


# | Assessment of the impact of the proposed Swiss regulatory capital measures on UBS

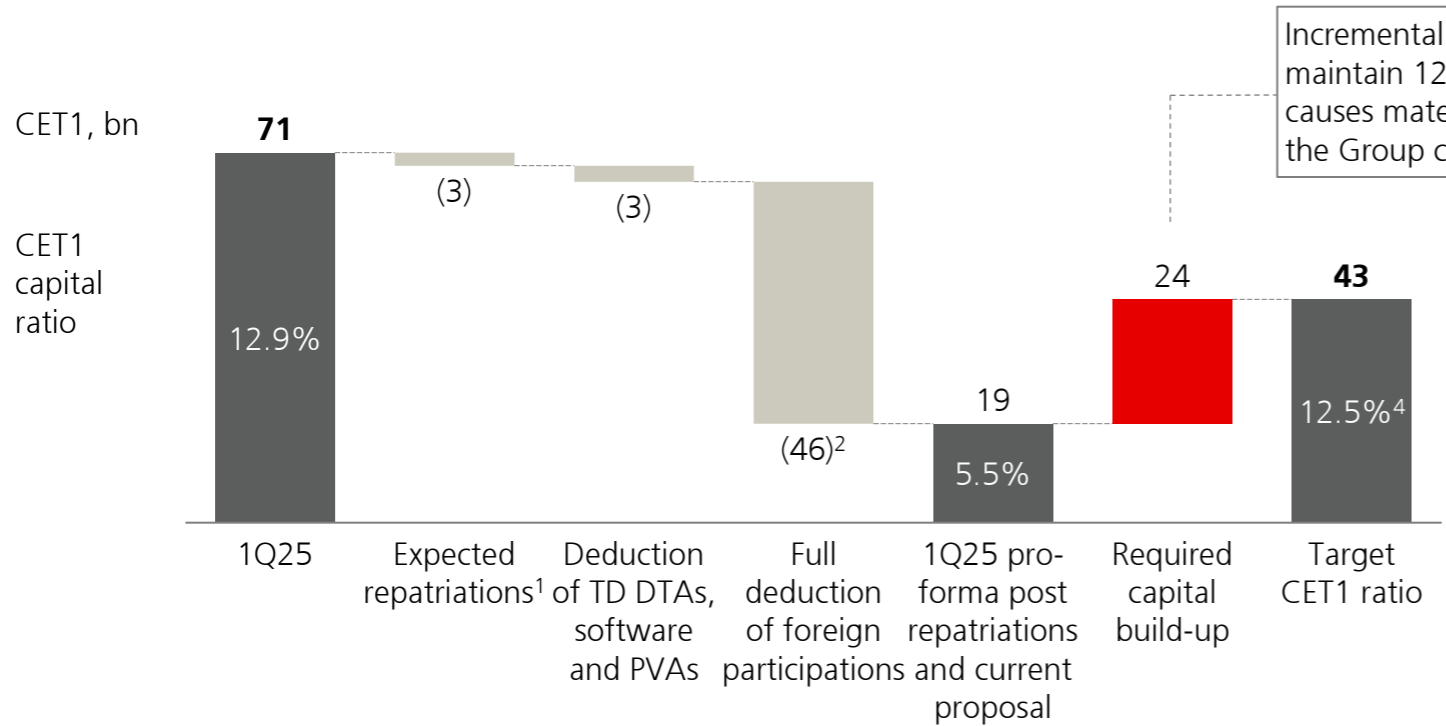
# Estimated impact of proposed capital measures based on 1Q25 financials

	Estimated impact on UBS AG, standalone	Estimated impact on UBS Group AG, consolidated
Ordinance (consultation)	<b>Deferred tax assets on temporary differences (TD DTAs):</b> Full deduction from CET1 capital of all DTAs, including those arising from temporary differences which are currently recognized up to 10% of CET1, in line with BIS CET1: (0.4bn) RWA: (0.9bn) <b>Net CET1 capital impact: (0.3bn)</b>	CET1: (7.0bn) RWA: (17.6bn) <b>Net CET1 capital impact: (4.6bn)</b>
	<b>Capitalized software:</b> Full deduction from CET1 capital of all capitalized software, regardless of accounting classification (tangible or intangible) CET1: (1.7bn) RWA: (1.7bn) <b>Net CET1 capital impact: (1.5bn)</b>	CET1: (5.2bn) RWA: (5.2bn) <b>Net CET1 capital impact: (4.5bn)</b>
	<b>Prudential valuation adjustments (PVAs):</b> Stricter valuation in line with EBA rules CET1: (1.0bn) <b>Net CET1 capital impact: (1.0bn)</b>	CET1: (1.8bn) <b>Net CET1 capital impact: (1.8bn)</b>
Law (cornerstones)	<b>Foreign participations:</b> Full deduction from CET1 capital of all foreign participations CET1: (46.4bn) <sup>1</sup> RWA: (185.7bn) <sup>2</sup> <b>Net CET1 capital impact: (23.2bn)</b>	n/a
	<b>Total net CET1 capital impact</b>	<b>(26.0bn)</b>
	<b>Total net CET1 capital impact – net of 1Q25 excess above guidance<sup>3</sup></b>	<b>(23.9bn)</b>

