

NEWS RELEASE

UBS reports strong flows, significant integration progress and accelerated wind-down of non-core assets in 3Q23 (Ad hoc announcement pursuant to Article 53 of the SIX Exchange Regulation Listing Rules)

11/6/2023

ZURICH--(BUSINESS WIRE)-- Regulatory News:

Sergio P. Ermotti Quote (Graphic: UBS Group AG)

UBS (NYSE:UBS) (SWX:UBSN):

Key highlights

- Profit before tax USD (255m) driven by integration-related expenses; underlying¹ PBT of USD 844m in the first full quarter since acquisition with positive operating leverage at the Group level and underlying PBT growth in GWM, P&C and AM compared to estimated underlying 2Q232
- Net new money of USD 22bn in Global Wealth Management (GWM) driven by asset win-back, new clients and share-of-wallet gains; positive NNM in Credit Suisse Wealth Management (CS WM) for the first time since 1Q22
- Net new deposits of USD 33bn across GWM and Personal and Corporate Banking (P&C), with USD 22bn from Credit Suisse clients; positive deposit inflows in P&C in September, the month after announcing the decision to integrate Credit Suisse (Schweiz)
- Released USD ~1bn of CET1 capital through accelerated wind-down of Non-core and Legacy (NCL) assets;

reduced RWA by USD 6bn and LRD by USD 52bn sequentially, primarily from active unwinds

- Maintained a balance sheet for all seasons with 14.4% CET1 capital ratio and USD 195bn of total loss-absorbing capacity; issued USD 7.5bn of combined TLAC and benchmark OpCo debt with pricing in line with pre-acquisition levels
- Achieved USD 3bn in gross run-rate saves in 9M23 vs. FY22, further progress expected in 4Q23

"We are executing on the integration of Credit Suisse at pace and have delivered underlying profitability for the Group in the first full quarter since the acquisition. Our clients have continued to place their trust and confidence in us, contributing to strong inflows across wealth management and our Swiss franchise. We are optimistic about our future as we build an even stronger and safer version of the UBS that was called upon to stabilize the financial system in March and one that all of our key stakeholders can be proud of." Sergio P. Ermotti, Group CEO

Information in this news release is presented for UBS Group AG on a consolidated basis unless otherwise specified.

1 Underlying results exclude items of profit or loss that management believes are not representative of the underlying performance. Underlying results are a non-GAAP financial measure and alternative performance measure (APM). Refer to "Group Performance" and "Appendix-Alternative Performance Measures" in the financial report for the third quarter of 2023 for a reconciliation of underlying to reported results and definitions of the APMs.

2 "Estimated underlying" combined results for 2Q23 are intended to reflect estimated underlying performance of UBS Group as if Credit Suisse were part of UBS for the entire second quarter. The estimated results reflect adjusted results of Credit Suisse AG for the full 2Q23 converted on an estimated basis from US GAAP to IFRS and aligned to the UBS presentation combined with the underlying results of UBS Group for 2Q23. Estimated results are estimates only and are intended to provide information on comparing performance of the Group in 3Q23 to 2Q23. Estimated results are not financial statements or pro forma financial information and are non-GAAP financial measures and alternative performance measures. Refer to the appendix to this media release for a reconciliation of these measures to reported results.

Group summary

Delivered underlying profitability in the first full quarter since the acquisition

For the third quarter of 2023 we reported an underlying profit before tax of USD 0.8bn, compared to an estimated underlying loss for the second quarter of 2023 for the combined firm². The improvement was driven by positive operating leverage at the Group level. GWM, P&C and AM delivered underlying PBT growth sequentially.

Net new money of USD 22bn in GWM and net new deposits of USD 33bn across GWM and P&C

Our consistent dedication to clients continues to be rewarded by their confidence and trust in UBS. This was reflected in another quarter of strong flows. We have now stabilized Credit Suisse and continued to grow our franchise through new client acquisition and share of wallet gains, as well as the continued success of our client retention and win-back strategy.

CS WM's quarterly net new money has now turned positive for the first time in a year and a half, with USD 3bn in the third quarter. UBS wealth management's USD 18bn in net new money is the second highest third quarter result

in over a decade. Net new money was positive across all regions, with particular strength in APAC. Net new fee generating assets at UBS were also strong at USD 21bn, representing a 6% annualized growth rate.

Our efforts to win back assets resulted in USD 22bn of our USD 33bn of net new deposits across GWM and P&C coming from Credit Suisse clients. Following our decision to integrate Credit Suisse (Schweiz), we undertook extensive outreach to re-assure our clients that we remain committed to serving with the best capabilities of both institutions. We reiterated that their credit limits across both banks will remain in place. To date, client reactions have been broadly constructive and net new deposits in P&C were positive in both our personal and corporate banking client segments in September.

