Swiss TBTF discussion – Facts and Figures

Purpose of this document

Switzerland is engaged in an important debate that will shape the future of the Swiss financial center for years to come. UBS has consistently emphasized the importance of drawing the right lessons from the Credit Suisse crisis and supports the objective of further strengthening the resilience of the financial system.

This document addresses a series of claims and incomplete representations that have been made on matters that are central to the TBTF discussion and which, without further context, may lead to wrong conclusions. It provides the facts, figures and information that UBS believes are relevant for an informed assessment of the proposals currently under consideration.

The document does not introduce new positions. Rather, it consolidates and updates information that UBS has previously communicated in its various public disclosures. All of this information has been published in accordance with the strict legal and regulatory requirements that govern such disclosures.

Our objective is to contribute to a fact-based discussion and to assist policymakers, opinion leaders, clients, employees and the wider public in assessing the issues and drawing the right conclusions on the basis of a comprehensive understanding of the relevant facts, context and potential implications.

Context

UBS approaches this discussion in the same constructive spirit in which it acted during the events of March 2023, when Credit Suisse could no longer continue on its own. At that time, the priorities for all involved stakeholders were clear: protect clients, safeguard financial stability, minimize risks to taxpayers and limit disruption to the broader economy. Important decisions had to be taken under exceptional circumstances and considerable time pressure.

Subsequent analyses by national and international bodies, including the Financial Stability Board and FINMA, have confirmed that a resolution of Credit Suisse would also have been possible. However, the Swiss authorities concluded that the emergency acquisition represented the best solution under the circumstances from a financial-stability and risk-management perspective, including for taxpayers. Switzerland acted decisively, with UBS playing an indispensable role in helping restore confidence and stability.

Executive Summary

UBS supports strong regulation. The issue is not whether Switzerland should have stringent banking rules which is the case already today; it is whether the proposed adjustments are targeted, proportionate, internationally aligned, address the root causes of the Credit Suisse downfall and are supported by a thorough cost-benefit assessment.

Credit Suisse's collapse reflected multiple root causes with weaknesses in strategy, culture, risk management, governance, financial resource management and regulatory concessions. While all these factors contributed to the crisis, the regulatory concessions granted to the bank obscured its capital weakness and delayed the necessary response. As the Parliamentary Investigation Commission (PInC) report recognizes, consistent implementation and supervision of the existing capital regime would have prompted earlier intervention.

UBS's international business strengthens resilience. UBS's diversified international business ensures stable earnings and supports Swiss companies, foreign-currency liquidity and Switzerland's role as a global wealth management center.

Taxpayer protection is already embedded in the current Swiss TBTF framework. The current framework requires systemically important banks to hold substantial capital and liquidity and to maintain recovery and resolution plans designed to enable an orderly restructuring or resolution without taxpayer support. Independent analyses indicate that Credit Suisse could have been resolved. UBS's current capital, liquidity and bail-in resources provide strong safeguards against taxpayer losses.

Full CET1 backing of foreign subsidiaries is not needed to protect taxpayers. The proposal would over-insure against an unrealistic scenario in which all foreign participations lose their full value at once, while disregarding substantial bail-in resources available in resolution.

The capital impact of the proposed measures is USD 22 billion. This figure is acknowledged by UBS and the authorities as the increase in CET1 capital requirements and is in addition to the USD 15 billion CET1 capital that UBS must already hold to cover the Credit Suisse concessions and the increased TBTF add-ons. UBS's ability to build this capital over time has never been in question. However, carrying this incremental capital long-term would tie up resources that could otherwise support clients and economic growth.

The proposed full CET1 backing would impose significant and recurring costs. It would create significant recurring annual capital costs of around USD 1.6 billion on top of Switzerland's already stringent capital regime, or USD 3 billion of total costs when covering the Credit Suisse concessions and the increased TBTF add-ons are considered. This would make Switzerland an international outlier, weakening UBS's and the Swiss financial center´s competitiveness and resilience.

Higher capital requirements would affect Swiss clients, the economy and the Swiss taxpayer. The proposal would raise financing costs, constrain credit supply and weigh on growth, employment and tax revenues in Switzerland.

More targeted and proportionate alternatives are available. Alternatives to full CET1 backing should be assessed through a proper cost-benefit analysis and in the context of the broader regulatory package, with the root causes of the Credit Suisse in mind.

Market evidence does not support the view that the impact of the proposed measures is balanced and manageable. UBS shares have materially underperformed peers since the April 2024 report. A leading rating agency has warned that the proposed measures may increase UBS's cost of capital and place it at a significant competitive disadvantage both globally and domestically.

