

Investor update and fourth quarter 2023 results

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

Including analyst Q&A session

Transcript.

Numbers for slides refer to the investor update and fourth quarter 2023 results presentation. Materials and a webcast replay are available at www.ubs.com/investors

Sergio P. Ermotti

Slide 3 – Key messages

Thank you, Sarah and good morning, everyone.

2023 was a defining year for UBS as we acquired Credit Suisse in one of the largest transactions in banking history, setting a new long-term trajectory for our franchise. It was also an intense year that required exceptional focus from all of our colleagues during periods of significant change and uncertainty. We stayed close to our clients, helping them manage a rapidly evolving geopolitical and macroeconomic backdrop, as well as the turmoil that occurred in the financial system last March. The strength and stability of UBS provides is a direct result of our decade-long sustainable strategy, an unwavering commitment to maintaining a balance sheet for all seasons, and a focus on risk and capital efficiency.

For these reasons, clients reward UBS with their extended trust and confidence during periods of volatility and market uncertainty. And it allowed UBS to credibly step in and stabilize the Swiss, and wider, financial system by taking over Credit Suisse. We have acquired an enterprise that has suffered from many years of unsustainable capital allocation and under-investment in its businesses and control framework. This resulted in cost and capital inefficiencies, significant losses and, ultimately, substantial franchise erosion. However, the acquisition accelerates our strategic priorities by providing UBS with a complementary client base, stronger regional presence, more products and services, as well as many talented people. This gives us great confidence in our ability to meet our ambitions and deliver long-term growth and consistently higher returns.

Slide 4 – Stabilized Credit Suisse franchise and delivered on 2023 financial priorities

We made great progress on our plans in 2023. We successfully won back, retained and grew client assets while beginning the restructuring phase. We have also substantially reduced funding costs and run down non-core books. In our first full quarter as a combined firm, we stabilized Credit Suisse's client franchises and achieved underlying profitability. This permitted us to pay down the extraordinary liquidity support and voluntarily

terminate the loss-protection agreement guaranteed by the Swiss government. We also provided important clarity for all of our stakeholders as we finalized our target operating model. Notably, we established the perimeter for Non-Core and Legacy and moved forward with fully integrating our Swiss domestic operations.

Our progress continued in the fourth quarter. We maintained momentum with our clients, with 22 billion in net new assets in GWM, bringing our total to 77 billion since the closing of the acquisition. In the quarter, we also cut another 1 billion in exit-rate gross costs as we move forward on our restructuring plans. Nearly 80% of Non Core and Legacy's 12 billion decline in risk weighted assets in the second half was driven by our active wind-downs.

We achieved all of this while maintaining our capital strength. Our CET1 capital ratio increased to 14.5%, helping us to build capacity for higher capital returns while, at the same time, preparing to absorb integration charges and tax inefficiencies. A great - and often overlooked - measure of the Group's resilience and self-sufficiency is our total loss-absorbing capacity, which now stands at 200 billion. Given the ongoing debate following the events of last March, this is particularly relevant to me.

Lastly, let me highlight some things I am especially proud of, and which I believe is the essential driver of what will make this successful journey a great story. Our people have embraced both our culture and the opportunity ahead while collaborating on the integration. This will allow us to continue to serve clients and fulfil our growth initiatives. Before I take you through our plans for the next phase of the acquisition, I will hand off to Todd to cover our fourth-quarter results.

Todd Tuckner

Slide 5 – 4Q23 underlying PBT of 0.6bn

Thank you Sergio and good morning, everyone.

You'll recall that with our third quarter earnings, we introduced underlying performance metrics that strip out items that we don't consider to be representative of underlying performance - primarily pull-to-par effects from the purchase price allocation process and integration-related expenses. In this respect, when assessing the progress we are making in our underlying performance, it is important to remember that our underlying operating expense baseline is the combination of the cost stacks of two globally, systemically important banks, such that our underlying costs in absolute terms remain elevated, and will for some time. This quarter, our underlying performance also excludes a material loss relating to our ownership interest in SIX Group.

In my remarks, I will refer to these underlying numbers in US dollars and compare them to our performance last quarter, unless stated otherwise.

Starting with the P&L on slide 6 [edit: 5]. PBT in the fourth quarter was 592 million, a decrease of 322 million from the third quarter, mainly driven by lower client activity and billable invested assets, as well as the UK bank levy and a US FDIC special assessment relating to last year's US bank closures. Credit loss expenses were 136 million this quarter, mainly relating to P&C and the IB.

On a reported basis, the fourth quarter net loss was 279 million, including a net tax benefit of 473 million, primarily resulting from a revaluation of our deferred tax assets as we completed our business planning process. As we continue to execute on our integration plans at pace and benefit from seasonally higher client activity, we expect substantial improvement in our first quarter reported net profit as compared to 4Q23.

Slide 6 – 4Q23 underlying total revenues 10.4bn, down 3% QoQ

Moving to revenues on slide 6. Group revenues decreased by 3% sequentially to 10.4 billion, driven by lower recurring and net management fees on a reduced, average invested asset base, lower fair value and exit gains in Non-Core and Legacy, as well as decreased transaction-based revenues across the divisions.

Total reported revenues reached 10.9 billion, which included 944 million from pull-to-par and related effects in our core businesses. As mentioned, we also marked down our investment in SIX by 508 million to reflect the lower valuation of SIX's stake in Worldline as well as SIX's goodwill impairment relating to its ownership of the Spanish stock exchange.

Slide 7 – 4Q23 underlying operating expenses 9.7bn, up 1% QoQ

Moving to slide 7. Operating expenses for the Group increased to 9.7 billion, up 1%. Our combined workforce was reduced by around 4 thousand in the quarter, bringing year-to-date reductions to 17 thousand, or down 11% versus the workforce of both banks at the end of 2022. These reductions contributed to our achievement of around 4 billion in gross run-rate cost saves exiting 2023 when compared to the 2022 baseline.

Integration-related expenses were 1.8 billion, of which 794 million were personnel-related, including a pension benefit equalization charge of 245 million, and 604 million from real-estate and technology asset expenses. The pension charge did not affect CET1 capital as we recorded an offsetting gain in OCI. On a reported basis, including integration-related expenses, opex was 11.5 billion.

Slide 8 – Global Wealth Management

Turning to the performance in our businesses, beginning with Global Wealth Management on slide 8. As mentioned last quarter, to align with peers, we now report net new money, plus dividends and interest, under the label of net new assets. We will also continue to disclose net new fee-generating assets, now for the combined franchise.

We saw continued momentum in flows with 22 billion in net new assets, with particularly strong performance in APAC and the Americas. We also attracted 16 billion of net new deposits, with net inflows across both the UBS and Credit Suisse platforms, and including deposit inflows in the Americas for the first time since 2021. Despite the significant outflows at Credit Suisse in the first half of 2023, we generated around 54 billion of net new assets across the platforms for the full year, as we stabilized Credit Suisse and grew our combined franchise.

Moving on to GWM's P&L, profit before tax was 778 million, down 31% sequentially, driven by lower revenues and higher operating expenses. Credit provisions were a 7 million release in the quarter.

Revenues of 5.4 billion were 3% lower with decreases in NII and recurring fees, and with transactional revenues overall impacted by lower client activity, but nonetheless strong on the UBS platform, up 10% year-over-year. Net interest income was down 2%, reflecting tapering deposit mix effects in the US, and ongoing deleveraging, partially offset by stronger deposit revenues on higher volumes. Recurring fees were down 2%, reflecting a lower average billing base.

Operating expenses increased 5% to 4.6 billion, mainly due to the FDIC special assessment, litigation provisions and higher marketing and branding costs. Important to note is that we continue to see progress in taking down costs across GWM where we are integrating Credit Suisse. Specifically, in the parts of our wealth business outside the US, underlying operating expenses ex litigation and FX ticked down in the quarter and have dropped 8% compared to 2Q23 on an exit rate basis. In the US, where a year-over-year comparison is more relevant, costs were down 2% ex financial advisor compensation, the FDIC assessment and litigation.

Slide 9 – Personal & Corporate Banking (CHF)

Turning to Personal & Corporate Banking on slide 9. In its first full quarter since the announcement of the Swiss decision at the end of August, P&C generated a pre-tax profit of 794 million Swiss francs, up 3%, with lower revenues more than offset by lower operating expenses and credit charges. As I highlighted last quarter in connection with September trends, the focus on win-back and coverage alignment across both Swiss platforms continues to contribute to strong financial performance for P&C, including over 7 billion of net new deposit inflows in the fourth quarter and revenue resiliency.

Net interest income was down 1%, as the benefits from deposit inflows and higher rates were slightly more than offset by the effects of lower loan volumes and clients shifting deposits into higher-yielding products. We expect NII for P&C and GWM combined, and in US dollar terms, to be roughly flat sequentially in the first quarter, with higher rates broadly offsetting the residual effects of deposit mix shifts and the initial impact of financial resource optimization, which Sergio and I will cover in greater detail shortly. Non-NII revenues in P&C declined by 11%, mostly driven by transaction-based income, including lower client activity, particularly in Corporate and Institutional Clients.

Credit loss expenses in the quarter were 72 million Swiss francs, mainly related to defaults across several names on the Credit Suisse platform, and from aligning provisioning approaches pertaining to Credit Suisse's watchlist

credits. I would also note that PPA adjustments have reduced the level of CLE this quarter. While we have now substantially aligned provisions and methodologies across both books, we could see a continuation of the elevated levels of CLE in P&C for the foreseeable future given Credit Suisse's higher historical credit risk profile and the current economic environment. Opex dropped by 5% on lower personnel and real estate expenses.

Slide 10 – Asset Management

Moving to slide 10. Underlying PBT in Asset Management increased 16% to 180 million on seasonally higher performance fees and from gains on disposals that closed in the quarter, notably our joint venture in South Korea. Net management fees were down slightly on lower average invested assets in the quarter. Opex increased 4% to 625 million, mainly from higher personnel expenses and litigation charges.

Net new money in the quarter was negative 12 billion, predominantly from two large outflows in indexed equities, while we continue to see client demand for SMA and Private Markets capabilities.

Slide 11 – Investment Bank

Turning to the Investment Bank on slide 11. As we said last quarter, since the IB has taken on only select parts of Credit Suisse's investment bank, we continue to consider year-over-year comparisons to be instructive in describing the performance of the business, in particular regarding revenues. The operating loss of 280 million primarily reflects 34% higher costs, mainly personnel and technology related, while revenues from onboarded Credit Suisse staff are only beginning to build.