Accelerated NCL wind-down and initiated significant operating expense reductions

We accelerated the wind-down of non-core assets, releasing USD ~1bn of CET1 capital. We reduced RWA by USD 6.4bn and LRD by USD 52.2bn during the quarter. 80% of the credit and market risk RWA reduction was due to accelerated active unwinds which were executed above marks. Non-operational risk RWA has been reduced by nearly one third since 1Q23 and the natural RWA run-off profile through 2026 has improved by USD 3bn. The finalized perimeter of NCL contains USD 30bn in operational risk RWA, which we expect to reduce by at least 50% by the end of 2026 as a function of the natural decay across the portfolio.

Underlying operating expenses of USD 1.2bn in NCL reflect the benefits from early actions to reduce headcount and outsourcing costs. We expect the underlying cost base in NCL to decrease further in the fourth quarter of 2023.

Delivered approximately USD 3bn in gross run-rate saves in 2023 to date

Underlying Group operating expenses of USD 9.6bn were down around 5% compared to estimated underlying operating expenses for the combined Group for the second quarter of 2023 as we continued to execute our plans to reduce costs in NCL, restructure Credit Suisse's investment bank and remove duplication across our operations. Annualized gross run-rate saves at the end of the third quarter of 2023 were around USD 3bn, achieving our year-end target one quarter earlier than initially communicated. We expect further progress in the fourth quarter of 2023.

Managed headcount for the combined group is down over 4,000 in the quarter and around 13,000 compared to an overall pro-forma combined basis as of 2022 year end.

Maintained a balance sheet for all seasons

We are positioning UBS to be an even stronger and safer global financial institution that provides greater value to

clients and shareholders, supported by a balance sheet for all seasons. In the third quarter of 2023, we maintained strong capital and liquidity positions, well above regulatory requirements. The quarter-end CET1 capital ratio was 14.4% and the CET1 leverage ratio was 4.9%, both in excess of our current guidance of ~14% and >4.0%, respectively. Total loss-absorbing capacity was USD 195bn. We issued USD 4.5bn of TLAC and USD 3bn of benchmark OpCo debt in the quarter, which were priced at similar levels to where UBS debt was priced before the rescue of Credit Suisse.

Outlook

Central banks have paused interest rate increases, but uncertainties remain in terms of the appropriate level of interest rates that will allow inflation to converge to their targets. As a result, the outlook for economic growth, asset valuations and market volatility remains difficult to predict. In addition, the ongoing geopolitical tensions including the conflicts in the Middle East and Ukraine continue to cloud the macroeconomic outlook.

This, in addition to normal seasonality, may affect wealth management and institutional clients' transactional activity in the fourth quarter of 2023. We also expect clients to continue to shift cash holdings from deposits into higher-yielding products, resulting in similar sequential net interest income performance.

As we continue to execute on our strategy, growth and integration plans, our focus remains on offsetting some of these ongoing challenges by helping clients to manage the inherent risks and opportunities, gaining share of wallet and actively winding down our non-core assets and costs.

Third quarter 2023 performance overview – Group

Group PBT USD (255m), underlying PBT USD 844m

PBT was USD (255m) and the underlying PBT was USD 844m, including credit loss expenses of USD 306m. The cost/income ratio was 99.6% and the underlying cost/income ratio was 89.3%. Net profit attributable to shareholders was USD (785m), with diluted earnings per share of USD (0.24). Return on CET1 capital was (4.0%) and 1.1% on an underlying basis.

Global Wealth Management (GWM) PBT USD 1,007m, underlying PBT USD 1,119m

Total revenues increased 21% to USD 5,810m, mainly due to the consolidation of Credit Suisse revenues, which included USD 318m of accretion of PPA adjustments on financial instruments. The increase was partly offset by a decrease, largely driven by lower other income. Excluding accretion effects, underlying total revenues were USD 5,492m. Net credit loss expenses were USD 2m, compared with net expenses of USD 7m in the third quarter 2022.

Operating expenses increased 44% to USD 4,801m, largely due to the consolidation of Credit Suisse expenses, integration-related expenses, unfavorable foreign currency effects, higher financial advisor variable compensation and an increase in technology expenses. Excluding integration-related expenses of USD 431m, underlying operating expenses were USD 4,370m. The cost/income ratio was 82.6% and the underlying cost/income ratio was 79.6%. Invested assets decreased 3% sequentially to USD 3,617bn. Net new money was USD 22bn.

Personal & Corporate Banking (P&C) PBT CHF 997m, underlying PBT CHF 773m

Total revenues increased 156% to CHF 2,556m, mainly due to the consolidation of Credit Suisse revenues, which included CHF 397m of accretion of PPA adjustments on financial instruments, with the remaining increase largely reflecting increases across all income lines, predominantly in net interest income. Excluding the aforementioned accretion effects, underlying total revenues were CHF 2,159m. Net credit loss expenses were CHF 154m, primarily related to stage 3 positions, compared with net releases of CHF 15m in the third quarter of 2022. Operating expenses increased 140% to CHF 1,405m, largely due to the consolidation of Credit Suisse expenses, with the remaining increase mostly reflecting integration-related expenses. Excluding integration-related expenses of CHF 148m and CHF 25m of amortization from newly recognized intangibles resulting from the acquisition of the Credit Suisse Group, underlying operating expenses were CHF 1,232m. The cost/income ratio was 55.0% and the underlying cost/income ratio was 57.1%.