AT1 are a core part of the current capital framework. AT1 instruments are internationally recognized going-concern capital, were proven relevant in the Credit Suisse crisis and should support foreign-participation backing alongside CET1.

UBS does not benefit from an implicit state guarantee. There is no evidence of an implicit state guarantee in UBS's ratings or funding costs; UBS relies on its strong capital base, significant loss-absorbing capacity and resolvability to cover eventual losses and protect taxpayers.

A Public Liquidity Backstop (PLB) is not a state guarantee for shareholders, management or creditors. A PLB is a targeted resolution tool that provides temporary liquidity support while losses remain borne first by shareholders and creditors, with safeguards to minimize taxpayer risk.

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1. Regulatory concessions helped obscuring Credit Suisse's true capital position and delayed corrective action.

– Credit Suisse failed as a result of years of accumulated weaknesses that ultimately undermined the confidence of clients, investors and markets. These weaknesses included the lack of a sustainable strategy, an inadequate culture, poor risk management, weak governance, aggressive financial resource management and the reliance on substantial regulatory concessions.[1]

– Credit Suisse's parent bank, Credit Suisse AG, was allowed to operate with insufficient capital as a consequence of two regulatory concessions – the regulatory filter and a 10-year phase-in period for the capital requirements of the foreign subsidiaries. Without the regulatory filter, Credit Suisse AG would have missed its capital requirements already in 2021 [See Figure 1]. Circumstances became even more critical in 3Q22. According to Credit Suisse's regulatory disclosures from 3Q22, based on specific guidance issued by FINMA, Credit Suisse was allowed to shift CHF 8.5 billion of the filter from foreign to domestic subsidiaries to maintain its CET1 ratio at 9.7%, slightly above the minimum required.[2] On top of the impact of the filter, Credit Suisse AG's capital ratio was also affected by a ten-year phase-in of its capital requirements for the foreign participations. UBS on the contrary had decided not to rely upon the phase-in.

– The report by the Parliamentary Investigation Commission (PInC) concludes, that without the concessions such as the regulatory filter, the transparency about Credit Suisse's true position would have revealed the need for corrective action earlier. The filter enabled Credit Suisse's Parent Bank to maintain the appearance of adequate capitalization right up until the end.[3]

– Already in 2016, the Swiss National Bank highlighted that, as a result of the upcoming TBTF requirements, Credit Suisse would require more capital.[4] The SNB also explicitly criticized in 2017 the introduction of the filter.[5] In the following years, however, the SNB did not further highlight the weak capital situation of Credit Suisse AG in its annual Financial Stability Report despite the significant deterioration over time. Instead, UBS and Credit Suisse were described as generally comparably resilient up until the Financial Stability Report 2022, issued nine months before the collapse of Credit Suisse.[6]

– In sum, the weak capital position of Credit Suisse's parent bank was obscured until it was too late. Without the concessions, Credit Suisse would have been forced to address its capital shortfall far earlier. Any revision of the capital framework for foreign subsidiaries should therefore reflect the full range of factors that gave rise to the capital deficiency at Credit Suisse's Parent Bank.

2. UBS's international business strengthens its resilience and brings important benefits to the Swiss economy.

– UBS business model is focused on the stable asset gathering businesses, namely wealth management and asset management. Together with the Swiss universal bank, these businesses account for around 65% of UBS's assets as per 2Q26 and, supported by a focused and competitive Investment Bank, generate reliable, regular income. UBS's business model is fully in line with the Federal Council's Financial Center Strategy, which is based on an appropriate balance between competitiveness and stability.[7]

– Diversification is one of the most effective tools for reducing risk. All UBS core divisions contribute to profitability: of the USD 7.4 billion in profit before tax reported in 1H26, about half came from Global Wealth Management, USD 2.4 billion from the Investment Bank, USD 1.9 billion from Personal & Corporate Banking, and USD 0.4 billion from Asset Management.[8]