Underlying revenues, not including 277 million of pull-to-par accretion and other effects, increased 11% year-over-year to 1.9 billion. Global Banking revenues increased 69% with fee-pool outperformance across key products and across all regions and particular strength in leveraged and debt capital markets, as well as strong performance in the Americas. Global Markets revenues were down 4%, reflecting declines in Rates and FX, more than offsetting growth in equity derivatives, cash equities and financing, the latter of which topped off its best full year on record. I should highlight that cash equities gained global market share over the course of 2023.

During the fourth quarter we completed the Credit Suisse banking team integration, which is already showing in our M&A pipeline. Similarly, for Markets, we expect to substantially complete onboarding of the team and the majority of its trading positions to UBS infrastructure by the end of 1Q. With improving market activity, a growing banking pipeline and advanced progress on integration, we expect the IB to return to profitability in the first quarter.

Slide 12 – Non-core and Legacy

Moving to Non-Core and Legacy on Slide 12. Underlying PBT was negative 977 million. In the quarter we reduced RWA by 6 billion, with three quarters of the decrease from active wind-down. LRD dropped by 19 billion, and is down one-third since 2Q23.

Revenues were 162 million in the quarter. As in 3Q, on average we exited positions at or above our marks. Credit loss expenses were negligible in the quarter now that the majority of the NCL book is accounted for at fair value. Notably, underlying opex was down 9% as we continue to reduce headcount. Integration-related expenses of 749 million consisted mainly of real estate impairment charges.

Slide 13 – Maintained capital strength with CET1 ratio comfortably above guidance

Moving to CET1 capital and RWA on Slide 13. Our capital position remains strong, with capital ratios comfortably above our guidance and regulatory requirements. The CET1 capital ratio improved 10 basis points to 14.5% as the negative impacts from the reported loss and dividend accruals were more than offset by RWA reductions ex-FX and a net write-up of temporary difference DTAs.

Both CET1 capital and RWAs were significantly impacted by currency translation, which broadly offset each other in the CET1 capital ratio. Currency translation effects also accounted for more of the 80 billion increase in LRD this quarter. We also retained higher HQLA to underpin increased deposit balances and to address the new Swiss liquidity requirements that just took effect. I will return shortly to comment on how we're thinking more broadly about capital, liquidity and funding, as we work towards delivering our financial ambitions by the end of 2026.

Let me also briefly touch on a few reporting changes we are implementing from the first quarter of 2024. First, we are transferring the high net-worth client segment from the Swiss Bank of Credit Suisse to Global Wealth Management to best meet our clients' needs and align to UBS's divisional structure. These clients represent an estimated 60 billion in invested assets and 550 million in annual revenues. Second, and as I highlighted last quarter, we are pushing out to our business divisions substantially all balance sheet, equity and P&L items that were previously retained centrally. We will restate 2023 to ensure comparability and publish an updated time series ahead of 1Q results.

With that, I'll hand back to Sergio for the investor update.

Sergio P. Ermotti

Slide 15 – Attractive business model with unique global asset gathering businesses

Thank you, Todd. For more than a decade, UBS has stood out among its G-SIB peers for its favorable mix of businesses and unique model. Our global asset gathering operation and Swiss universal bank are at the core of our strategy, and they are complemented by our capital-light Investment Bank. Since 2012, our ambition to be the world's leading global wealth manager has served us well, allowing us to generate over 50 billion in capital for shareholders through the end of 2022, while also investing in sustainable, long-term growth.

Slide 16 – Accelerating our strategy by enhancing client franchises, capabilities and scale

The Credit Suisse deal accelerates our strategy. We are the only truly global wealth manager with nearly 4 trillion in invested assets across a client franchise that would be nearly impossible to replicate. Globally, GWM clients benefit from our unparalleled advice, products and services. We are the number one wealth manager in Switzerland, EMEA and APAC. In these regions, our invested assets have grown by at least 50% due to the acquisition – the equivalent of a decade of growth. In the Americas, we are a top player in the U.S., and are number one in Latin America.

The acquisition is also reinforcing our position as the number one universal bank in Switzerland. This is not a function of our size or market share, but the clear result of the value we bring to our clients through our one-firm approach, expertise and global reach that is particularly important to our large corporate and Small and Medium Enterprise clients.

With 1.6 trillion in invested assets, Asset Management has improved our competitiveness globally and expanded our presence in growth markets. We have strengthened the value provided to clients through complementary products across key asset classes.

In the Investment Bank, we are reinforcing our competitive position with our key clients. We will continue to build durable and profitable market share in the areas that differentiate UBS for our clients, while now deploying a smaller proportion of the Group's financial resources, compared to pre-acquisition levels.

Slide 17 – Executing to capture long-term growth and value creation

We finished 2023 with strong momentum in terms of our integration timeline. While we have full confidence in our ability to fulfil our goals, we are not complacent about the magnitude and complexity of the task ahead. Given the evident structural issues with Credit Suisse's business model and lack of profitability, there is a significant amount of restructuring and optimization that must take place over the next three years before we can harvest the full benefits of the combination.

As we previously communicated, during 2024 and 2025, we will incur substantial integration-related expenses as we materially restructure and remove duplication across our operations. The Non-core and Legacy portfolio will continue to be a meaningful drag on our results as it is actively unwound. In addition, over the next three years, Credit Suisse's core businesses will also continue to require balance sheet optimization. While we will sacrifice some reported profitability and growth in the short-term, we are convinced this will improve the quality of our long-term growth trajectory, and bring greater cost and capital efficiency. As a result, we are reiterating our targets to realize an underlying return on CET1 capital of around 15% and cost/income ratio of less than 70% as we exit 2026.

Slide 18 – Restructuring and delivering on integration milestones by end-2026

As I've said before, 2024 is a pivotal year for UBS. We are taking a staged approach in our execution plan to minimize the risk of disruption for clients and employees. With over six thousand deliverables over the next three years, the task is not as simple as the illustrative overview you see on slide 18. We expect to complete the merger of our parent banks and establish a single US IHC by the end of the first half of the year. The merger of our Swiss entities should occur before the end of the third quarter. Completing these key milestones will allow us to realize the associated cost, capital and funding benefits. These significant legal-entity mergers are a prerequisite for the first wave of client migrations and will allow us to begin streamlining and decommissioning legacy platforms in the second half of 2024. This process will continue into 2025 before we begin the transition towards our target state in 2026.

Slide 19 – Building capacity to invest and achieve <70% cost/income ratio by end-2026

Again, I'm sure we all appreciate the significant costs associated with running and combining two G-SIBs, including one that is still structurally unprofitable. This is why a pure integration cost journey is not enough. We also need to deeply restructure to get to an appropriate cost base.

Therefore, the realization of our integration plans and the run-down of the Non-core and Legacy portfolio is expected to result in around 13 billion in gross cost reductions by the end of 2026. In addition to supporting our cost/income ratio target, this decrease also provides us with the necessary capacity to enhance the resilience of our combined infrastructure. It will also allow us to continue to drive enduring growth by investing in talent, products and services. We will focus on improving the client experience and lowering the cost to serve by leveraging our already-leading technology proficiencies.

Slide 20 – Optimizing financial resources to enable sustainable growth and higher returns

Another key driver of value creation will come from improved use of our financial resources. Obviously, the most prominent example is the Non-core and Legacy portfolio, where we expect our wind-down efforts to result in a capital release of over 6 billion by the end of 2026. Of equal importance, we need to optimize the utilization of financial resources across the core businesses to improve returns on risk-weighted assets.

As you can see on the slide, Credit Suisse's capital efficiency and profitability were compromised in recent years by capital intensive exposures, underpriced resources and products, and hurdle rates that were not aligned to underlying risks. While in the short-term, it will be difficult to produce the best-in-class returns that UBS had previously, our aim is to narrow the gap in a reasonable timeframe. This will require re-pricing and/or exiting low returning exposures. We will also remain disciplined to ensure that pricing reflects the underlying risks and the value of the advice, products and services we provide. As we do this, we will expect to capture gross inflows in GWM and P&C as we prioritize relationships where we provide more holistic client coverage. As I said, we assume that our actions to improve capital efficiency will result in a lower growth trajectory through 2025, a necessary trade-off to create long-term value.

Slide 21 – GWM – Building on our unrivaled global scale and footprint

Now, moving to our medium-term priorities and ambitions for our business divisions, starting with GWM. We have robust momentum across our entire platform and our top objectives are to stay close to clients and improve advisor productivity. In Switzerland, EMEA and APAC, we expect PBT margins to eventually exceed 40% in each of these regions as we capture the benefits of our fortified leadership positions and integration-related synergies.

While our U.S. wealth management business will profit from our strengthened Investment Bank and Asset Management franchises, it is not directly benefiting from increased scale related to the acquisition. Therefore, we need to keep working on improving our profitability. Over the next three years, we will organically invest to institutionalize our platform by building out our core banking infrastructure to provide clients with a more comprehensive loan and deposit offering, and by rolling out more products and services to Ultra High Net Worth and family and institutional wealth clients.

We will further leverage our advisory capabilities through our global CIO platform. In particular, we aim to provide our international clients who have interests in the U.S. with more access to our American advisors and products. We will also continue to invest in our infrastructure to augment the user experience and improve productivity. We expect PBT margins in the U.S. to remain in the low double digits in the near-term, but we are confident that the actions we take will help produce mid-teens profit margins by the end of 2026. This will put us in a position to explore opportunities to further narrow the gap to our peers.

Slide 22 – GWM – Ambition to surpass 5trn of invested assets over next five years

Our actions will allow GWM to attract around 100 billion in net new assets per annum through 2025 as we expect to continue growth in our platform to partially offset by outflows related to the capital efficiency initiatives I described a moment ago. From 2026, our aim is to build to around 200 billion in net new assets annually by 2028. Overall, this level of organic growth over three years would nearly add up to the Credit Suisse franchise we just acquired, and will power our ambition to surpass 5 trillion in invested assets. Greater scale alongside our cost and capital efficiency measures will support GWM's ability to achieve improved profitability with an expected underlying cost/income ratio of less than 70%.

Slide 23 – P&C - #1 bank in Switzerland with unparalleled reach and strong returns

In Switzerland, we are the leading bank for multi-nationals and SMEs, and we also serve more than one in three households. To reiterate, our uniqueness is not driven by size, but by our ability to provide these clients with access to innovative products, solutions, digital applications and global footprint.

In recent years, P&C's consistent investments to improve the client experience and boost efficiency has supported steady growth and higher returns. We will replicate this playbook for our combined client franchises. Meanwhile, we will lower our cost to serve by streamlining our operations, decommissioning legacy technology platforms and removing branch duplication. Our ambition is for P&C to report a cost/income ratio below 50% as we exit 2026.

