, environmental and social matters, as well as the evolving nature of underlying science and industry and the increasing divergence among regulatory regimes; (xxi) the ability of UBS to access capital markets; (xxii) the ability of UBS to successfully recover from a disaster or other business continuity problem due to a hurricane, flood, earthquake, terrorist attack, war, conflict, pandemic, security breach, cyberattack, power loss, telecommunications failure or other natural or man-made event; and (xxiii) the effect that these or other factors or unanticipated events, including media reports and speculations, may have on its reputation and the additional consequences that this may have on its business and performance. The sequence in which the factors above are presented is not indicative of their likelihood of occurrence or the potential magnitude of their consequences. UBS’s business and financial performance could be affected by other factors identified in its past and future filings and reports, including those filed with the US Securities and Exchange Commission (the SEC). More detailed information about those factors is set forth in documents furnished by UBS and filings made by UBS with the SEC, including the UBS Group AG and UBS AG Annual Reports on Form 20-F for the year ended 31 December 2025. UBS is not under any obligation to (and expressly disclaims any obligation to) update or alter its forward-looking statements, whether as a result of new information, future events, or otherwise.

Rounding | Numbers presented throughout this report may not add up precisely to the totals provided in the tables, infographics and text. Percentages and percent changes disclosed in text and tables are calculated on the basis of unrounded figures. Absolute changes between reporting periods disclosed in the text, which can be derived from numbers presented in related tables, are calculated on a rounded basis.

Tables | Within tables, blank fields generally indicate non-applicability or that presentation of any content would not be meaningful, or that information is not available as of the relevant date or for the relevant period. Zero values generally indicate that the respective figure is zero on an actual or rounded basis. Values that are zero on a rounded basis can be either negative or positive on an actual basis.

Websites | In this report, any website addresses are provided solely for information and are not intended to be active links. UBS is not incorporating the contents of any such websites into this report.

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