1 Parliamentary Investigation Committee (2024). Geschäftsführung der Behörden – CS-Notfusion, p. 8-9, 485, 609-610; Expert Group on Banking Stability (2023) Report 2023, p. 10; Federal Council (2024). Report on banking stability, p. 39-40; SNB (2023). Financial Stability Report 2023, p. 6-7
2 Parliamentary Investigation Committee (2024). Geschäftsführung der Behörden – CS-Notfusion, p. 8-9; U. Birchler (2024). Expert report: Auswirkungen des regulatorischen Filters auf die Credit Suisse, p. 11-12
3 Parliamentary Investigation Committee (2024). Geschäftsführung der Behörden – CS-Notfusion, p. 8-9
4 SNB (2016). Financial Stability Report 2016, p. 12-14
5 Parliamentary Investigation Committee (2024). Geschäftsführung der Behörden – CS-Notfusion, p. 205-206
6 SNB (2022). Financial Stability Report 2022, p. 21
7 Federal Council (2020). Policy for a future-proof Swiss financial centre
8 UBS (2026). UBS Group 30 June 2026 Interim Report, p. 9

- UBS is also geographically diversified and generates roughly one-third of its revenues in Switzerland, one-third in Europe and Asia-Pacific, and one-third in the Americas.[9] This regional distribution allows risks to be balanced and fluctuations in individual markets to be better cushioned.
- Since the merger with Credit Suisse, UBS has substantially reduced risk and maintained its focus on the asset-gathering businesses and its strong Swiss universal bank. Strategically aligned Credit Suisse businesses are being integrated into UBS, while activities that do not fit UBS's strategy or carry higher risk have been wound down or divested – particularly in the Investment Bank. As a result, the risk associated with these legacy Credit Suisse positions has been reduced by over USD 58 billion to USD 28 billion, or around two-thirds, since the merger. Most of these remaining USD 28 billion cover operational risk RWA, much of which derives from businesses or assets that have already been exited, but are temporarily still included in RWA under capital regulation.[10] During the same period, the combined banks' most illiquid and hard to value (Level 3) assets have been reduced by around 60%, leading to a significantly lower risk profile and fewer valuation uncertainties.
- UBS's international business brings important benefits to the Swiss economy. The Swiss economy has an export share of 70%[11], and according to Swissmem, this figure is as high as 80% for Swiss technology industries[12]. Through its global markets and banking business, and its international network and foreign subsidiaries, UBS helps Swiss companies grow internationally.
- With a competitive ecosystem of private banks, cantonal banks, independent wealth and asset managers and others, UBS and Switzerland form one of the leading global hubs for cross-border wealth management. This generates jobs and tax revenue while the abundance of international savings managed in Switzerland contributes to favorable financing conditions for Swiss households and corporations. An average mortgage in Switzerland, for example, costs up to 2.5 percentage points less than in Germany.
- Thanks to its international business and funding footprint, UBS acts as an important provider of foreign currency liquidity to the Swiss market. This is crucial as the Swiss financial system has a structural foreign currency funding need, particularly in USD. UBS contributes to Switzerland's ability to intermediate, source, distribute and stabilize USD liquidity at scale. To further strengthen Switzerland's role as a global wealth management center, UBS aims to grow its asset-gathering businesses. Focused growth is crucial, since international competitive pressure is intense. According to BCG's Global Wealth Report 2026, Hong Kong overtook Switzerland as the world's leading center for cross border wealth bookings in 2025 and Singapore is also catching up.[13]
- In sum, UBS's international businesses do not expose Switzerland to risks that UBS could not absorb with its strong capital base in a crisis. To the contrary, and like the rest of the Swiss economy, the bank's unique geographic and business diversification strengthen the resilience of UBS and Switzerland.

3. UBS's focused Investment Bank supports clients and the Swiss economy, and has a limited and sustainable low risk profile.

- UBS' focused Investment Bank provides important services tailored to the needs of its wealth management and institutional clients worldwide and corporate clients in Switzerland. These activities play an important role for the Swiss economy: for example, they help export-oriented companies to manage exchange rate risks, enable Swiss firms to raise financing, and ensure that pension funds and other investors can access a comprehensive investment universe.
- After the global financial crisis of 2008, UBS fundamentally changed its business model and reduced its risks. The combined Investment Bank is now almost 90% smaller, the combined banks' hard to value (Level 3) assets are more than 90% lower, and the combined balance sheet of UBS and Credit Suisse more than 60% smaller than at the end of 2007 [see Figure 2]. Around 65% of assets today are attributable to the

9 UBS (2026). UBS Group annual report 2025, p. 279
10 UBS (2026). Second quarter 2026 results presentation, p. 14
11 FDFA (2025). Pretty good Swiss economy, p. 4
12 Swissmem. Economic policy
13 BCG (2026). Global Wealth Report 26th Edition, p. 6

asset-gathering businesses as well as to the Swiss universal bank, while complementary investment bank activities contribute a maximum of 25% to risk-weighted assets.[14]

- All trading activity of UBS's Investment Bank is carried out solely to serve client needs and support orderly, well-functioning financial markets through risk mitigating hedging, underwriting and market-making. UBS's Investment Bank does not conduct proprietary trading. The trading activities are fully aligned with global regulatory frameworks developed after the global financial crisis, such as the Volcker Rule, and subject to strict supervisory standards applied globally across UBS Group.