Slide 24 – AM – Improved positioning across key asset classes and growth markets

In Asset Management, we are building on our differentiated offering in Sustainable Investing and SMAs with an expanded Alternatives platform, which includes new capabilities in Credit. Our aim is to keep growing our higher margin products, and capture the benefits of our increased scale in customized Indexing and a deeper regional footprint. We will do this while building on our strong partnership with Global Wealth Management to drive growth.

While our improved strategic positioning and product offering will help us meet the evolving needs of our clients, we are not immune to structural issues facing the asset management industry. This makes the realization of cost synergies a critical component of our plan to get to a cost/income ratio below 70% by the end of 2026, while self-funding investments for growth and efficiency will be delivered.

Slide 25 – IB – Enhancing client offering while maintaining capital discipline

The acquisition has added capability that were already of strategic importance for our Investment Bank. Therefore, in terms of strategy, clients' priorities and risk discipline, nothing changes. In Global Banking, we have significantly strengthened our coverage and product teams in growth markets that are aligned to GWM, notably the Americas and APAC. We have reinforced our leading position in Switzerland. And globally, we expect our broader and deeper solutions across M&A, Equity Capital Markets and Leveraged Capital Markets to drive profitable market share gains. We are already seeing the benefits with notable mandate successes across the globe.

In Global Markets, we are bolstering core products and services that are most relevant to our clients, including Electronic Trading, Financing and Equity Derivatives. Our award-winning Equities and FX franchises will now serve an even larger and broader client base, also supported by our strengthened Global Research coverage of the most relevant and fastest-growing sectors. By deploying its products and services across a more diversified institutional, corporate and financial sponsor client base, in addition to the improved connectivity with our clients in GWM and P&C, the Investment Bank is poised to achieve around 15% return on attributed equity over the cycle. And it will do this while consuming no more than 25% of the Group's risk weighted assets.

Slide 26 – Non-core and Legacy – driving lower costs and efficient capital release

As I mentioned before, the active run-down of the Non-core and Legacy portfolio releases capital, removes tail risks and complexity, and reduces our cost base, allowing us to improve our returns. We have made good progress to date. We have closed over two thousand NCL books, including full exits of several macro books, and are largely closed – we have largely closed our non-core Cash Equities, Convertibles and Prime Services exposures.

To date, we have decommissioned around 150 of NCL systems, and retired nearly 20% of its models. As we further wind down this portfolio, we will focus on economic profitability, including funding, operating and capital costs. We will also remain focused on balancing our priorities with the needs of our clients and counterparties. Our ambition is for NCL's underlying loss to move to around 1 billion, with the residual portfolio of total risk weighted assets accounting for around 5% of the Group's by the end of 2026. By the end of 2024, we expect combined risk – credit and market risk risk-weighted assets to be substantially below 40 billion.

Slide 27 – Balancing resiliency, growth and attractive capital returns

Capital strength has been a key pillar of our strategy, and we remain committed to maintaining a balance sheet for all seasons. We expect to operate with a CET1 capital ratio of around 14%. This will provide us with a substantial capital buffer relative to our minimum regulatory requirements during the integration, but also as our capital requirements increase over time.

As we fund growth with part of our retained profits, we will also seek to calibrate the proportion of cash dividends versus buybacks. For the 2023 financial year, we intend to propose an ordinary dividend of 70 cents, a 27% increase year-on-year. With respect to our progressive dividend policy, we are accounting for a mid-teen percentage increase in 2024. We also plan to continue to distribute excess capital to shareholders via repurchases. In the short term, it is prudent to hold off until the parent bank merger is complete in the first half of this year. Then, we expect to resume buying back stocks, with a target of up to 1 billion dollars in 2024. Our ambition in 2026 is for total capital returns to exceed pre-acquisition levels, with share repurchases most likely being the biggest component.

Slide 28 – Rebuilding profitability while restructuring for sustainable growth

As you can see from this slide, in terms of returns on capital, we expect to build towards our 15% return on CET1 target as we exit 2026, with 2024 still reflecting the significant restructuring and optimization work taking place as we integrate Credit Suisse.

Our plan is not relying on overly optimistic market assumptions. And, if necessary, we have the flexibility to adjust our plans as needed to respond to changes in the underlying assumptions. When our cost and capital efficiency measures are behind us, we expect to increase – we expect our increased scale and enhanced client franchises will position us to attain sustainably higher returns, starting with a reported return on CET1 capital of around 18% in 2028.

With that, I hand back to Todd for more details on our plans.

Todd Tuckner

Slide 30 – Our path to ~15% underlying RoCET1 by year-end 2026

Thanks again, Sergio. The strategic and detailed planning we've undertaken over the last several months now informs a clear path towards our objectives of generating an underlying return on CET1 capital of around 15% and an underlying cost-income ratio of less than 70% by the time we complete the integration of Credit Suisse at the end of 2026. In the next few minutes, I'll describe the ways in which we expect to achieve these objectives, offer details on trajectories, and comment on how we'll measure progress.

I want to emphasize that our plans are based on the complex work required to restructure a cost base that at present supports the infrastructure of two G-SIBs, and to enhance the returns on financial resources deployed in our core businesses that have been diluted by the acquisition. These significant efficiency undertakings come at a cost, whether through integration-related expenses or somewhat slower net new asset growth while we optimize the balance sheet over the next few quarters. Ultimately, the key to delivering our long-term financial ambitions is the discipline we're applying now in driving cost and financial resource efficiency.

Moving to slide 30, which provides an overview of the main drivers of the expected return on capital uplift between now and the end of 2026. Our financial ambitions are mainly dependent on controllable factors and market assumptions that are in line with consensus, rather than blue-sky scenarios. Our focus is on building high quality and sustainable revenue streams to support healthy and attractive returns over the long term. In this respect we'll drive most of the improvement over the integration timeline by right sizing our cost base, optimizing financial resources, and normalizing the tax rate.

Importantly, by building our plans primarily around cost and resource optimization, we retain flexibility and optionality in execution. For example, while we expect to continue investing for growth in our core businesses, we have discretion to pace this spend in case markets are less constructive. Finally, as we progress with simplification of our legal entity structure, we'll see additional support to our capital returns from the normalization of the effective tax rate, dropping to around 23% by 2026.

Slide 31 – Revenue plans reflect enhanced capabilities and improved productivity

Moving to details of our revenue expectations, on slide 31. First, we believe GWM's income outside of NII will be one of the main drivers of our growth. As we expand our GWM invested asset base and enhance our solution offerings and capabilities, we expect to increase both recurring-fee and transaction-based income, with stronger net margins. By staying close to our clients, continuing to win back assets, and offering differentiated products and services to help navigate challenging market conditions, we expect to attract around 200 billion in net new assets over the next two years while optimizing returns on financial resources. Beyond 2025, with the optimization work largely behind us, we expect annual net new asset growth to build to 200 billion by 2028 and to surpass 5 trillion in assets under management at that time.

In addition to growing our asset base, we believe we're in a strong position to offset some of the structural fee margin pressure visible in the industry by leveraging a unified shelf of CIO-led products and solutions as well as increasing discretionary mandate penetration across our expanded client base. Further positive contribution to our GWM top line is expected from transaction-based fees. This growth is expected to be driven by the continued expansion of distribution channels and product capabilities, including growing and leveraging our successful GWM-IB joint coverage initiatives as well as broadening our scalable transaction-based advisory offerings for high- and ultra-high net worth clients, and clients with professional markets expertise. On top of

revenue improvement, we also believe we can enhance GWM's net margins and drive greater returns overall, by leveraging the benefits of increased scale, realizing cost synergies from the Credit Suisse integration, and emphasizing data and AI capabilities to improve advisor productivity.

Second, in our Investment Bank, we're well positioned to achieve revenue accretion relatively quickly, especially as we're selectively adding key Credit Suisse IB resources directly to the UBS platform. As a result, we accelerate our IB strategy by doubling our Banking presence in the US and building on our market-leading strengths in Switzerland, EMEA and APAC. As the newly-onboarded bankers return to full productivity over the next 12-18 months, we expect Banking to generate almost twice its baseline revenues by 2026, assuming supportive markets. We also aim to drive incremental client flow across Derivatives & Solutions, Execution Services and Financing, with support from around 400 Credit Suisse colleagues joining our Markets business. Additionally, we expect continued revenue growth in the IB from technology and resource investments we've made in capabilities such as Research, FX, prime brokerage and equity derivatives, and from increased connectivity between the IB and GWM. We also price in a return to more normalized markets vs 2023.

Moving to net interest income in GWM and P&C. As I mentioned earlier, we expect NII in US dollar terms to remain roughly stable in the first quarter of 2024 versus 4Q23. As we look out beyond the first quarter, full year 2024 NII is expected to decline by mid-single digits from annualized 4Q23 levels mainly on lower rates and as our financial resource optimization measures impact loan volumes. Over the second half of the plan horizon, we expect NII to recover, resulting from funding cost efficiencies, stable implied forward rates, and improved loan revenues. I'll cover the steps we're taking to drive funding efficiencies in a few moments.

Rounding out the revenue picture across core businesses. We expect stable revenues in P&C, outside of NII, and in Asset Management, as we take actions to offset market headwinds and potential dis-synergies from the Credit Suisse acquisition while focusing these franchises on driving cost synergy realization and improvements in operating efficiency. In particular, P&C will continue its focus on winning back flows, improving asset efficiency, and defending market share in Switzerland while Asset Management embeds new investment capabilities acquired from Credit Suisse and continues its key role in providing advisory support to our Global Wealth Management clients.

Finally, in NCL, we're not pricing in revenue growth as we look forward, as the now largely fair value book reflects our expectation of exit prices. The roughly 3.1 billion of PPA adjustments we made to the NCL accrual book, before we tagged most of the positions as held for sale, are now subsumed in the marks. Hence, we expect NCL revenues in any given quarter from here to be around zero with position P&L from sales, unwinds and marks, net of hedging and funding costs, all to be broadly offsetting. Of course, as our first priority in NCL remains taking out costs and releasing sub-optimally deployed capital, we'll at times sacrifice P&L on position exits in pursuit of these aims.

Slide 32 – ~13bn of cumulative gross cost saves to be achieved by year-end 2026

Turning to costs on Slide 32. Of the around 13 billion in gross cost saves we expect to deliver by the end of 2026, around 4 billion, or one-third, are already reflected in our 2023 exit rate. By the end of 2024, we expect to generate more than 2 billion in gross exit-rate saves, with more towards the latter half of the year after completion of the largest legal entity mergers. As indicated on the slide, we expect to drive further gross cost saves of around 4 billion by the end of 2025 with the balance coming out as we exit 2026. The non-linear trajectory of cost saves between 2023 and 2026 reflects the intensity of our integration work, with the legal entity mergers, migration of over a million clients, and decommissioning of platforms requiring significant levels of workforce to execute against our timelines, especially over the next 12-18 months.