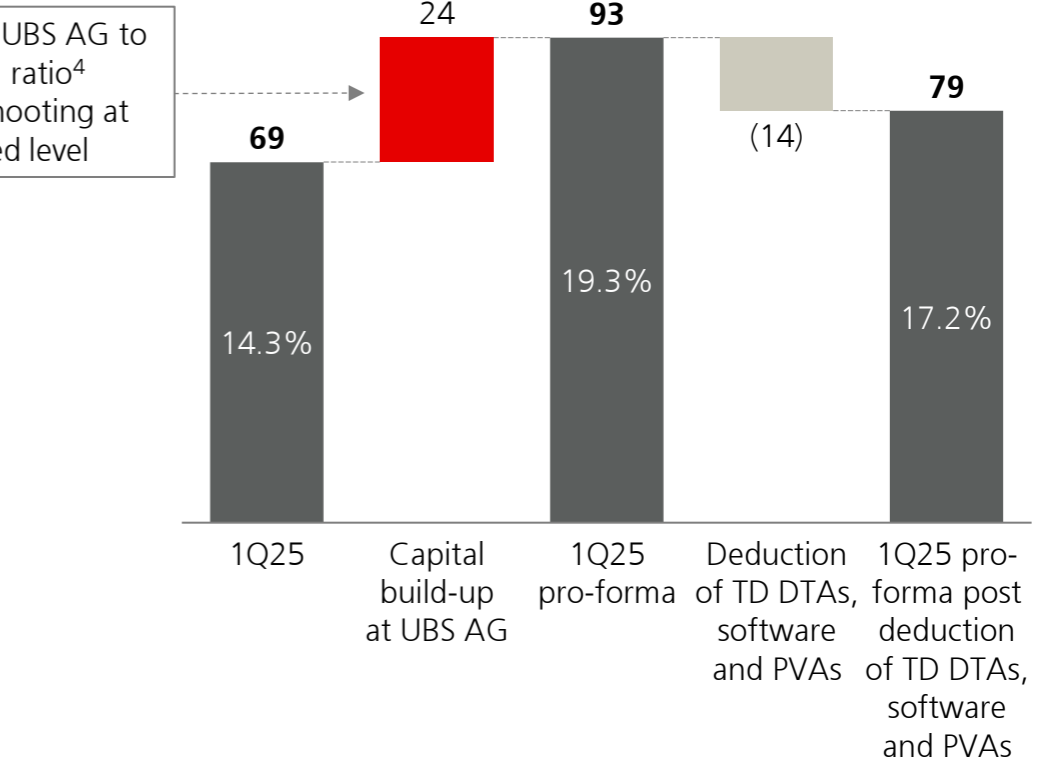

 Based on the 1Q25 balance sheet; net CET1 capital impacts calculated based on 14.0% CET1 capital ratio for UBS Group AG, consolidated and 12.5% CET1 capital ratio for UBS AG, standalone; **1** Reflects 51.4bn of CET1 from foreign participations as of 1Q25, adjusted for ~5bn of expected repatriations; **2** Reflects 205.7bn of RWA from foreign participations as of 1Q25, adjusted for ~5bn of expected repatriations, reducing RWA by ~20bn; **3** Excess above the lower end of the 12.5-13.0% range used for UBS AG, standalone

# Current proposal would lead to extreme overshooting at UBS Group AG

## UBS AG, standalone



## UBS Group AG, consolidated



RWA, bn	<b>551</b>	(20)	(3)	(186) <sup>3</sup>	<b>343</b>	<b>343</b>
Net CET1 capital impact, bn			(3)	(23)		

RWA, bn	<b>483</b>	<b>483</b>	(23)	<b>460</b>
Net CET1 capital impact, bn			(11)	