- In sum, UBS has substantially reduced the risks since the global financial crisis: the combined Investment Bank is now almost 90% smaller and it represents only 25% of the risk-weighted assets. The UBS Investment Bank is dedicated to serving its Swiss and international clients.

4. The proposed capital underpinning would not only penalize the Investment Bank business but mainly wealth management.

- A full CET1 backing of foreign participations impacts not only the Investment Bank's business, as often portrayed, but primarily penalizes UBS's foreign wealth management and asset management businesses. This would come on top of the broader effects of higher capital requirements on UBS (see Fact 12), its competitiveness (see Fact 13), and the Swiss economy (see Fact 15).

- For example, the US business, over the past decade, has generated average annual pre-tax profits of around USD 2 billion, with approximately two-thirds of profits coming from Wealth and Asset Management activities.

- The same is true for UBS Europe SE, UBS's main subsidiary in the European Union. Over the last decade, Wealth Management accounted for about two thirds of UBS Europe SE's revenues.

- In sum, the proposed capital underpinning would therefore penalize primarily UBS's international wealth management business. This is in direct contradiction to the Federal Council's financial center strategy which also seeks to ensure the international competitiveness of Switzerland's financial institutions,[15] including international wealth management.

5. UBS is representative for Switzerland's economic importance and its size is already addressed through substantial regulatory safeguards.

- UBS's position among global banks broadly mirrors Switzerland's position among the world's leading economies. In terms of population, Switzerland ranks around 100th globally, but in terms of economic output, it ranks 20th[16] – just like UBS, which ranks 20th among the world's largest banks.

- Switzerland punches well above its weight on a number of other indicators: GDP per capita in Switzerland is about double of that in France or Germany, and the Swiss stock market capitalization is higher than Italy, Spain and Austria combined, to name just a few examples.[17]

- Under the currently applicable TBTF capital regime, UBS already faces dedicated regulatory surcharges designed to account for its size, systemic importance and potential impact on the Swiss economy. The progressive TBTF surcharge takes into account the balance sheet size and domestic market share. As a consequence of the increased size after the merger, UBS already needs to hold USD 6 billion more capital because of these increasing surcharges. Compared to 2008, UBS has significantly changed its strategy and business model and it is much smaller than before the financial crisis. The overall combined balance sheet of UBS and Credit Suisse is more than 60% smaller than at the end of 2007, before the global financial crisis [see Figure 2].

14 UBS (2026). The UBS Business Model: Risk-Aware, Broadly Diversified and Stable, p. 1
15 Federal Council (2020). Policy for a future-proof Swiss financial center, p. 11
16 World Bank (2025). GDP (current US$)
17 World Bank (2025). GDP per capita (current US$)

- UBS aims to grow mainly in its stable businesses, wealth management and asset management, as well as our strong Swiss universal bank which is well aligned with the Swiss Financial Market Strategy. Focused growth is indeed crucial, since international competitive pressure is intense (see Fact 2).
- In sum, UBS's size accurately reflects the size of the underlying Swiss economy and its systemic importance is already addressed through substantial regulatory safeguards.

6. UBS's foreign subsidiaries are appropriately capitalized under their respective regulatory frameworks and do not hold excess capital buffers at the expense of its Swiss entities

- In general, comparing the local capital and leverage ratios of UBS's legal entities including its Parent Bank, UBS AG, its group entity, UBS Group AG, and its foreign subsidiaries is not meaningful, as different capital definitions and regulatory rules apply. Any comparison needs to be done on a like for like basis. Just as UBS AG, foreign subsidiaries are capitalized in line with the local regulatory requirements. Under Swiss rules, the CET1 leverage ratio of UBS Americas Holding would be around 4%, compared with 6.2% under US rules. Differences also apply to the risk-weighted CET1 capital ratio of the US entity, which would be more than 40% lower under Swiss rules than under the US framework.
- UBS AG's capital strength is significantly understated in the proposal for amendments to the Banking Act which shows a CET1 leverage ratio of 3.6% instead of the current 8%, because it assumes that foreign subsidiaries have already been fully deducted from CET1 capital.[18] However, this does not reflect applicable regulation and is therefore not a valid comparison.
- In sum, comparisons between UBS's Parent Bank, UBS AG, and its foreign subsidiaries are not meaningful without a like-for-like basis, and UBS AG already demonstrates significant capital strength under the current regulatory framework.