As we progress on, and ultimately complete, these complex aspects of the integration, our resource requirements for these various programs of work will diminish, leading to considerable cost reductions by the end of 2025, when we expect to have delivered a substantial portion of our integration milestones. The back-end portion of our cost save plan relates mainly to completing hardware and software decommissioning, in particular switching off redundant legacy applications and infrastructure. This includes the applications in the various support and control functions, like Risk and Finance, where the work is naturally sequenced to follow the completion of client-facing technology decommissioning. As Sergio mentioned, we'll re-invest part of the gross saves generated from the integration into enhancing the resilience of our technology estate and funding organic business growth in our core divisions.

In terms of the nature of the gross cost saves, we expect that roughly half will be personnel-related costs as we streamline our front office operations across businesses and deliver synergies in our support and control functions. The remaining balance of saves will be derived predominantly from hardware and software decommissioning, real estate rationalization, and reduced service requirements from external providers and contractors.

Moving to integration-related expenses, which we expect to total to around 13 billion by the end of 2026, including the 4 and a half billion incurred to date. Our objective is to front-load these expenses where possible as they typically pave the way for run-rate savings. For example, in real estate, we've taken restructuring and impairment charges on select properties, reducing the current run-rate cost of our footprint by 400 million per year, down 15% from 2022 levels. This save comes as a result of taking 1 billion in integration-related real estate charges through the end of 2023, with a payback of 2.5 years.

This said, the timing of integration-related expenses and the resulting saves vary, depending on the cost category. Some charges can be provisioned upfront, as in the real estate example, while other provisions are recorded later, like severance costs for personnel whose services are required until an integration milestone is completed, such as the legal entity mergers or client platform migration. While we remain focused on accelerating these costs-to-achieve future savings wherever possible, we nevertheless expect to recognize integration-related expenses over the entire 3-year planning horizon, albeit with as much as 80 to 90% incurred by the end of 2025. Although the timing will differ, we still expect total integration-related costs to be broadly offset in our pre-tax P&L by the recognition of PPA-related pull-to-par revenue effects, including the portion now in the NCL marks, as described earlier.

Slide 33 – Non-core and Legacy to be a key contributor to Group net cost saves

Turning to NCL costs on slide 33. We expect around half of the Group's planned 13 billion in gross saves, and a considerable majority of net saves, to be achieved as a function of running down NCL's book as well as eliminating its broader cost stack related to Credit Suisse's complex legal entity structure and its historical G-SIB status. This includes expenses associated with governing, operating and maintaining Credit Suisse's many regulated legal entities and branches. As I have highlighted, the mergers of our largest group entities later this year are expected to enable further workforce consolidation and management de-layering. For reference, our target legal entity structure is presented in the Appendix.

Additionally, with complete exits of larger books of business in NCL, we expect to drive cost saves by reducing staff aligned to the unit and eliminating expensive-to-maintain technology applications and infrastructure. In this respect, we expect the trajectory of cost saves in NCL to accelerate in the second half of this year and to hasten further over the course of the following two years depending on the timing of larger-scale exits of position books. Ultimately, our objective is to limit the cost drag from NCL to a level substantially below 1 billion as we exit 2026, a drop of over 85% when compared to its 2022 cost base.

Since the formation of NCL after the Credit Suisse acquisition, we've also taken steps to reduce the risk that any remaining costs are left stranded once we stop reporting NCL as a separate segment, expected in 2027. We completed most of this work ahead of NCL's formation when we reviewed the way in which Credit Suisse's Corporate Center costs were allocated among divisions. As part of our planning process we identified an additional 300 million of such costs that we'll reallocate to the core business divisions, where they are more appropriately managed. This change will form part of the planned restatements that I described earlier. For 2024, we expect NCL to incur underlying operating expenses of around 4 billion, generating a pre-tax loss of also around 4 billion in light of the zero revenue guidance I offered earlier.

Slide 34 – Balance sheet for all seasons remains the foundation of our success

Moving to our balance sheet on slide 34. Maintaining a balance sheet for all seasons is key to everything we do. It gives us the ability to withstand financial shocks and the flexibility to support our clients in all climates. It's especially critical during this complex integration process. As highlighted earlier during the fourth quarter review, we're maintaining appropriately prudent capital and liquidity levels while executing the restructuring of Credit Suisse and preparing for new regulatory requirements. This is also the case for our key operating subsidiaries. With these considerations in mind, I'll now cover how we think about capital, liquidity and funding across the Group as we look out over the planning horizon.

Slide 35 – Strong capital position at group and pro forma combined parent bank level

First, capital. At the end of 4Q, the Group maintained a going-concern capital ratio of 17.0%, over 200 basis points above the current Swiss requirements, comprised of 14.5% in CET1 capital and 2.5% in additional Tier 1 capital. Between 2026 and 2030 our going-concern capital requirement is expected to increase by around 180 basis points to 16.7% as the effects of the currently larger balance sheet and greater market share from the Credit Suisse acquisition are phased-in. To improve efficiency of our capital stack, we intend to fund this increase by cost-effectively building-out the permissible AT1 bucket over time, bringing the going concern capital ratio to around 18% while broadly maintaining our CET1 capital ratio at around 14%. In this respect, following last year's successful raises, we expect to issue up to 2 billion in AT1 in 2024.

A word on going concern capital at our parent bank, UBS AG, on a pro-forma post-merger basis. The main take-away here is that we expect a healthy buffer over regulatory requirements on a fully applied basis and even without the substantial regulatory concession historically applied to Credit Suisse AG's investments in subsidiaries. Any increases in UBS AG's going-concern capital requirements from greater market share and a larger balance sheet will be funded in much the same way I described for the Group, and by being disciplined in right-sizing UBS AG and its subsidiaries. In terms of gone-concern capital, I would highlight that, for now, UBS AG's standalone requirement serves as the binding constraint for the Group. As such, we consider the Group's current substantial TLAC buffers to be appropriate, and, accordingly, we intend to replace maturing TLAC at similar tenors. Over time, as we reduce the leverage in our businesses, we expect to see the level of Holdco start to tick down, with some potential to tighten average spreads in the back book.

On to liquidity and funding. Beyond our approach to TLAC and AT1, our strategic objective in the context of liquidity and funding is to balance efficiency with resiliency and safety. In this respect, we maintain liquidity levels among the highest in the industry, satisfying the more stringent Swiss liquidity requirements that took effect last month. At the same time, we've begun executing on a funding plan that drives significant funding cost efficiencies over the next 3 years, principally from reducing the size of our balance sheet. Specifically, we expect to reduce LRD by over 100 billion at constant FX via the wind-down of NCL and from resource optimization across our core business divisions, driving down funding needs.

We also aim to narrow the structural funding gap of the Swiss entity inherited from Credit Suisse, increasing the self-sufficiency of the post-merger Swiss banking subsidiary. In this respect, deposits remain a key source of funding. We'll continue to focus on winning them back, with emphasis on stability reflected in tenors, products, and counterparty selection. In addition to applying discipline on deposit pricing, we expect to take actions to optimize our funding mix and drive down costs, including reducing our levels of OpCo by making further use of Swiss covered bonds and tapping an expanded variety of funding markets. Overall, as a result of lower funding needs, diversified and more stable funding sources, tighter issuance spreads relative to 2023 levels, and disciplined deposit pricing, we believe we can realize funding cost saves of up to 1 billion by 2026 on top of the saves achieved last year. This is reflected in our long-term NII guidance that I described earlier.

Slide 36 – RWA expected to decrease by ~35bn due to optimization and NCL unwind

Let me now walk you through our RWA expectations over the next three years. In NCL, we expect the run-off of its book to drive a decrease in risk weighted assets of 45 billion by the end of 2026 bringing us to around 5% of the Group's total RWAs before any further post-integration de-risking. In our core businesses, we expect Basel 3 to increase RWA by around 15 billion beginning in 2025, primarily from FRTB, credit risk, and CVA changes in the final standard. The core businesses are also expected to absorb around 10 billion of additional RWA, net of 14 billion from converting Credit Suisse's risk models to the appropriate UBS standard.

I would also highlight that we expect the resource optimization work we're undertaking to result in RWA reduction of around 15 billion in the core businesses. Importantly, this impact can vary depending on the availability of revenue-growth opportunities driving accretive returns. All told, over the next 3 years, Group RWA is expected to drop from its current levels by 35 billion at constant FX, freeing up around 5 billion in CET1 capital.

Slide 37 – Effective tax rate to reduce following key legal entity mergers

Turning to tax, on slide 37. As mentioned, we expect to operate with a relatively high effective tax rate in 2024, mainly due to losses generated by various Credit Suisse entities, primarily in Switzerland, the US and the UK, that cannot at present offset profits in their counterpart UBS entities in the same jurisdictions. The legal entity mergers planned for later this year will resolve a considerable level of this inefficiency, driving down our effective tax rate to around 40% by the end of 2024. Further optimization of our legal entity structure, combined with improved profitability and opportunities for tax planning, are expected to drive the effective tax rate to below 30% by the end of 2025, and finally to our normal levels of around 23% in 2026.

In terms of deferred tax assets, our year-end 2023 balance sheet reflects recognition of around 3 billion in net tax loss DTAs, mainly relating to the US. Of those, we expect to amortize around 0.5 billion against profits and convert around 2 billion into temporary difference DTAs by the end of 2025, seeking to maintain a balance equal to the eligible cap of 10% of our CET1 capital. The remaining level of recognized net tax loss DTAs of 0.5 billion, absent further planning considerations, is expected to remain relatively stable over the near term. It is worth highlighting that the more modest level of tax loss DTAs expected over the next couple of years limits the impact of one of the key differentiators between tangible equity and CET1, signalling their convergence.

Slide 38 – Delivering on our priorities while creating long-term sustainable value

Finally, let me briefly touch on how we plan to communicate our progress across the integration timeline. As you would expect, demonstrating the headway we're making in our cost reduction plans is, and will remain, of paramount importance. We intend to regularly report on developments, and to track our performance vs the opex and integration cost trajectories I described earlier, even when we switch back to focusing on year-over-

year comparisons by 3Q24. NCL risk reduction will continue to feature in our quarterly performance reporting. And we'll periodically check in on where we stand in terms of key integration milestones, including the legal entity mergers, systems migration of client accounts and infrastructure decommissioning, as well as improving overall efficiency in the utilization of our financial resources.

With that, I hand back to Sergio for his closing remarks before we move to Q&A.

Sergio P. Ermotti

Thank you, Todd.