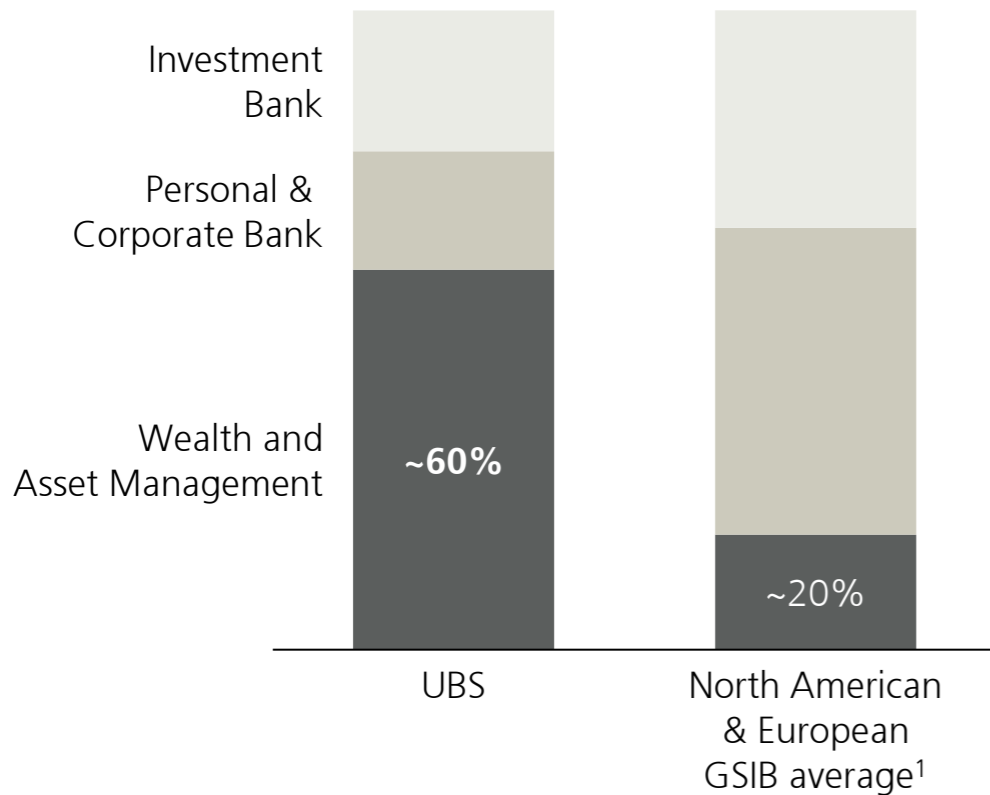


Pro-forma figures based on 1Q25 and assume proposed measures are fully applied; **1** ~5bn of capital repatriations expected, subject to customary regulatory approval, freeing up ~2.5bn of CET1 capital at the UBS AG standalone level under the current capital regime, which could be upstreamed to UBS Group AG; **2** Reflects 51.4bn of CET1 from foreign participations as of 1Q25, adjusted for ~5bn of expected repatriations; **3** Reflects 205.7bn of RWA from foreign participations as of 1Q25, adjusted for ~5bn of expected repatriations, reducing RWA by ~20bn; **4** Reflects the lower end of our guidance of 12.5%-13.0%