7. Taxpayer protection is already a core element of the current Swiss TBTF framework.

- Taxpayer protection is already a core component of Switzerland's TBTF framework. It requires systemically important banks (SIBs) to maintain stronger safeguards than other banks. TBTF rules for SIBs impose substantial capital surcharges on their growth (see Fact 5), require SIBs to hold more liquidity for outflows and request clear crisis plans that allow for their resolution without taxpayer money even in an extreme crisis.[19]
- According to independent analyses and expert reports, for example by the Financial Stability Board and FINMA, a resolution of Credit Suisse would have been possible.[20] A bail-in with the prior full write-down of AT1, followed by a full write-down of the share capital would have created enough capital for Credit Suisse's restructuring. After full conversion of bail-in debt into equity, Credit Suisse would have had a CET1 ratio of 44%, more than four times the applicable minimum requirements.[21] Yet, the Swiss authorities came to the conclusion that the emergency takeover was the best solution under the circumstances from a financial stability and risk perspective, including for taxpayers.[22] UBS carried out the restructuring of Credit Suisse itself, a task that would otherwise have fallen to FINMA in resolution.
- UBS has a strong capital base that protects the bank's resiliency even in severe stress situations. As of 2Q26, its Common Equity Tier 1 (CET1) capital is around one-third above the stringent Swiss requirements. Total loss-absorbing capacity amounts to almost USD 200 billion or CHF 160 billion, consisting of USD 72 billion CET1, USD 24 billion Additional Tier 1 (AT1) and USD 98 billion bail-in bond capital [see Figure 3].[23] This strong capital base is sufficient to cover three times the losses incurred by UBS and Credit Suisse, with a much bigger balance sheet, in the 2008 financial crisis.
- Finally, neither after the UBS crisis in 2008 nor during the Credit Suisse crisis in 2023 did the taxpayer lose money. After the 2008 financial crisis, the Stabilization Fund established to support UBS was repurchased by the bank in 2013, generating significant returns for the public sector. The SNB realized a profit of CHF 3.4 billion, in

18 Federal Council (2026). Botschaft zur Änderung des Bankengesetzes, p. 19-21
19 Fedlex. Bankengesetz, BankG, Art. 9
20 FINMA (2023). Lessons Learned from the CS Crisis, p. 74; FSB (2023). Bank Failures - Preliminary lessons learnt for resolution, p. 11
21 FSB (2023). Bank Failures - Preliminary lessons learnt for resolution, p. 9
22 Federal Council (2024). Federal Council report on banking stability, p. 42; Parliamentary Investigation Committee (2024). Geschäftsführung der Behörden – CS-Notfusion, p. 586-587
23 UBS (2026). UBS Group 30 June 2026 Interim Report, p. 42; Exchange rate CHF/USD as of 30 June 26 was 1.24, p. 62

addition to USD 1.6 billion in interest income. The Confederation also earned a profit of CHF 1.2 billion.[24] Similarly, following the Credit Suisse crisis in 2023, the extraordinary liquidity support and guarantees provided by the Confederation and the SNB were fully repaid. Altogether they generated approximately CHF 193 million in revenues for the Confederation and around CHF 537 million for the SNB, paid by either Credit Suisse or UBS.[25]

- The last time the Swiss taxpayer lost money when stabilizing a bank was following the Swiss banking crisis of the 1990s, when the Geneva Cantonal Bank needed to be recapitalized.[26]
- In sum, the current Swiss TBTF framework is strong, already accounts appropriately for the size of UBS, and ensures the protection of the taxpayer.

8. The current Swiss TBTF framework is designed to ensure that the resolution of a systemically important bank is possible in an extreme crisis.