To re-cap, we are pleased with the progress we have made so far. As you can see, and you heard, we have detailed plans to achieve our ambitions. We are in full execution mode. While our progress over the next three years will not be measured in a straight line, our strategy is clear. With enhanced scale and capabilities across our leading client franchises and improved resource discipline, we will drive sustainable long-term growth and higher returns.

We are confident that by the end of 2026 and beyond, this will allow us to deliver significant value for all of our stakeholders. Particularly, our clients will benefit from even – an even stronger products and service capabilities. Our people will have a better platform to grow their careers. And our shareholders will benefit from higher capital returns. Last but not least, we will remain a reliable economic partner, employer and taxpayer in the communities where we operate.

With that, let's get started with questions.

Analyst Q&A (CEO and CFO)

Kian Abouhossein, JP Morgan

Yes. First of all, thanks for taking my questions. Looking at the slides, I can put together a revenue picture as you're giving some details around return on risk-weighted assets in the long term, as well as your risk-weighted assets overall absolute. So, I get to about \$48.5 billion of revenues, which implies around 70% cost income of \$34 billion. And clearly, first of all, I wanted to see if the revenue assumption that I'm making here calculation is reasonable and what underlying scenarios you use to calculate that. And secondly, on the cost side, clearly, even if I assume some kind of growth rate in kind of cost inflation, I still see that most of the cost savings come from your legacy non-core reductions. So, it looks like a lot of flexibility. So, can you talk a little bit about – is my calculation correct to some extent? And secondly, how should I think about the cost flexibility as it seems to mainly come from Non-core and Legacy? That's the first question.

If I may, just secondly, on the Investment Bank. You're clearly making a big investment push, and here I want to understand at what point do you see delivery has to be achieved. I think you mentioned end-2026 in terms of revenue improvement, but is there any milestones that have to be achieved order to illustrate that this cost income will continuously improve not just in the first quarter?

Todd Tuckner

Thanks for your questions. Let me take the first. So, I think in terms of the way you're thinking about it, I'd say the key is to think about a cost income ratio below 70% is really the driver as we exit 2026. You know, the revenue picture that we gave, as I commented, is not based on blue sky scenarios. You see that for two of the core business divisions, we effectively priced in, you know, flat revenue growth. NCL, we priced in flat revenue growth. We talked quite, you know, I think appropriately about what we would expect from GWM as it improves its asset base. And of course, on the IB, coming from a low 2023 and given the onboarding of the Credit Suisse bankers we discussed and getting them productive over the next 12 to 18 months, one could see that our revenue picture is, you know, is appropriate in that respect and not topy.

That said, you know, when you look at, say, the return on RWA, which is I think what you used as a basis, you know, that is certainly our ambition is to do the financial resource optimization to improve our – the ratio of revenues over RWA, and that's clearly something we know we need to do. You saw in the depiction of how dilutive the CS revenues have been on that metric. So clearly, we're going to keep working on that. But the key really to take away here is that, you know, as both Sergio and I said, we have the flexibility to, you know, pace the reinvestments of the \$13 billion in gross cost saves depending on how that revenue trajectory develops. So, for us, that's really the key, maintaining less than a 70% cost income ratio. That's where the discipline comes in and as I said, pricing in what is an appropriate revenue picture and just ensuring we keep to the gross cost saves and then we could pace the reinvestment as appropriate.

Sergio P. Ermotti

Kian, vis-a-vis your second question on the IB, I think of course we do expect the onboarded resources, particularly in the banking part of the business, to start to ramp-up to average productivity of the incumbent UBS bankers. And that will happen and is already happening, to be honest, because we have been observing good mandates winning. Of course, now what we need is the second condition how do I – first one is do we win mandates? Do we get tractions? And the answer is clearly yes. So, I'm very pleased with that outcome. Now, the most difficult question to answer is, is the market going to be there to support monetizing those

mandates? And you know what's going on. It's very difficult to predict the near future. So, past a very, very hard 2023 but the momentum is very good. So, I do think that is important to measure that.

The other observation I tried to take on executed transaction will be are we gaining market shares? How do we do relatively to our competitors? A third element which is very important for me, how is the IB contributing to the value creation in our Wealth Management and P&C businesses because it is very, very important, is a pillar, is a very important driver and particularly now in the US but also for example in Australia, but also in APAC, in general. We can drive this real value creation by working closer together. But lastly, it will be over the cycle, can they deliver return on allocated equity, as we've said, as a target? So, it's a set of short-term and medium-term and long-term measures that we will use, but I'm confident that the trajectory we had in the last seven, eight years, which has volatility elements, will continue but in a way that accrue value to our shareholders and clients.

Kian Abouhossein, JP Morgan

Thank you.

Chris Hallam, Goldman Sachs

Thanks. So, first, on slide 28. If I zoom in on 2026, you've guided to an exit run rates of 15% return on core Tier 1. But for the year as a whole, you flagged double digit, which I guess is sort of 10% to 12%. So, just wondering if there's something specific happening later towards the end of 2026 that's causing a sort of big jump up in profitability or perhaps whether I'm just being a bit too pessimistic on assuming that double digit means 10% to 12%? And then second, on distribution. We have the details in terms of what you want to do on the dividend this year, also the comments you've made on buybacks for 2024 and for 2025, but I was just thinking about how you think about the overall payout ratio longer term, 2026 onwards, and the split in that between dividends and buybacks.

Todd Tuckner

Hey, Chris. So, on the first, I think what's that dynamic is effectively the benefit of having the full year of 2026 absorb all the savings that, you know, we're working super hard at to achieve over the next two to three years. So, during the course of 2026, we're still going to be taking significant cost out. In particular, the expectation is more in the middle and back office where, as I mentioned, you know, things are sequenced a bit. You know, we have to get the client tech decommissioning done and you'll start to see sort of a lot of the middle and back office functions, including semi-owned, where we'll see more of the cost take-out in the latter part of the journey. And so, what you're seeing really priced in at the end of 2026 is the full harvesting, effectively the complete cost income story whereas in 2026 in-year, of course, you know, you're just having the averaging effect over the course of the year.

Sergio P. Ermotti

Yes, Chris. On buyback, of course, in 2026 we're going to have to factor in different considerations. But generally speaking, I would say that we want to continue to have a good mix. I think that our progressive dividend policy is extremely unlikely to change over the long term. So, I think that we want to continue to deliver a cash dividend growth every year. The pace will be a function as well of where the stock trades, right? So, I mean, at the end of the day, there is an element of balancing cash versus stock depending on where the stock trades.

Having said that, I do recognize that also from a prudential and capital management standpoint of view, share buybacks offers more flexibility, right? So, what we want to always make sure that our cash dividend is sacrosanct and our progressive policy is also very, very important. Therefore, we always want to measure this in two ways. Our dividend will be then benchmark also in respect of making sure that we have an attractive story for more yield focused equity investors.

Jeremy Sigee, BNP Paribas Exane

Thank you. And apologies, my video is not working actually so I'm audio only. So, sorry for that. Two questions if I could. So, I think what you said about RWA reductions is very welcome, you know, and the target of \$510 billion in the medium term and that frees up a lot of capital, which is really great to hear. You've talked about optimization outside Non-core, so within the core divisions, and I just wonder if you could sort of talk about that a bit more. Just give us some examples of the kind of lazy assets that you think you can cut. So, that's my first question.

The second one is back on the capital returns. You talked about 2024 and you talked about 2026 on the buybacks and I just wondered in terms of how we think about what you might be able to do in 2025. Is 14% CET1 the relative – the relevant thresholds? Are there other constraints that will constrain you in terms of what buybacks you can do in 2025? So, does it have to wait for the Swiss integrations to be done? Does it have to wait for non-core milestones? If you just could talk about the constraints that would affect that, that would be great.

Todd Tuckner

Okay. Hi, Jeremy. So, on the first in terms of RWA reduction, you were looking for examples in terms of optimization in the core. So, I'd say, you know, the classic example would be where on, say, on the Credit Suisse side. In Wealth Management, to give an example, we are inheriting a situation where there was just say a loan relationship between the bank and a client. And perhaps, you know, we weren't bringing to bear the holistic client array of services that is our expectation to sort of do. Now, it's been the blueprint for us in UBS. GWM. And so, that's just an example where you have kind of a monoline is a simple example of that. Another example could be pricing. So, you might not be getting the pricing for the risks that you're effectively taking with respect to that financing. So, I think those are two examples where, you know, we need to do work to ensure the holistic client coverage is brought to bear in a given situation or we're looking at pricing opportunities in particular cases.

Sergio P. Ermotti

Yeah, Jeremy, in respect of share buyback in 2025, I think it's a little bit early to discuss that. But I would say that first of all, the integration, the Swiss topic, is a 2024 matter. So, by mid-2024 or during 2024 latest, we know exactly how we manage the integration of the parent company, the US entities and the Swiss operation. That will so in 2025 is unlikely to play a role in our capital return policies. The 14% is a good assumption. And what we mean by around 14% means 13.8% to 14.2%, not 14.5%. When we have excess capital, well above the 14% is because we are creating the buffer to do share buyback, to offset temporary timing differences between cost to achieve in our integration journey and the savings we realize and have the necessary buffer to also phase in the reduction of our tax rate.

So, in a sense, nothing really changes but we do indeed expect also the underlying profitability to improve, and therefore potentially giving us more flexibility. But this is something that we will focus in exactly 12 months' time and we will communicate our plans for 2025.

Jeremy Sigee, BNP Paribas Exane

That's great. Thanks very much.

Andrew Coombs, Citigroup

Good morning. Thank you for taking my questions. So, the first one would just be going back to some of the math that Kian outlined at the start. I'm just trying to understand your decision-making process. So, if you look at slide 20, I think you said the 9% revenue to RWA post-Basel IV. So, you're suggesting exit run rate \$46 billion of revenues, 70% cost income, \$32 billion of costs and that's a couple of billion below the full year 2026 consensus revenues and full year 2026 costs, appreciate we're comparing exit versus full year there. But with that in mind, could you elaborate on where you've identified the additional cost opportunities given that you previously said \$10 billion, you're now at \$13 billion and you're on the tape of saying we are sacrificing some topline growth in order to enhance returns. So also, where you've made the decision to perhaps come out of some product areas where there was a revenue opportunity? That's the first question.

Second question is on capital return. Again, trying to run the numbers, \$510 billion RWAs, 14% core Tier 1. You need to be, on that basis, \$71.5 billion in core Tier 1 capital. You're at \$78 billion today. So, already a lot of excess capital there, then there's the retained earnings coming through. So, just trying to understand. Are there any other moving parts aside from that amortization in the FINMA waiver between tangible equity and core Tier 1 capital over the next three to four years? Thank you.