Asset Management (AM) PBT USD 31m, underlying PBT USD 156m

Total revenues increased 46% to USD 755m, reflecting the consolidation of Credit Suisse revenues. Operating expenses increased 93% to USD 724m, mainly reflecting the consolidation of Credit Suisse expenses. The increase was also due to integration-related expenses, adverse foreign currency effects, and increases in technology and personnel expenses. Excluding integration-related expenses of USD 125m, underlying operating expenses were USD 599m. The cost/income ratio was 95.9% and the underlying cost/income ratio was 79.3%. Invested assets decreased 3% sequentially to USD 1,559bn. Net new money was USD (1.5bn), and USD (8.3bn), excluding money market flows and associates.

Investment Bank (IB) PBT USD (230m), underlying PBT USD (116m)

Total revenues increased 6% to USD 2,151m, mainly due to the consolidation of Credit Suisse revenues, which included USD 251m of accretion of PPA adjustments on financial instruments. Underlying total revenues decreased, largely driven by lower Global Markets revenues, partly offset by higher Global Banking revenues. Excluding the aforementioned accretion effects, underlying total revenues were USD 1,900m. Net credit loss expenses were largely unchanged. Operating expenses increased 50% to USD 2,377m, largely due to integration-related expenses, the consolidation of Credit Suisse expenses, and higher technology expenses. Excluding integration-related

expenses of USD 365m, underlying operating expenses were USD 2,012m. The cost/income ratio was 110.5% and the underlying cost/income ratio was 105.9%.

Non-core and Legacy (NCL) PBT USD (1,932m), underlying PBT USD (1,014m)

Total revenues increased by USD 273m to USD 350m, mainly due to the transfer of assets and liabilities into Non-core and Legacy following the acquisition of the Credit Suisse Group, and included USD 242m releases of markdowns on exited commitments and loans, and mark-to-market gains. In addition, positive carry in our securitized products and credit portfolios was reduced by higher funding costs. Net credit loss expenses were USD 125m, mainly related to incremental provisions that reflected a deterioration in credit risk across the lending book of Non-core and Legacy, compared with net expenses of USD 0m in the third quarter of 2022. Operating expenses were USD 2,156m, compared with USD 25m, mainly due to the acquisition of the Credit Suisse Group, and included integration-related expenses of USD 918m, of which a one-time fee of USD 289m related to an onerous contract provision, and also included real estate impairments and personnel costs. Excluding integration-related expenses, underlying operating expenses were USD 1,238m.

Group Items PBT USD (255m), underlying PBT USD (174m)

UBS's sustainability approach through the integration

Following the acquisition of Credit Suisse, our ambition is unchanged: to be a global leader in sustainable finance, building on the strong foundation we have developed over many years. We aim to offer solutions to help private and institutional clients meet their investment objectives, including through sustainable finance. In addition, we want to be the provider of choice for clients who wish to mobilize capital toward the achievement of the United Nations 17 Sustainable Development Goals and the orderly transition to a low-carbon economy.

We are currently evaluating the implications of the acquisition of Credit Suisse for our carbon reduction goals, given the different shape and activities of the businesses. We are conducting a robust risk analysis, assessing and re-baselining the emissions of the combined firm. An update will be provided in our 2023 Sustainability Report to be published next year.

Humanitarian Relief fund launched

We were all deeply shocked and saddened by the brutal attack by Hamas on Israel and unequivocally condemn all acts of terrorism. As the world watches the distressing events unfold in Israel and Gaza, we, like many of our clients and employees, want to help. This is a full-scale humanitarian crisis and the UBS Optimus Foundation has launched a fundraising appeal to help all those who are suffering.

We have seen a swift response, with nearly USD 19m pledged in donations and matching so far. Employees and clients are able to choose to make a donation either to the UBS Optimus Foundation, which will effectively allocate capital where it is most needed, or else to a specific individual partner. More information on our Humanitarian Relief fund and our partners can be found [here](#).