# Despite UBS's lower risk profile, new TBTF capital proposals would make UBS a pronounced outlier among GSIB peers

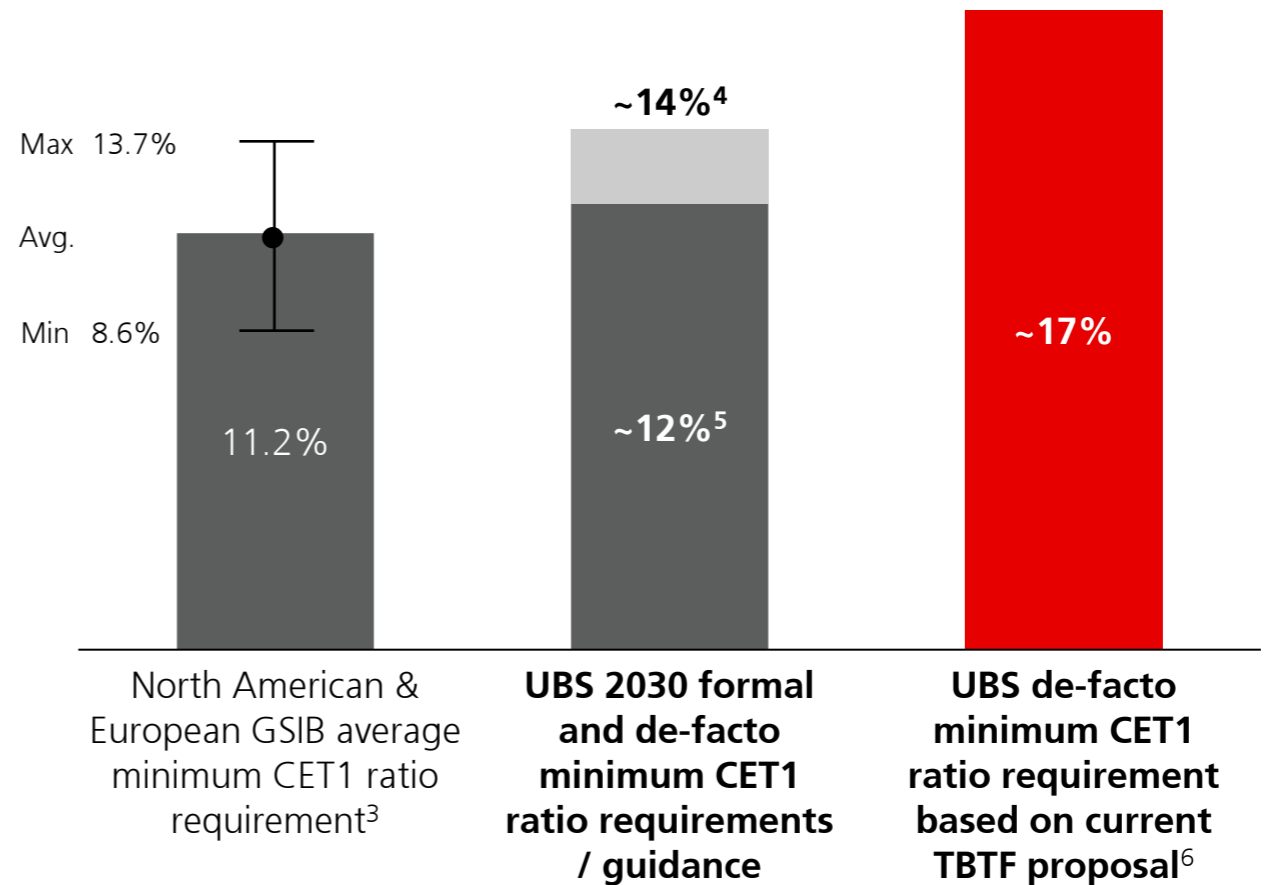
A strong business model is the surest source of stability

Revenue mix by business vs peers, FY24



UBS 2030<sup>2</sup> fully applied de-facto minimum CET1 ratio requirement is already the highest among peers

CET1 ratio requirements for UBS Group AG vs peers, 1Q25



<sup>1</sup> Revenue mix based on UBS analysis and disclosed reporting segments for publicly traded GSIB peers, excludes trust banks; <sup>2</sup> When current TBTF requirements are fully phased in; <sup>3</sup> CET1 ratios based on latest available filings for publicly traded GSIB peers, excluding trust banks; US GSIBs on a standardized basis; <sup>4</sup> Given expected UBS AG capital ratio of 12.5-13.0% and UBS Group AG equity double leverage of ~100%; <sup>5</sup> Assumes static countercyclical buffer and Pillar 2 add-ons; progressive add-ons based on expected LRD and market share (phasing in by 2030) and current LRD buckets; <sup>6</sup> Refer to slide 2 for more information