Sergio P. Ermotti

So, I'll let Todd take the questions and only noting that you may have got the revenues wrong, but you may address this issue.

Todd Tuckner

Okay. Yes. So, Andy, hey. I will just go on the cost side because I think I addressed the revenue side anyway in response to Kian. I would – I'd also – it's also important to point out just quickly on that slide that as we say in there, it's pre-impact from the Basel III final and model update so that, you know, also will impact on the return of RWA.

In terms of the additional cost opportunities that we found, as you asked, I mean, first, I would say we're just confirming what we said last year about greater than \$10 billion and saying we had to go do the work to validate all the details. And so, you know, the \$13 billion that we've come out with, neither Sergio nor I think that that's, you know, going further. It was for us always the neighborhood of where, you know, we thought the plan – the detailed bottom-up plans would get us. And ultimately, when we were communicating greater than \$10 billion, you know, that was an informed estimate of course because we had done a fair bit of work. But of course, all the work that we've done over the last three months validating that, you know, that number. So, that's sort of the first thing is just important to emphasize that it's not as if we've gone deeper. But in terms – so on that basis, I would just say that the \$13 billion remains for us on a gross basis, critical. You know, we said half is going to be personnel related. Half is – the other half will be consisting comprised of things like mainly tech but also real estate, also third party costs. So, again, it's a validation of what we've done and also as I highlighted going through the trajectories, giving you a sense of when we think these will head through.

And just quickly on the – you asked about, you know, sacrificing topline growth. I think the point that both Sergio and I have made is just of course when you do a financial resource optimization work, and we've done this before, you know, naturally to reduce the balance sheet means at times, well, you know, you're going to be sacrificing revenues as assets come down. And so, you know, it all comes down to the accretion of return on CET1 ultimately and how we think about this in terms of trade-offs. So, that's how I would respond to that.

And then I think you were saying any other differences, if I took your point on CET1 and tangible equity. Was that the point that you were making the differences, I think you were saying, Andy.

Andrew Coombs, Citigroup

It's exactly that. Just trying to get with the capital build. Thank you.

Todd Tuckner

Yes. Well, I was just pointing out in terms of convergence, as I highlighted, you know, historically one of the big differentiators between CET1, which we think, by the way, is the right is the right model anyway because that's the basis for being able to buy back shares and pay dividends, so we think, you know, measuring return on CET1 capital is right. But we know there's always interest in that CET1 versus TE. So, what I was just suggesting was that our – as our tax loss DTAs, which were one of the big differentiators, are amortizing down and being converted into temp difference DTAs which are CET1 accretive, that that becomes much less of a delta and therefore, you know, signals a move towards convergence.

Sergio P. Ermotti

Yeah, Maybe let me just add quickly to your comment on driving optimization of the balance sheet and return on risk-weighted assets. You mentioned if we are planning to exit products, I have to say that, you know, never say never because in the next two or three years, you never know how developments work out. But at this stage, everything that we don't deem as a product that we want to have is part of non-core. So, it's all about repricing the existing core relationships and businesses. It's not about exiting businesses. I mean, I'm talking about meaningful businesses, of course, right? So, I don't expect – it's really and that's the reason why it's not an immediate effect because we have to manage the relationship. We have to manage the discussion with clients in a way that they understand risk-reward for us, for them. They understand the value of the advice we give to clients, the services and products we give. We also have to make sure that, you know, where applicable, we stop having discounts. And so, this is over time, of course, is going to help to close the gap.

Andrew Coombs, Citigroup

That's great. Perhaps I could just follow-up on the opening remark, I think you said my revenue calculation was wrong on slide 20. The \$510 billion I think is post-Basel IV and in the footnote you said 9% post-Basel IV finalization model update. So, should we be taking \$510 billion times the 9% or \$510 billion times the 10% on the slide? Just to be clear.

Todd Tuckner

Well, it would be \$510 billion times the 9% since that would be the return inclusive of the – so that's apples and apples.

Andrew Coombs, Citigroup

Brilliant. Thank you.

Anke Reingen, RBC

Yeah. Sorry. Hopefully that works. If you can talk about the path from the 15% to the 18% in 2028 return on core Tier 1 capital. Given you had 15% to 18% before, so how conservative is the timing as well as the 18% compared to your previous range and how much is at self-help versus market? And the second question is a Q4 question. Your net fee generating assets were negative in Q4. If you can maybe elaborate a bit on what's been driving this? Thank you.

Sergio P. Ermotti

Anke, I'll take this one. I think – and you take the second, Todd. I guess on the exit rate, we are trying to model what the potential will be and I outline that we can definitely converge back into a level of value creation that is in the middle range since maybe it's also appropriate to remember that if we wanted to really reiterate the old story, we would have talked about 15% to 18%, and what we are saying is that we believe the exit rate is 18%. So, I believe that the combined story over time will deliver a better, more stable, less volatile returns and those returns will be in the mid of that range between, you know, from above 15%, around 18%.

So, I would say that's the nuances of the changes are the one I just mentioned. So, we are not talking about 15% to 18%. I believe that we are well-positioned to be sustainably in the high teens going forward. I don't think there is a level of being conservative five years ahead. We need to really work out the execution of the phase and understand what is the potential, and over time we will fine tune short-term ambitions.

Todd Tuckner

And Anke, on the net new fee generating assets in the quarters, you mentioned they were negative. Just to unpack that a bit. We saw good NNFGA on the UBS platform. What you see a bit is more the Credit Suisse dynamic in terms of mandates on the Credit Suisse platform and in the fact that there was a net outflow of mandates that also could be as well from relationship managers who have left. We are countering that by virtue of having now have an aligned CIO view and aligned solutions and offerings that we're bringing out to both – on both platforms. So, we expect going forward that, you know, the CS mandates that perhaps we were seeing a bit less of than ideal. We should be able to stem that issue a bit going forward from an NNFGA perspective.

Anke Reingen, RBC

Thank you.

Alastair Ryan, Bank of America

Yeah. Okay. Apologies. Technology is not my specialty. \$100 billion net new assets in 2024 and 2025 but that feels like about dividends and interest given the shape of the balance sheet you provide in the slides. So, could you just talk – just expand a little bit on what else the underlying outflows assumptions you're making perhaps on some of the relationships you took over with Credit Suisse whether that's case? And secondly,

cash, now 18% of the balance sheet. Very, very high liquidity coverage ratio. Is that something that's just the new run rate or can you bring that down as you complete the complex legal entity restructuring? Thank you.

Todd Tuckner

Hey, Alastair, I'll take those. So, on your first on net new assets, you know, the \$100 billion over the next two years just reflects the fact that, you know, to the point that I think we've been making that while we're going to continue to grow the asset base, I mean, \$100 billion is still \$100 billion over the next – each of the next two years, \$200 billion by the end of 2025 and that's a focus of the team. In terms of where we think, you know, the appropriate ambition would be, normally when we're just in growth – full growth mode and not looking to also ensure that, you know, appropriate hygiene on the balance sheet, that's reflecting that discount in there a bit. We still think it's a strong number. It's still growing the asset base. It's still providing a basis to grow our revenues, as I highlighted in my comments, but it is reflecting the fact that in addition to growing client relationships and bringing more and more aligned products and solutions to our clients, there are going to be situations, as we both highlighted, where, you know, perhaps we see potential outflows because of decisions we've made around given service for example, trying to a price alone, potentially unsuccessfully, and then seeing that roll off and then potentially the collateral moving out of the bank as a result. So, it's just appropriate to price in some of that as we do this, you know, good and necessary work to ensure ultimately stronger return on RWA and sustainably higher returns in the long run.

In terms of cash or the HQLA that we have, yeah, you could assume going forward that that is structurally our run rate for now just given the new Swiss liquidity ordinance requirements that we're complying with. So, you can assume that that's right. Naturally, we're focusing on, you know, winning back deposits and continuing diversified sources of funding, not least given the structural funding gap we've inherited from the Credit Suisse subsidiary in Switzerland. So, you know, we're taking steps in our funding plan to narrow that. But in the end, you can assume that for now, that level of liquidity is sort of run rate level.

Alastair Ryan, Bank of America

Thank you.

Giulia Miotto, Morgan Stanley

Hi. Good morning. You hear me well? Okay, perfect. So, my first question goes to GWM Americas. I think the target is low teens until 2026 and then up to mid-teens PBT margin. So, what strategic options are you taking to structurally lift profitability in this division? I think I heard this – rebuilding the banking platform in-house, but if you can give us more color on that. So that's my first longer-term question. Whereas on the short term, in terms of transaction margins, those are being subdued for a while and especially in Asia. What evidence are you seeing or are you seeing any evidence of that coming back? Thank you.

Todd Tuckner

Yeah. Hi, Giulia. So, on – in terms of the sorts of investments we're making, as you mentioned, you know, we think the core banking infrastructure work is critical because that effectively institutionalizes clients much more effectively in doing that. The more that you have a broader suite of products and capabilities to offer clients, the more in effect it becomes, you know, they become stickier. The clients and the advisors just become stickier. We know that playbook. We run that playbook in every part of the world outside the US. And so, it's something that for us is quite fundamental. And so, we're going to continue to do that and

continue to invest in digital capabilities to make being both a client and an advisor of the US business of GWM better.

There are also some other things that we're doing to bring that profit margin up. Sergio mentioned in his comments. A lot of it's also about products and capabilities and we're seeing that start to hit through. And that's just in terms of, again, borrowing a page from the playbook that we use outside the US, it's the global markets approach. So, it's having a more joint GWM-Investment Bank approach to serving clients from a transactional perspective, especially clients with more sophisticated needs, also from a lending perspective as well, having more of a focus on lending solutions as we've done outside the US as well. So, I think doing all that is where we think, you know, just doing the sort of good blocking and tackling will, you know, should support the profit margin in mid-teens over the next two to three years.

In terms of transaction margins in APAC, yeah, I think we are seeing – we actually saw some good performance in the fourth quarter from a TRX perspective, in particular on the UBS platform, which is encouraging. So, we're – and also in APAC. Again, given just our diversification in the region, we're not just limited to, you know, one location potentially underperforming from an equity markets perspective, and we actually saw a good performance in the region. In particular, we saw good performance in transactions in Japan this quarter. And so, you know, we have the good, diversified approach to ensure that even if one – as I said, one particular part of the region isn't generating the sorts of margins that are ideal for us that we're able to compensate.

Giulia Miotto, Morgan Stanley

Thanks.