Selected financial information of our business divisions and Group Items

For the quarter ended 30.9.23								
USD m	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Non-core and Legacy1	Group Items1		Total
Total revenues as reported	5,810	2,871	755	2,151	350	(242)		11,695
of which: accretion of PPA adjustments on financial instruments and other effects	318	446		251		(57)		958
Total revenues (underlying)	5,492	2,426	755	1,900	350	(186)		10,737
Credit loss expense / (release)	2	168	0	4	125	6		306
Operating expenses as reported	4,801	1,579	724	2,377	2,156	7		11,644
of which: integration-related expenses	431	166	125	365	918	(2)		2,003
of which: acquisition-related costs						26		26
of which: amortization from newly recognized intangibles resulting from the acquisition of the Credit Suisse Group		28						28
Operating expenses (underlying)	4,370	1,385	599	2,012	1,238	(17)		9,587
Operating profit / (loss) before tax as reported	1,007	1,124	31	(230)	(1,932)	(255)		(255)
Operating profit / (loss) before tax (underlying)	1,119	872	156	(116)	(1,014)	(174)		844
For the quarter ended 30.6.23 restated2								
USD m	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Non-core and Legacy1	Group Items1	Negative goodwill	Total
Total revenues as reported	5,144	1,856	577	2,022	207	(265)		9,540
of which: accretion of PPA adjustments on financial instruments and other effects	117	153		55		53		378
Total revenues (underlying)	5,026	1,704	577	1,967	207	(318)		9,162
Negative goodwill							28,925	28,925
Credit loss expense / (release)	136	234	1	132	119	2		623
Operating expenses as reported	4,022	985	498	2,013	566	401		8,486
of which: integration-related expenses	67	30	14	161	105	348		724
of which: acquisition-related costs						106		106
of which: amortization from newly recognized intangibles resulting from the acquisition of the Credit Suisse Group		8						8
Operating expenses (underlying)	3,956	947	484	1,852	461	(52)		7,648
Operating profit / (loss) before tax as reported	986	637	77	(123)	(478)	(668)	28,925	29,356
Operating profit / (loss) before tax (underlying)	935	523	91	(16)	(373)	(268)		891
For the quarter ended 30.9.22								
USD m	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Non-core and Legacy1	Group Items1		Total
Total revenues as reported	4,786	1,028	516	2,032	77	(203)		8,236

of which: gains from sales of subsidiary and business of which: litigation settlement	219				62		219
Total revenues (underlying)	4,567	1,028	516	2,032	15	(203)	7,955
Credit loss expense / (release)	7	(15)	0	4	0	0	(3)
Operating expenses as reported	3,326	602	376	1,581	25	7	5,916
Operating profit / (loss) before tax as reported	1,453	442	140	447	52	(210)	2,323
Operating profit / (loss) before tax (underlying)	1,234	442	140	447	(10)	(210)	2,042

1 Starting with the third quarter of 2023, Non-core and Legacy (previously reported within Group Functions) represents a separate reportable segment and Group Functions has been renamed Group Items. Prior periods have been restated to reflect these changes. 2 Comparative-period information has been restated. Refer to "Note 2 Accounting for the acquisition of the Credit Suisse Group" in the "Consolidated financial statements" section of the UBS Group third quarter 2023 report for more information.

Selected financial information of our business divisions and Group Items

Year-to-date 30.9.23								
USD m	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Non-core and Legacy ¹	Group Items ¹	Negative goodwill	Total
Total revenues as reported	15,746	6,005	1,834	6,522	579	(707)		29,979
of which: accretion of PPA adjustments on financial instruments and other effects	436	598		306		(3)		1,336
Total revenues (underlying)	15,310	5,407	1,834	6,216	579	(704)		28,643
Negative goodwill							28,925	28,925
Credit loss expense / (release)	154	418	1	142	244	8		967
Operating expenses as reported	12,384	3,227	1,630	6,255	3,421	423		27,340
of which: integration-related expenses	498	195	139	526	1,023	346		2,727
of which: acquisition-related costs						202		202
of which: amortization from newly recognized intangibles resulting from the acquisition of the Credit Suisse Group		36						36
Operating expenses (underlying)	11,886	2,996	1,491	5,729	2,398	(126)		24,375
Operating profit / (loss) before tax as reported	3,208	2,360	203	124	(3,085)	(1,138)	28,925	30,597
Operating profit / (loss) before tax (underlying)	3,270	1,994	342	345	(2,063)	(586)		3,301

Year-to-date 30.9.22								
USD m	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Non-core and Legacy ¹	Group Items ¹		Total
Total revenues as reported	14,367	3,172	2,466	7,034	184	(690)		26,534
of which: net gain from disposal of a joint venture			848					848
of which: gains from sales of subsidiary and business	219							219
of which: losses in the first quarter of 2022 from transactions with Russian counterparties				(93)				(93)
of which: litigation settlement					62			62
Total revenues (underlying)	14,148	3,172	1,619	7,127	122	(690)		25,499
Credit loss expense / (release)	(3)	42	0	(20)	2	0		22
Operating expenses as reported	10,450	1,847	1,193	5,269	84	2		18,845
Operating profit / (loss) before tax as reported	3,919	1,283	1,273	1,785	98	(692)		7,667
Operating profit / (loss) before tax (underlying)	3,700	1,283	426	1,878	36	(692)		6,631

1 Starting with the third quarter of 2023, Non-core and Legacy represents a separate reportable segment and Group Functions has been renamed Group Items. Prior periods have been restated to reflect these changes.