- A well-functioning market economy requires that private companies can fail when their business model is no longer viable. Therefore, the objective of regulation should not be to prevent every possible failure scenario, but to ensure that failures can be managed safely. The current Swiss TBTF framework is designed to ensure that a systemically important bank can be stabilized in a crisis and restructured or resolved in an orderly manner if deemed necessary, without disrupting the financial system, wider economy or exposing taxpayers to losses.
- UBS has a strong capital base that provides resilience even in severe stress situations (see Fact 7). UBS also has a strong liquidity position with an average Liquidity Coverage Ratio (LCR) of 177% and over USD 340 billion of high-quality liquid assets[27]. UBS's LCR is the highest among peers, driven by the Swiss TBTF Special Liquidity requirements which assume a stress horizon four times longer than the Basel standard.
- Moreover, to cope with severe and even the most extreme crisis, UBS has robust recovery and resolution plans and has invested more than USD 1.5 billion to adjust its legal structure to enhance resolvability. The recovery plan provides a list of prepared and execution-ready management actions (funding and capital actions, business disposals, business wind-downs, etc.) to stabilize the bank in a severe stress situation. The resolution plan enables authorities to resolve the bank safely and without the use of taxpayer money. The recovery and resolution plans are reviewed by FINMA and supervisors abroad. In September 2025, and for many years before, FINMA confirmed that a resolution based on the preferred resolution strategy and subsequent restructuring is operationally executable for UBS.[28] Nevertheless, UBS is currently amending the plan to also ensure execution is possible under a range of alternative scenarios.
- In sum, the current Swiss TBTF framework provides strong safeguards to protect taxpayers, reinforced by UBS's diversified global business model, strong capital position and loss-absorbing capacity, strong liquidity position, and robust recovery and resolution planning.

9. Full CET1 backing is not needed to protect taxpayers and would over-insure against an unrealistic scenario.

- Today's capital regime is based on a clear principle: the higher the risk and systemic importance, the more capital a bank must hold. This principle is fundamental to the Basel framework and international banking practice. Switzerland already applies strict requirements to investments in foreign participations, which have to be backed by four times more capital than domestic or foreign loans. UBS is currently required to underpin about two-thirds of the value of its foreign participations with Tier 1 capital, with the remainder being financed with debt.
- If Credit Suisse had applied the current rules without regulatory concessions, it would have been pressured to address its capital and business model weaknesses at a stage when corrective action should still have been possible (see Fact 1).[29]

24 Federal Council (2014). Answer of the Federal Council to Question 14.5554
25 UBS (2023). Media Press Release, 11 August 2023
26 Tobias Straumann (2016). Article in Finanz und Wirtschaft 31. August 2016
27 UBS (2026). UBS Group 30 June 2026 Interim Report, p. 49
28 FINMA (2025). UBS Resolution Report – Press Release, p. 1
29 Parliamentary Investigation Committee (2024). Geschäftsführung der Behörden – CS-Notfusion, p.9

- However, the Federal Council proposes to increase the backing of the foreign participations to 100% CET1 capital without properly explaining the underlying assumptions and without providing an economic impact assessment (see Fact 22). The proposal amounts to a very costly over-insurance for several reasons:
- First, the 100% CET1 backing of the value of the participations implicitly assumes that foreign subsidiaries would have no value in a crisis. This is unrealistic: UBS's foreign participations are not a separate part of the business, but consist of diversified activities with risk profiles comparable to those of the Group as a whole (see Fact 2 and 3). It is not plausible that all foreign participations could become worthless at the same time.
- Second, AT1 instruments, which are an integral part of the capital stack of a bank such as UBS, are designed to absorb substantial losses under stress scenarios. This function is outlined in the recovery plan of a bank and consistent with their design as going-concern instruments that ultimately help restore capital strength, and support the bank's recovery.
- Third, even assuming that such a highly unrealistic sudden loss was possible and the bank could not be stabilized, the authorities would start resolution proceedings well before reaching this point. In resolution, the approximately USD 98 billion bail-in bonds would be converted into capital ensuring that the bank could be restructured, and that parts of its business could be sold or wound down – all without taxpayer support. Therefore, the additional benefit of increasing the CET1 capital backing of the foreign participations to 100% is neither proportionate nor targeted as there are effective alternative measures which would result in much lower incremental cost.
- In addition to the backing of participations, part of the existing TBTF regulation, namely Basel III final capital rules and TBTF special liquidity regime, had not yet been fully implemented upon the demise of Credit Suisse in March 2023 [see Table 1]. These rules and their effects should first be taken into account before additional capital rules are considered.
- In sum, full CET1 backing of foreign participations is not needed to protect taxpayers; it would over-insure against an unrealistic scenario and disregard the AT1 capital available in recovery and bail-in debt available in resolution.