Stefan Stalmann, Autonomous

Yes. Good morning, everyone. Thanks for the presentation and for taking my questions. I hope you can hear me well. I wanted to first ask on the share buyback restart this year. I was a bit surprised that you make this link between the legal entity merger of the parent banks and the ability to restart the share buyback. Do you see actually a direct link there between Group payout capacity and what happens to the parent bank merger or is it just a short form for you to say if the merger works, that's a good indication that the integration is online, and that's why I can go back to share buybacks?

And the second question is on capital requirements. You have obviously presented the plan very much on the basis of the rules as they currently stand, but we also have an upcoming review by the government and we don't know how that looks like. On a confidence scale of 1 to 10, where do you think the outcome will be? Do you think your numbers will still be proven fine after this review or do you think it could change? Thank you.

Sergio P. Ermotti

Thank you, Stefan. I think the link between share buyback and the parent bank merger and the underlying US operation and later on, the Swiss one, it's very relevant because if we have a delay, our ability to start to deliver on the cost synergies will come just later. And therefore, we would lose capital buffers that we believe is necessary. So, I think it's totally there is no gaming or nothing. It's just prudent reasonable way to look at the two major risks associated with such an integration is regulatory approvals to execute legal entity mergers. We are talking about 50-plus countries. Okay? And the second one is IT migration. This is probably more the 2024 into 2025 as we start to migrate. So, if we don't get into a good place with our parent

company merger by the end of the second quarter, we have a delayed effect which has to be reflected in our prudence in terms of how we accrue capital. So, I hope this is very clear now.

In terms of capital requirements, yeah, well, I mean, I can only say, you know, watch and listen to what has been said publicly by different international and domestic experts around the topic of capital and why Credit Suisse failed. Credit Suisse didn't fail because of lack of capital or lack of liquidity per se but it failed because, you know, partially, I would say the loss of trust and confidence, the lack of underlying profitability and that created a self-fulfilling problem. I think if you look at regulation, you know, the regulation was well applied and fully functioning for UBS. So, the same regulation should have worked for Credit Suisse.

I do think that – I'm pretty convinced that any authorities and governments, before taking actions on capital, they will also have to sit down and look at what happened, like the commission that is investigating on the matter is doing, and everybody will have to pose and think about what they could have done better, being a little bit more self-critical about what happened. So, I believe the current regime and no experts is saying that more capital is necessary. So, I'm not going to give you an answer on my rating of confidence because there is only downside on that, but I can only tell you that facts are telling us a crystal clear story that capital is not the way to manage such a situation.

Stefan Stalmann, Autonomous

Very clear. Thank you very much.

Adam Terelak, Mediobanca

Morning. Thank you for the questions. I've got three on capital, one of which is a clarification. I wanted to dig into slide 36, the \$15 billion of balance sheet optimization. Clearly, it's talking about net of gross as well. So, can we get a feeling for what the underlying moving parts are because it's clearly going in different directions and whether there's any kind of regulatory securitization type benefit to think about, say non-revenue costing RWA efficiencies to think about on the forward look. And then linked to that, clearly the lower RWA outlook has created lots of flexibility in your plan, but how do you guys think about redeploying your balance sheet if there are profitable growth opportunities particularly given that your stock is trading above tangible book or CET1?

And then just a clarification. On the AT1 buildout, it says increasing to 18% by 2029 but I think you referenced 2026 as well in terms of that Tier 1 capital requirement. So, if you just give us color on the AT1 buildout timeline would be very helpful. Thank you.

Todd Tuckner

So, let me – thanks for that, Adam. Let me just cover. The last one is 2029 because that's, you know, that is how we've modeled and also just given the way our expectations are on the Too Big To Fail requirements coming in impacting on going concern capital out until 2030. So, that is the correct read. In terms of the first question on slide 36, so the \$510 billion effectively where we think we get to, of course, is net of growth. So, there is a growth that is priced in. So, the fact that we have, say, balance sheet optimization in the core businesses, we say net of growth. So, these are trade-offs that we're making and look, we've done this before and it's, you know, taking the balance sheet in areas where there are opportunities to generate greater returns on RWA. That's the work that we're doing, and obviously where there are opportunities to grow especially to start to begin to harvest the combination and the scale that we have. Clearly, that will be the case.

Sergio P. Ermotti

Yeah, I guess a 5% return on risk-weighted assets is not acceptable, right? So, I think that's the reason I'm saying it makes no sense for us to try to overly impress anybody with growth on the top line if this is just destroying value or not sustainable. So, we are willing to take a step back in terms of growth. But still in some areas, are we going to grow? Now, It's very important to understand the restructuring element up until the end of 2026. Afterwards, we will grow. Of course, we will grow. So, we are not a restructuring story. We will grow again because our business will grow but from a base that I believe is going to be much more reliable and sustainable.

Adam Terelak, Mediobanca

Could I have a follow-up in terms of what volume of RWA are sitting below kind of your aspiration in terms of RoRWA? Just trying to size the opportunity in terms of recycling your risk weights into high growth.

Sergio P. Ermotti

Well, you look at the balance sheet of Credit Suisse that we onboarded has revenues on risk-weighted assets of 5% on average in 2022. Now, we are already taking actions but this is the volume you have to think about. So, we were perfectly happy with the return profiles of our Wealth Management and IB and Swiss bank operation. So, we need to now bring it back. And I think it is very important that, you know, it's all about giving clear directions to our people. Our new colleagues from Credit Suisse fully understand that they are now following what they believe also is the best way to create value for clients – for shareholders, but also for clients because we want to be predictable. We want to be a partner that is there and where the relationship allows us to tell what are our expectations and what is the client expectations, and that we'll need to be addressed and we now have a clear, aligned way of looking at how to develop and grow the business.

Adam Terelak, Mediobanca

Right. Thank you very much.

Benjamin Goy, Deutsche Bank

Yes. Hi. Good morning. Two questions, please, one on the Global Wealth Management and one on Investment Bank. If you can add a bit more color on the \$100 billion net new asset run rate that should rise to \$200 billion per year by 2028. So, just wondering how much is reduced impact from business exits or kind of risk appetite, financial advisor leaving, and then how much is, say, acceleration of the platform of a unified platform? And then secondly, sounds like the Credit Suisse bankers you onboarded, pretty low revenues so far. It's picking up the next one to two years. I was just wondering because you mentioned for the markets position that it will be transferred end of Q1, but you also feel that in sales and trading, the Credit Suisse colleagues you onboarded have been underearning and whether they could see an acceleration this year. Thank you.

Todd Tuckner

Hi, Ben. So, in terms of the run rate of net new assets from \$100 billion, I would say as Sergio just highlighted in response to the last question, you know, we for sure will grow. And once we feel like the balance sheet is in a better spot, we think that that will build quickly in terms of, you know, us focusing on growth. So, the

bridge to \$200 billion, while we're not disclosing specifically what we think the numbers are, you can expect that, you know, certainly in 2026 we should start to see that come up pretty significantly and then build to \$200 billion by 2028. So, I would say it's not necessarily just, you know, linear straight line. We should see a bit of an acceleration early on in 2026, but I think there's some hard yards that we have modeled in to get to the \$200 billion in the latter part of that five-year cycle.

In terms of IB productivity on the markets side, I mean, one of the key points that I highlighted was, you know, actually onboarding on the markets side, fully onboarding not only the traders but their positions, which is now – it's been 4Q but really it's an intense piece of work in 1Q where we expect the majority of the positions to then be onboarded on UBS infrastructure. Once that happens, you know, we think that the markets personnel should be able to start generating, you know, appropriate revenues. Yes, there's a ramp, but it's not the same as in on the banking side where that productivity is going to take a longer ramp as you might appreciate it, but we should see and we expect that we'll see better productivity pretty quickly once the positions are onboarded on to the UBS infrastructure.

Benjamin Goy, Deutsche Bank

Understood. Thank you.

Tom Hallett, KBW

Morning. Yeah. Hi, guys. So, most of my questions have been answered, but just maybe going back to NII. You say it will grow again in the second half of the planning period. Am I right in just assuming that's the second half of 2025? So, i.e., kind of NII should decline three to early 2025? And then secondly, you know, one of your peers in the US said that deposit mix changes were kind of ending. Is that what you're seeing as well? And could you maybe just clarify the wider international business, what's going on with deposit mix changes there or what you expect going forward? Thanks.

Todd Tuckner

Sure. Hey, Tom. So, in terms of NII, yeah, we see the recovery coming from more mid 2025. So that's correct, that's the right read. So, you know, again, just given how we're pricing in rate reductions, you know, whether they come, I think as you know the different views. But whether they come over 12 months or 18 months, we're running our models, but we definitely have rate reductions before we see stability, you know, into 2025 for sure. And then that stability then corresponds as well with what we think would be a pick-up in loan volumes and loan revenues overall on top of, of course, the funding efficiencies that I talked about at length during my comments that really start to accelerate the recovery in NII in the latter part of the or the second half effectively of the three-year planning cycle.

In terms of deposit mix effects, absolutely. We've seen a tapering in the US. We started seeing even last quarter, even in 3Q, we're seeing that continue to taper. Still seeing a little bit of that, though, where there's spillover and higher rates in some of the non-US dollar currencies in particular in Switzerland. So, we're still seeing a bit of deposit mix shifts, but we sort of price them more or less out of our outlook, you know, once we get beyond 1Q. And in terms of how that looks across I think the US, we're now – we've seen stability first time since 4Q 2021 that we've had net deposit inflows so that's good. In APAC, we've actually seen some good deposit inflows also not least just given win-back. So, there's that impact as well. And in Switzerland, we're seeing a bit of a slightly downward move in terms of deposit inflows. So, just to give you a sense of sort of the deposit volume as I see it across the spectrum.

Tom Hallett, KBW

That's very clear. Thank you.

Andrew Lim, Société Générale

Fantastic. Thanks for taking my questions. So, the first one, on capital. I'm really trying to square your RWA guidance with how you feel about buybacks. So, looking at that equation, you know, that \$510 billion on RWAs, obviously quite low versus consensus. But if you take consensus capital of, say, \$80 billion, \$81 billion, then you are looking at about 15.8% CET1 ratio. So, we even get to the conclusion that your buyback potential is quite a lot higher than what you've indicated or maybe your expectation for CET1 capital is maybe materially lower than \$81 billion. So, I just wanted to see how you feel about that.

And then the second question is on the NII guidance that you've given. Obviously, we've drill down into the deposit mix shift there. But you've noted that one of your competitors are also one of the big drivers there has been deleveraging of Lombard loans and I wanted to see if that was actually a big driver for yourselves as well and how this has impacted your thoughts on NII for this year and going forward?