Our key figures

USD m, except where indicated	As of or for the quarter ended				As of or year-to-date	
	30.9.23	30.6.23	31.12.22	30.9.22	30.9.23	30.9.22
Group results						
Total revenues	11,695	9,540	8,029	8,236	29,979	26,534
Negative goodwill		28,925			28,925	
Credit loss expense / (release)	306	623	7	(3)	967	22
Operating expenses	11,644	8,486	6,085	5,916	27,340	18,845
Operating profit / (loss) before tax	(255)	29,356	1,937	2,323	30,597	7,667
Net profit / (loss) attributable to shareholders	(785)	28,992	1,653	1,733	29,235	5,977
Diluted earnings per share (USD)2	(0.24)	9.02	0.50	0.52	8.95	1.74
Profitability and growth3,4,5						
Return on equity (%)	(3.7)	161.2	11.7	12.3	54.5	13.7
Return on tangible equity (%)	(4.0)	178.4	13.2	13.9	60.3	15.4
Underlying return on tangible equity (%)	1.1	2.7	12.7	12.1	3.6	12.8
Return on common equity tier 1 capital (%)	(4.0)	185.8	14.7	15.5	62.6	17.8
Underlying return on common equity tier 1 capital (%)	1.1	2.9	14.1	13.5	3.8	14.8
Return on leverage ratio denominator, gross (%)	2.8	2.8	3.2	3.3	3.0	3.4
Cost / income ratio (%)6	99.6	88.9	75.8	71.8	91.2	71.0
Underlying cost / income ratio (%)6	89.3	83.5	76.4	74.4	85.1	73.9
Effective tax rate (%)	n.m.7	1.2	14.5	25.0	4.4	21.7
Net profit growth (%)	n.m.	n.m.	22.6	(24.0)	389.1	(2.2)
Resources3						
Total assets	1,644,522	1,678,856	1,104,364	1,111,753	1,644,522	1,111,753
Equity attributable to shareholders	84,856	87,116	56,876	55,756	84,856	55,756
Common equity tier 1 capital8	78,587	80,258	45,457	44,664	78,587	44,664
Risk-weighted assets8	546,491	556,603	319,585	310,615	546,491	310,615
Common equity tier 1 capital ratio (%)8	14.4	14.4	14.2	14.4	14.4	14.4
Going concern capital ratio (%)8	16.8	16.8	18.2	19.1	16.8	19.1
Total loss-absorbing capacity ratio (%)8	35.7	35.2	33.0	33.7	35.7	33.7
Leverage ratio denominator8	1,615,817	1,677,877	1,028,461	989,787	1,615,817	989,787
Common equity tier 1 leverage ratio (%)8	4.9	4.8	4.4	4.5	4.9	4.5
Liquidity coverage ratio (%)9	196.5	175.2	163.7	162.7	196.5	162.7
Net stable funding ratio (%)	120.7	117.6	119.8	120.4	120.7	120.4
Other						
Invested assets (USD bn)4,10,11	5,373	5,530	3,981	3,731	5,373	3,731
Personnel (full-time equivalents)	115,981	119,100	72,597	72,009	115,981	72,009
Market capitalization2,12	85,768	69,932	65,608	51,694	85,768	51,694
Total book value per share (USD)2	26.24	26.99	18.30	17.52	26.24	17.52
Tangible book value per share (USD)2	23.94	24.64	16.28	15.57	23.94	15.57

1 Comparative-period information has been revised. Refer to "Note 2 Accounting for the acquisition of the Credit Suisse Group" in the "Consolidated financial statements" section of the UBS Group third quarter 2023 report for more information. 2 Refer to the "Share information and earnings per share" section of the UBS Group third quarter 2023 report for more information. 3 Refer to the "Targets, aspirations and capital guidance" section of the Annual Report 2022 for more information about our performance targets. 4 Refer to "Alternative performance measures" in the appendix to the UBS Group third quarter 2023 report for the definition and calculation method. 5 Profit or loss information for the third quarter of 2023 includes three months of information for UBS and three months of information for Credit Suisse and, for the purpose of the calculation of return measures, has been annualized multiplying such by four. Profit or loss information for the second quarter of 2023 includes three months of information for UBS and one month (June 2023) of information for Credit Suisse and, for the purpose of the calculation of return measures, has been annualized multiplying such by four. Profit or loss information for the first nine months of 2023 includes nine months of information for UBS and four months (June–September 2023) of information for Credit Suisse and, for the purpose of the calculation of return measures, has been annualized by dividing such by three and then multiplying by four for the year-to-date measure. 6 Negative goodwill is not used in the calculation as it is presented in a separate reporting line and is not part of total revenues. 7 The effective tax rate for the third quarter of 2023 is not a meaningful measure, due to the distortive effect of current unbenefted tax losses at the former Credit Suisse entities. 8 Based on the Swiss systemically relevant bank framework as of 1 January 2020. Refer to the "Capital management" section of the UBS Group third quarter 2023 report for more information. 9 The disclosed ratios represent quarterly averages for the quarters presented and are calculated based on an average of 63 data points in the third quarter of 2023, 64 data points in the second quarter of 2023, 63 data points in the fourth quarter of 2022 and 66 data points in the third quarter of 2022. Refer to the "Liquidity and funding management" section of the UBS Group third quarter 2023 report for more information. 10 Consists of invested assets for Global Wealth Management, Asset Management and Personal & Corporate Banking. Refer to "Note 31 Invested assets and net new money" in the "Consolidated financial statements" section of the Annual Report 2022 for more information. 11 Starting with the second quarter of 2023, invested assets include invested assets from associates in the Asset Management business division, to better reflect the business strategy. Comparative figures have been restated to reflect this change. 12 In the second quarter of 2023, the calculation of market capitalization was amended to reflect total shares issued multiplied by the share price at the end of the period. The calculation was previously based on total shares outstanding multiplied by the share price at the end of the period. Market capitalization has been increased by USD 7.8bn as of 31 December 2022 and by USD 5.0bn as of 30 September 2022 as a result.