10. The proposed capital package is neither moderate nor a compromise.

- In its Report on Banking Stability from April 2024, the Federal Council rightly rejected several measures which would have put into question Switzerland's commitment to a free-market economy or would have gone far beyond any international standards and practices, such as the restructuring of the Group or a massive increase in the leverage ratio requirement.[30] It is not a sign of a compromise to reject unreasonable proposals.
- The Swiss Federal Council defined the criteria for regulatory adjustments in its 2024 report to be targeted, proportionate and internationally aligned.[31] Applying these criteria would help ensure that the competitiveness of the Swiss financial center would not be jeopardized.
- In the same report, the Federal Council described the full deduction of equity investments from total eligible capital as "the strictest and most far-reaching option for strengthening the parent bank".[32] The now-proposed full CET1 deduction goes even further, because the deduction at that time applied to total eligible capital and included the recognition of Additional Tier 1 (AT1) capital.
- Further, certain adjustments such as changing the bands of the progressive component in line with economic growth or an unrestricted exemption of TBTF instruments from withholding tax do not constitute concessions towards UBS or a more moderate outcome. In fact, these adjustments are already provided for by law and reflect necessary, built-in mechanics of the regulatory framework.

30 Federal Council (2024). Federal Council report on banking stability, see for example p. 147-149
31 Federal Council (2024). Federal Council report on banking stability, p. 21
32 Federal Council (2024). Federal Council report on banking stability, p. 65;

- In sum, the proposed full capital underpinning of foreign subsidiaries with CET1 is neither moderate nor a compromise, just because unreasonable measures on the April 2024 Report for Banking Stability were rejected or existing features of the framework are portrayed as concessions. UBS continues to consider the proposed measure neither proportionate, targeted nor internationally aligned.

11. The proposal would increase UBS's capital requirements by around USD 22 billion. Excess capital held above minimum requirements does not change this fact.

- It is broadly agreed, including by the authorities[33], that the announced measures would increase UBS's capital requirements by around USD 22 billion.[34]
- The fact that UBS holds excess capital does not change the fact that the proposed measures by the Federal Council would increase UBS capital requirements by around USD 22 billion, with additional recurring annual costs. The excess capital of USD 9 billion as of 4Q25 is a result of UBS's successful reduction of risks and legacy positions from Credit Suisse.
- The issue is not the build-up of incremental capital but that recurring high incremental capital cost. It must be financed even though it cannot be deployed to grow the business or support additional client activity (see Fact 12).
- In sum, the proposed measures would increase UBS's capital requirements by around USD 22 billion and create significant recurring capital costs, regardless of the capital UBS already holds.

12. The capital measures would significantly raise UBS's recurring annual capital costs, weaken its capacity to support clients, and damage its competitive position.

- Under the proposed rules, UBS would be required, on top of already one of the strictest regulatory capital requirements globally, to hold an additional USD 22 billion in CET1 capital on its existing balance sheet. This USD 22 billion would need to be funded by retained capital, profits or by investors. It could not be used productively to grow its business, e.g. as loans to Swiss clients, or be returned to shareholders.
- Having to provide a return on more capital while running the same business creates capital costs that need to be covered. An additional USD 22 billion in CET1 capital, would mean that UBS would incur additional recurring annual capital costs of around USD 1.6 billion [see Figure 4].[35]
- When considering the total additional CET1 capital that UBS must already hold due to the rescue of Credit Suisse under currently applicable regulation and further expected costs from the other banking stability measures, the additional annual costs would rise to over USD 3 billion [see Figure 4].
- The rating agency S&P Global, which impartially assesses the creditworthiness of countries, banks and companies worldwide, outlines the negative consequences of the proposed measures on UBS's cost of capital and its competitiveness in April 2026: "Stronger capitalization typically supports credit ratings, but only if banks can concurrently operate a sustainable business model. The latest amendments may increase UBS' cost of capital and could place it at a significant competitive disadvantage both globally and domestically."[36]
- Some theoretical papers suggest that costs from substantial increases in CET1 are offset in large part by lower overall capital costs.[37] However, these theoretical findings are not supported by market observations. In fact, equity and debt costs for UBS do not materially decrease with higher capital. UBS's cost of equity has remained stable at around 10% per year over the last 13 years, despite a significantly increased capital base [see Figure 5]. For UBS's debt, around 90% of UBS's liabilities are largely unaffected by changes in