Todd Tuckner

Yeah. Thanks. Thanks for that, Andrew. So, I'll take – on the second one, no, we're not seeing – I mean, we've had some deleveraging that we've highlighted in prior quarters but we're not seeing that as a major factor in our guidance at this point other than around the impacts from the resource optimization that I've highlighted. But in particular around Lombard deleveraging, we're not pricing that to any significant degree into our guidance. And I was just trying to pick up on your first point where you were, sorry, you were trying to square if – where the RWA levels are in terms of how that informs the way you want to think about share buybacks? I just want to understand your point if you can repeat them.

Andrew Lim, Société Générale

Yes. So, let's say we're taking that consensus of \$81 billion CET1 capital, you've indicated \$510 billion on RWA. So, that would be 15.9% CET1 ratio. So, actually it is quite a lot of buffer, maybe \$5 billion or so above \$5.5 billion buybacks that you might be pointing towards for 2026. So, you know, there's either a lot more capacity for you to actually push up your buybacks there or maybe you're thinking that CET1 capital might be a bit lower than what consensus think. So, I just want to see what you think about it.

Todd Tuckner

Yeah, I think – okay. Clear. So, yeah, I think in terms of your CET1 capital calculations, I'm not sure that squares with how we model under one baseline scenario. But I think it's fair to say that, you know, if we generate as we go out to 2026, the extent to which we're able to generate the returns that we expect to generate at the end of 2026, that there will be sufficient capacity, as Sergio said, to be able to undertake as much share buybacks as we had, in fact, more so than pre-acquisition levels. So, I think, you know, I won't comment specifically on whether your CET1 number is the same number we consider under one scenario but I think it's fair to say that there is share buyback capacity naturally if we hit these targets that we've set out.

Andrew Lim, Société Générale

Great. Thanks.

Nicolas Payen, Kepler Chevreux

Yes. Morning. I have two questions, please. Two on Wealth Management. The first one would be on your pre-tax profit margin targets in the US. You're targeting mid-teens by 2026 and still significantly below what your US peers are doing. So, I wanted to know what kind of levers you can pull through to have this convergence towards the profitability levels that we are seeing of the US peers. And the second one will be on the net inflow that you are targeting. Is there any geographies where you see the most potential or where you are the most excited about where you – where the CS merger is bringing new capabilities and new outlook? Thank you.

Todd Tuckner

Yeah. Thanks, Nicolas. So, on the – look, on the pre-tax profit, you know, as we've laid out, I think Sergio in his prepared comments and mine in response to a question earlier, you know, we're building back to mid-teens through the work that we've described, which we think is quite important at that point in time, getting to what we think is an appropriate level given, you know, where we are now. Then at that stage, we have, you know, options to consider beyond that to narrow the gap further, and that's certainly the plan. So, you know, it's a little bit of walk before we run and we wanted to just be clear that we, you know, the things that we think that need to happen in the US business that we're going to do over the next three years will set us up for success and being able to sort of then, at that stage, drive greater returns and narrow the gap further beyond 2026.

In terms of the geographies in GWM that we're excited about, I mean, just off the top, and I've talked about this before, but certainly places where we become really meaningful, we're excited about many places that the CS integration brings to bear on Wealth. But, you know, when it comes to minor places where, meaningfully, change is what we had in the particular region just given maybe a focus on different client segments, maybe we exited. So, two examples come to mind would be Brazil, more on the former in terms of the client segment we focused on. Another is Australia where we exited, again more of an affluent practice that we had many years ago, and we have an opportunity now to inherit a business in Australia aligned, by the way, with the IB in Australia which is quite exciting. And that business is more, you know, the high net worth and the ultra that is our bread and butter. So, two examples where, and for different reasons of what excites us in terms of the acquisition.

Nicolas Payen, Kepler Chevreux

Thank you.

Piers Brown, HSBC

Yeah. Good morning. Most of my questions have been answered, but maybe just a final one on litigation. Just whether there's anything in the plan for a sort of a business as usual normalized charge for litigation. I know you've taken a lot of adjustments on CS acquisition and you've gotten the \$4 billion of balance sheet reserves at this stage, but having had a good chance to look at the case book at this point. Is there anything in there which you think might still burden the P&L over the course of the targets that you've laid out this morning? Thanks.

Todd Tuckner

Hey, Piers. Thanks for the question. Yeah, I mean, just refer you to the litigation note which, you know, gives both the UBS heritage and Credit Suisse heritage legacies there, say that's the best bet. Otherwise, I'll just tell you that our provision levels are augmented by the PPA that I described in August. We're comfortable with the levels we're at just given the – where those matters sit, but that's, you know, all I would comment in terms of litigation at this stage.

Sergio P. Ermotti

I won't abuse of your patience. You have been with us, thank you, for 2 hours-plus. Thanks for the questions. Thanks for attending. I hope you got enough information. But most importantly, if you have any further needs or any further questions, please reach out to Sarah's team, IR, or I'm sure between myself and Todd, we'll have a chance to catch-up with many of you in the next few weeks.

Thank you for attending and enjoy the rest of the day. Thank you.

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The integration of the Credit Suisse entities into the UBS structure is expected to take between three and five years and presents significant risks, including the risks that UBS Group AG may be unable to achieve the cost reductions and other benefits contemplated by the transaction. This creates significantly greater uncertainty about forward-looking statements. Other factors that may affect our performance and ability to achieve our plans, outlook and other objectives also include, but are not limited to: (i) the degree to which UBS is successful in the 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 as a result of the acquisition of the Credit Suisse Group; (iii) increased inflation and interest rate volatility in major markets; (iv) developments in the macroeconomic climate and in the markets in which UBS operates or to which it is exposed, including movements in securities prices or liquidity, credit spreads, currency exchange rates, deterioration or slow recovery in residential and commercial real estate markets, the effects of economic conditions, including increasing inflationary pressures, market developments, increasing geopolitical tensions, and changes to national trade policies on the financial position or creditworthiness of UBS’s clients and counterparties, as well as on client sentiment and levels of activity; (v) changes in the availability of capital and funding, including any adverse changes in UBS’s credit spreads and credit ratings of UBS, Credit Suisse, sovereign issuers, structured credit products or credit-related exposures, as well as availability and cost of funding to meet requirements for debt eligible for total loss-absorbing capacity (TLAC), in particular in the acquisition of the Credit Suisse Group; (vi) changes in 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 and any additional requirements due to its acquisition of the Credit Suisse Group, or other developments; (viii) UBS’s ability to maintain and improve its systems and controls for complying with sanctions in a timely manner and for the detection and prevention of money laundering to meet evolving regulatory requirements and expectations, in particular in current geopolitical turmoil; (ix) the uncertainty arising from domestic stresses in certain major economies; (x) changes in UBS’s competitive position, including whether differences in regulatory capital and other requirements among the major financial centers adversely affect UBS’s ability to compete in certain lines of business; (xi) changes in the standards of conduct applicable to our businesses that may result from new regulations or new enforcement of existing standards, including measures to impose new and enhanced duties when interacting with customers and in the execution and handling of customer transactions; (xii) the liability to which UBS may be exposed, or possible constraints or sanctions that regulatory authorities might impose on UBS, due to litigation, contractual claims and regulatory investigations, including the potential for disqualification from certain businesses, potentially large fines or monetary penalties, or the loss of licenses or privileges as a result of regulatory or other governmental sanctions, as well as the effect that litigation, regulatory and similar matters have on the operational risk component of our RWA, including as a result of its acquisition of the Credit Suisse Group, as well as the amount of capital available for return to shareholders; (xiii) the effects on UBS’s business, in particular cross-border banking, of sanctions, tax or regulatory developments and of possible changes in UBS’s policies and practices; (xiv) UBS’s ability to retain and attract the employees necessary to generate revenues and to manage, support and control its businesses, which may be affected by competitive factors; (xv) changes in accounting or tax standards or policies, and determinations or interpretations affecting the recognition of gain or loss, the valuation of goodwill, the recognition of deferred tax assets and other matters; (xvi) UBS’s ability to implement new technologies and business methods, including digital services and technologies, and ability to successfully compete with both existing and new financial service providers, some of which may not be regulated to the same extent; (xvii) limitations on the effectiveness of UBS’s internal processes for risk management, risk control, measurement and modeling, and of financial models generally; (xviii) the occurrence of operational failures, such as fraud, misconduct, unauthorized trading, financial crime, cyberattacks, data leakage and systems failures, the risk of which is increased with cyberattack threats from both nation states and non-nation-state actors targeting financial institutions; (xix) restrictions on the ability of UBS Group AG to make payments or distributions, including due to restrictions on the ability of its subsidiaries to make loans or distributions, directly or indirectly, or, in the case of financial difficulties, due to the exercise by FINMA or the regulators of UBS’s operations in other countries of their broad statutory powers in relation to protective measures, restructuring and liquidation proceedings; (xx) the degree to which changes in regulation, capital or legal structure, financial results or other factors may affect UBS’s ability to maintain its stated capital return objective; (xxi) uncertainty over the scope of actions that may be required by UBS, governments and others for UBS to achieve goals relating to climate, environmental and social matters, as well as the evolving nature of underlying science and industry and the possibility of conflict between different governmental standards and regulatory regimes; (xxii) the ability of UBS to access capital markets; (xxiii) the ability of UBS to successfully recover from a disaster or other business continuity problem due to a hurricane, flood, earthquake, terrorist attack, war, conflict (e.g., the Russia–Ukraine war), pandemic, security breach, cyberattack, power loss, telecommunications failure or other natural or man-made event, including the ability to function remotely during long-term disruptions such as the COVID-19 (coronavirus) pandemic; (xxiv) the level of success in the absorption of Credit Suisse, in the integration of the two groups and their businesses, and in the execution of the planned strategy regarding cost reduction and divestment of any non-core assets, the existing assets and liabilities of Credit Suisse, the level of resulting impairments and write-downs, the effect of the consummation of the integration on the operational results, share price and credit rating of UBS – delays, difficulties, or failure in closing the transaction may cause market disruption and challenges for UBS to maintain business, contractual and operational relationships; and (xxv) the effect that these or other factors or unanticipated events, including media reports and speculations, may have on our reputation and the additional consequences that this may have on our business and performance. The sequence in which the factors above are presented is not indicative of their likelihood of occurrence or the potential magnitude of their consequences. Our business and financial performance could be affected by other factors identified in our past and future filings and reports, including those filed with the US Securities and Exchange Commission (the SEC). More detailed information about those factors is set forth in documents furnished by UBS and filings made by UBS with the SEC, including the Risk Factors filed on Form 6-K with the 2Q23 UBS Group AG report on 31 August 2023 and the Annual Report on Form 20-F for the year ended 31 December 2022. UBS is not under any obligation to (and expressly disclaims any obligation to) update or alter its forward-looking statements, whether as a result of new information, future events, or otherwise.