Income statement

USD m	For the quarter ended			% change from		Year-to-date	
	30.9.23	30.6.23	30.9.22	2Q23	3Q22	30.9.23	30.9.22
Net interest income	2,107	1,707	1,596	23	32	5,202	5,032
Other net income from financial instruments measured at fair value through profit or loss	3,212	2,517	1,796	28	79	8,410	5,641
Net fee and commission income	6,071	5,128	4,481	18	35	15,804	14,608
Other income	305	188	363	62	(16)	563	1,254
Total revenues	11,695	9,540	8,236	23	42	29,979	26,534
Negative goodwill		28,925				28,925	
Credit loss expense / (release)	306	623	(3)	(51)		967	22
Personnel expenses	7,571	5,651	4,216	34	80	17,842	13,559
General and administrative expenses	3,124	1,968	1,192	59	162	7,157	3,769
Depreciation, amortization and impairment of non-financial assets	950	866	508	10	87	2,341	1,517
Operating expenses	11,644	8,486	5,916	37	97	27,340	18,845
Operating profit / (loss) before tax	(255)	29,356	2,323			30,597	7,667
Tax expense / (benefit)	526	361	580	46	(9)	1,346	1,662
Net profit / (loss)	(781)	28,995	1,742			29,251	6,005
Net profit / (loss) attributable to non-controlling interests	4	3	9	23	(57)	15	28
Net profit / (loss) attributable to shareholders	(785)	28,992	1,733			29,235	5,977
Comprehensive income							
Total comprehensive income	(2,692)	28,128	(48)			27,269	960
Total comprehensive income attributable to non-controlling interests	(8)	(2)	(8)	382	(1)	4	1
Total comprehensive income attributable to shareholders	(2,684)	28,130	(40)			27,266	959

1 Comparative-period information has been revised. Refer to "Note 2 Accounting for the acquisition of the Credit Suisse Group" in the "Consolidated financial statements" section of the UBS Group third quarter 2023 report for more information.

Financial and regulatory key figures for our significant regulated subsidiaries and sub-groups

All values in million, except where indicated	UBS AG (consolidated)		UBS AG (standalone)		Credit Suisse AG (consolidated)		Credit Suisse AG (standalone)	
	USD		USD		CHF		CHF	
Financial and regulatory requirements	IFRS Swiss SRB rules		Swiss GAAP Swiss SRB rules (phase-in)		US GAAP Swiss SRB rules		Swiss GAAP Swiss SRB rules (phase-in) ¹	
As of or for the quarter ended	30.9.23	30.6.23	30.9.23	30.6.23	30.9.23	30.6.23	30.9.23	30.6.23

Financial information²

Income statement								
Total operating income ³	8,322	8,453	1,898	7,118	708	(663)	538	88
Total operating expenses	7,047	6,997	2,299	5,664	4,171	8,211	1,418	1,459
Operating profit / (loss) before tax	1,275	1,456	(400)	1,454	(3,463)	(8,874)	3,019	(3,833)
Net profit / (loss)	936	1,124	(500)	1,270	(3,539) ⁴	(9,329) ⁴	2,717 ⁴	(3,948) ⁴
Balance sheet								
Total assets	1,097,536	1,096,318	534,100	530,893	460,623	483,735	279,791	315,509
Total liabilities	1,044,355	1,043,044	481,243	477,536	417,948	437,602	255,752	294,186
Total equity	53,181	53,274	52,857	53,357	42,674	46,133	24,040	21,322

Capital⁵

Common equity tier 1 capital	43,378	43,300	53,107	53,904	42,793	45,542	30,935	28,394
Additional tier 1 capital	11,660	11,718	11,660	11,718	469	463	469	463

Total going concern capital / Tier 1 capital	55,037	55,017	64,767	65,622	43,263	46,004	31,405	28,856
Tier 2 capital	536	539	530	533				
Total capital					43,263	46,004	31,405	28,856
Total gone concern loss-absorbing capacity	53,349	51,572	53,343	51,566	39,230	39,375	39,177	39,325
Total loss-absorbing capacity	108,387	106,589	118,110	117,187	82,492	85,379	70,581	68,182

Risk-weighted assets and leverage ratio denominator⁵

Risk-weighted assets	321,134	323,406	347,514	343,374	205,052	217,102	198,944	199,504
Leverage ratio denominator	1,042,106	1,048,313	608,933	606,158	555,398	585,681	317,772	362,074