# Proposed rules are not internationally aligned



*Basel 3 standards*




*Current rules*

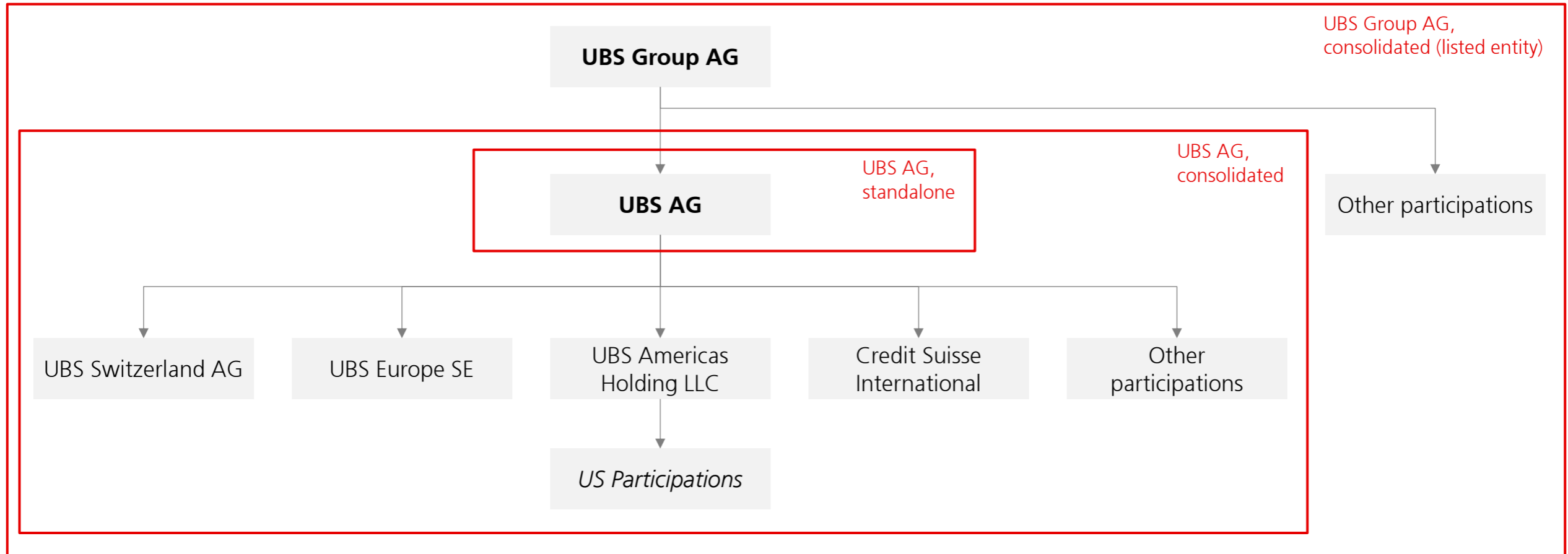
*Proposal*



	<i>Basel 3 standards</i>	<i>Current rules</i>	<i>Proposal</i>			
<b>Deferred tax assets on temporary differences (TD DTAs)</b>	Recognized up to a threshold of 10% of CET1 and risk-weighted at 250%. Deduction above this threshold	In line with Basel standards	Full CET1 deduction – not in line with Basel standards	In line with Basel standards	In line with Basel standards	In line with Basel standards <sup>1</sup>
<b>Capitalized software</b>	If classified as tangible assets, fully recognized, risk weighted at 100%. If classified as intangible assets, full CET1 deduction	In line with Basel standards – UBS software classified as a tangible asset resulting in CET1 recognition	Full CET1 deduction – not in line with Basel standards	Fully recognized when in use, risk weighted at 100% and amortized over 3 years for capital purposes	Full CET1 deduction	Fully recognized, risk-weighted at 100%, amortized as in financial accounts
<b>Prudential valuation adjustments (PVAs)</b>	Guidance covering fair valued positions, with general rules for spreads and valuations	In line with Basel standards	Adjustments based on EU and UK rules	Adjustments for relevant modeled positions such as level 2 and 3 fair value assets and liabilities	Adjustments for relevant modeled positions such as level 2 and 3 fair value assets and liabilities	No specific requirements
<b>Foreign participations</b>	No prescribed rules for participation treatment – Basel rules apply on a consolidated basis only. Equity investments in general risk-weighted at 250%	400% risk-weighting of foreign participations	Full CET1 deduction of foreign participations	UK / EU rules based on the Capital Requirements Regulation requiring CET1 deduction of significant investments in financial sector entities (independent whether foreign or local), unless exempted  Deductions not relevant in practice as waivers are granted (most banks only comply with consolidated requirements) or other supervisory exemptions	Capital Requirements Regulation requiring CET1 deduction of significant investments in financial sector entities (independent whether foreign or local), unless exempted  Deduction of all financial subsidiaries above a 10% CET1 threshold. However, waivers are granted	No Parent standalone requirements apply (only consolidated requirements)

 <sup>1</sup> 10% threshold applies to US GSIBs while a 25% threshold can apply for smaller banks

# Simplified UBS legal entity structure



**Standalone entity accounting:** Presents the financial statements of a single legal entity, including its direct assets, liabilities, and equity, with investments in subsidiaries or affiliates typically shown as financial investments (e.g., participations)

**Consolidated entity accounting:** Presents the financial statements of a group that includes the assets, liabilities, and equity of both the parent company and its subsidiaries, presented as a single economic entity with intercompany balances eliminated