Capital and leverage ratios (%)⁵

Common equity tier 1 capital ratio	13.5	13.4	15.3	15.7	20.9	21.0	15.6	14.2
Going concern capital ratio / Tier 1 capital ratio	17.1	17.0	18.6	19.1	21.1	21.2	15.8	14.5
Total capital ratio					21.1	21.2	15.8	14.5
Total loss-absorbing capacity ratio	33.8	33.0			40.2	39.3		
Tier 1 leverage ratio					7.7	7.8	9.7	7.8
Going concern leverage ratio	5.3	5.2	10.6	10.8	7.8	7.9	9.9	8.0
Total loss-absorbing capacity leverage ratio	10.4	10.2			14.9	14.6		
Gone concern capital coverage ratio			115.6	111.7	187.8	178.1	141.7	134.5

Liquidity coverage ratio⁵

High-quality liquid assets (bn)	230.9	224.8	109.2	97.7	122.3	131.7	50.7	63.2
Net cash outflows (bn)	131.0	131.5	48.8	47.1	53.8	51.3	14.4	16.2
Liquidity coverage ratio (%)	176.6	170.9	225.96	208.0	227.27	256.7	352.58	390.9

Net stable funding ratio⁵

Total available stable funding (bn)	568.5	564.5	263.7	253.9	292.5	295.7	171.1	168.3
Total required stable funding (bn)	467.1	477.6	279.2	283.9	235.7	246.2	154.5	168.1
Net stable funding ratio (%)	121.7	118.2	94.59	89.4	124.1	120.1	110.810	100.110

1 Swiss GAAP statutory accounting rules for banks allow the use of certain US GAAP accounting rules, such as current expected credit loss (the CECL) requirements. 2 The financial information disclosed does not represent financial statements under the respective GAAP / IFRS. 3 The total operating income includes credit loss expense or release. 4 The net profit / (loss) excludes net income / (loss) attributable to non-controlling interests. 5 Refer to the 30 September 2023 Pillar 3 Report, available under "Pillar 3 disclosures" at ubs.com/investors, for more information. 6 In the third quarter of 2023, the liquidity coverage ratio (the LCR) of UBS AG was 225.9%, remaining above the prudential requirements communicated by FINMA. 7 In the third quarter of 2023, the liquidity coverage ratio (the LCR) of Credit Suisse AG consolidated was 227.2%, remaining above the prudential requirements communicated by FINMA. 8 In the third quarter of 2023, the LCR of Credit Suisse AG standalone was 352.5%, remaining above the prudential requirements communicated by FINMA. 9 In accordance with Art. 17h para. 3 and 4 of the Liquidity Ordinance, UBS AG standalone is required to maintain a minimum NSFR of at least 80% without taking into account excess funding of UBS Switzerland AG and 100% after taking into account such excess funding. 10 Based on the Liquidity Ordinance, Credit Suisse AG standalone is allowed to fulfill the minimum NSFR of 100% by taking into consideration any excess funding of Credit Suisse (Schweiz) AG standalone, and Credit Suisse AG standalone has an NSFR requirement of at least 80% without taking into consideration any such excess funding. Credit Suisse (Schweiz) AG must always fulfill the NSFR of at least 100% on a standalone basis.

Estimated underlying combined results for the second quarter of 2023

"Estimated underlying" combined results for 2Q23 are intended to reflect estimated underlying performance of UBS Group as if Credit Suisse were part of UBS for the entire second quarter. The estimated results reflect adjusted results of Credit Suisse AG for the full 2Q23 converted on an estimated basis from US GAAP to IFRS and aligned to the UBS presentation combined with the underlying results of UBS Group for 2Q23. Estimated results are estimates only and are intended to provide information on comparing performance of the Group in 3Q23 to 2Q23 and do not reflect the results of the combined group that would have resulted had the combination occurred on 1 June 2023 or any earlier date. Estimated results are not financial statements or pro forma financial information, and have not been prepared in accordance with Article 11 of Regulation S-X promulgated by the U.S. Securities and Exchange Commission. It is therefore not consistent in terms of content and presentation with pro forma financial information that would be included in reports filed under Sections 13(a) or 15(d) of the U.S. Securities Exchange Act of 1934, as amended. Estimated results are non-GAAP financial measures and alternative performance measures.

Reconciliation of estimated underlying combined results for 2Q23

USD bn	Revenues	Credit loss expense / (release)	Operating expenses	Profit before tax
UBS sub-group ¹ (IFRS)	8.4	0.0	6.8	1.5
CS sub-group ² (US GAAP) ³	(0.7)	0.1	9.2	(10.0)
UBS sub-group exclusions from underlying results ⁴			(0.5)	0.5
CS sub-group exclusions ^{3,5}	2.5		(5.2)	7.7
2Q23 illustrative underlying combined results as per 2Q23 results presentation	10.3	0.2	10.4	(0.3)
June 2023 US GAAP to IFRS conversion as reported ⁶	0.4	0.6	(0.2)	(0.0)
Exclusion of June 2023 pull to par and other PPA effects ⁷	(0.4)			(0.4)
Estimated April and May 2023 commission expense reclassification ^{3,8}	(0.2)		(0.2)	0.0
2Q23 credit loss expense restatement ⁹		(0.1)		0.1
2Q23 estimated underlying combined	10.1	0.7	10.0	(0.6)

¹ UBS Group AG and consolidated subsidiaries, excluding Credit Suisse sub-group for post-acquisition period; ² Credit Suisse AG and its consolidated subsidiaries for the full second quarter of 2023, also including Credit Suisse Services AG and other small former Credit Suisse Group entities now directly held by UBS Group AG; ³ CHF converted to USD using 2Q23 average USD/CHF rates of 0.90; ⁴ Excludes integration-related expenses of USD 350m and acquisition costs of USD 106m recorded in UBS Group, excluding the Credit Suisse subgroup for the post-acquisition period. Refer to Group Performance in the UBS Group AG financial report for the second quarter of 2023 for additional information; ⁵ Excludes fair value losses of CHF 2,204m, losses on business sales of CHF 4m, loss on equity investment in SIX Group AG of CHF 32m, write-down of intangible assets of CHF 38m, goodwill impairment of CHF 1,051, restructuring expenses of CHF 123m, litigation provisions of CHF 1,491, impairments on internally developed software of CHF 1,836m, acquisition-related compensation expenses of CHF 240m, cancellation of contingent capital awards gain of CHF 408m, expenses related to real estate disposals of CHF 35m, expenses related to Archegos of CHF 7m, integration costs of CHF 286m and other acquisition-related adjustments of CHF 13m; ⁶ Refer to Note 3 of the financial statements in the UBS Group AG financial report for the second quarter of 2023; ⁷ Refer to Group Performance in the UBS Group AG financial report for the third quarter of 2023 for additional detail. Accretion of PPA adjustments on financial instruments in NCL is not excluded from underlying results as the majority of NCL's assets are held at fair value, reflecting our intention to actively wind down the portfolio; ⁸ Estimated impact from reclassifying commission expense from operating expenses to negative revenues for the Credit Suisse sub-group for April and May 2023; ⁹ Related to the reclassification of certain NCL positions to fair value through P&L in 3Q23; refer to Note 2 of the financial statements in the UBS Group AG financial report for the second quarter of 2023.

Information about results materials and the earnings call

UBS's third quarter 2023 report, news release and slide presentation are available from 06:45 CET on Tuesday, 7 November 2023, at ubs.com/quarterlyreporting.

UBS will hold a presentation of its third quarter 2023 results on Tuesday, 7 November 2023. The results will be presented by Sergio P. Ermotti (Group Chief Executive Officer), Todd Tuckner (Group Chief Financial Officer), Sarah Mackey (Head of Investor Relations), and Marsha Askins (Group Head Communications & Branding).

Time

09:00 CET

08:00 GMT

03:00 US EST

Audio webcast

The presentation for analysts can be followed live on ubs.com/quarterlyreporting with a simultaneous slide show.

Webcast playback

An audio playback of the results presentation will be made available at ubs.com/investors later in the day.

Cautionary Statement Regarding Forward-Looking Statements

This news release contains statements that constitute “forward-looking statements,” including but not limited to management’s outlook for UBS’s financial performance, statements relating to the anticipated effect of transactions and strategic initiatives on UBS’s business and future development and goals or intentions to achieve climate, sustainability and other social objectives. While these forward-looking statements represent UBS’s judgments, expectations and objectives concerning the matters described, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from UBS’s expectations. In particular, recent terrorist activity and escalating armed conflict in the Middle East, as well as the continuing Russia–Ukraine war, may have significant impacts on global markets, exacerbate global inflationary pressures, and slow global growth. In addition, the ongoing conflicts may continue to cause significant population displacement, and lead to shortages of vital commodities, including energy shortages and food insecurity outside the areas immediately involved in armed conflict. Governmental responses to the armed conflicts, including, with respect to the Russia–Ukraine war, coordinated successive sets of sanctions on Russia and Belarus, and Russian and Belarusian entities and nationals, and the uncertainty as to whether the ongoing conflicts will widen and intensify, may continue to have significant adverse effects on the market and macroeconomic conditions, including in ways that cannot be anticipated. UBS’s acquisition of Credit Suisse has materially changed our outlook and strategic direction and introduced new operational challenges. 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 bank; (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 Credit Suisse; (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, including the COVID-19 pandemic and the measures taken to manage it, which have had and may also continue to have a significant adverse effect on global and regional

economic activity, including disruptions to global supply chains and labor market displacements; (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 light of the acquisition of Credit Suisse; (vi) changes in central bank policies or the implementation of financial legislation and regulation in Switzerland, the US, the UK, the European Union 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 Credit Suisse, 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 Credit Suisse, 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 currently existing in the Credit Suisse Group, 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 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.

Rounding

Numbers presented throughout this news release may not add up precisely to the totals provided in the tables and text. Percentages and percent changes disclosed in text and tables are calculated on the basis of unrounded figures. Absolute changes between reporting periods disclosed in the text, which can be derived from numbers

presented in related tables, are calculated on a rounded basis.

Tables

Within tables, blank fields generally indicate non-applicability or that presentation of any content would not be meaningful, or that information is not available as of the relevant date or for the relevant period. Zero values generally indicate that the respective figure is zero on an actual or rounded basis. Values that are zero on a rounded basis can be either negative or positive on an actual basis.

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