33 Federal Council (2026). Botschaft zur Änderung des Bankengesetzes, footnote 88, p. 51; SNB (2026). Financial Stability Report 2026, p. 27; FINMA (2025). Capital backing for foreign participations Information Sheet, p.2
34 UBS (2026). First quarter 2026 report, p. 4
35 The estimated annual cost of USD 1.6 billion reflects USD 2.4 billion of cost from additional CET1 capital, partly offset by ca. USD 0.8 billion of savings from lower AT1 and other funding needs.
36 A. Lozmann and H. Verhaag, "Swiss Banking Regulation: Uncertainties Linger Over Implication For UBS", Standard & Poor's, 23 April 2026.
37 H. Zimmermann (2025). Kurzgutachten zu Kapitalkosteneffekten einer höheren Eigenkapitalausstattung einer systemrelevanten Bank (UBS), p. 19; & P. Böni, H. Zimmermann (2025). The Effective Cost of Capital Buffers for UBS: A Reappraisal Based on Empirical Research, p. 26 & p.27

creditworthiness – over half of them are deposits which are primarily influenced by central bank policy rates, not by higher levels of CET1 capital.

– As with every private enterprise, the owners of UBS expect the bank to generate an adequate return on the capital it manages on behalf of its shareholders. A market economy relies on investors being able to earn an adequate return on capital for their risks. This enables institutions like UBS to attract the long-term capital needed to support client financing needs, economic growth and UBS's own resilience.

– This also matters because shareholders are the first line of defense in a crisis. The bank should be able to rely on these shareholders if it were to need additional capital in a crisis.

– In sum, higher CET1 requirements would tie up capital that cannot be used productively, significantly raise UBS's recurring capital costs and thereby reduce its capacity to support clients, growth and resilience.

13. The proposed capital regulation would make Switzerland an international outlier and weaken UBS's competitiveness.

– Switzerland already has one of the strictest regulatory capital regimes in the world and imposes substantial capital surcharges on the size of systemically important banks [see Table 1 and Figure 6]. Switzerland has the strictest leverage ratio requirements, both at consolidated and Parent Bank standalone level. It has implemented the final Basel III standards earlier and more comprehensively than most other major jurisdictions.[38] Due to this more extensive application, UBS already must hold around 10% more capital than its international competitors for the same risks (see Fact 19).

– A full deduction of foreign subsidiaries would be a unilateral Swiss regulation only for UBS. There are no relevant competing financial centers that apply a strict full CET1 deduction to foreign subsidiaries as proposed by the Swiss Federal Council. As a result, UBS would face significantly higher capital requirements compared to domestic and international peers for the same business activities.

– In the UK, the impact of deducting foreign participations is mitigated by a minimum threshold of 10% of CET1 and by significant reliefs for the parent bank (leverage ratio, inter-company lending, AT1). Furthermore, banks in the UK are allowed to exclude central bank deposits from the leverage ratio, which significantly reduces capital requirements [see Table 1].

– As an example, UBS calculates that, already under the current applicable Swiss rules, a systemically important UK bank comparable to UBS would be subject to USD 23 billion higher CET1 and USD 17 billion higher AT1 leverage ratio requirements. This detailed analysis was also shared with Swiss authorities in 2025.

– Unlike Switzerland, all other major jurisdictions – the US, the UK, and the EU – are moving toward more proportionate bank capital regulation, which is aimed at balancing financial stability with growth, innovation and competitiveness. In recent weeks, authorities in the EU and UK unveiled new plans to significantly simplify their respective regulatory frameworks.[39] The goal is to take on board the key learnings from the post-financial crisis regulatory framework and remove the burden created by excessively restrictive regulation that does not deliver adequate benefits.

– The financial industry consultancy Alvarez and Marsal in May 2026 estimated that proposed regulatory changes would lower CET1 requirements by -1.6 percentage points in the U.S. and by -0.8 points in the UK; the European Commission has also recently announced regulatory simplifications. These jurisdictions are focusing on simplification and regulatory efficiency, whereas Swiss requirements for UBS would increase by as much as 7 percentage points if regulation is implemented as proposed. Alvarez and Marsal reported that consequences of the regulatory simplification are already evident: U.S. banks utilized USD 1.1 trillion

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38 Federal Council. Basel III; UK Prudential Regulation Authority, PS1/26 Implementation of Basel 3.1: Final rules; European Commission, Delegated Regulation (EU) 2025/1496 of 12 June 2025 amending Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to the date of application of the own funds requirements for market risk; FED, Basel III final proposals.

39 European Commission (2026). Commission outlines measures to strengthen Europe's banking sector and support growth; Bank of England (2026). Financial Stability in Focus: The Bank Capital Framework.

in additional balance sheet capacity in 4Q25 and 1Q26 and are thus providing additional credit to the economy.[40]

– In sum, the proposed full CET1 backing of foreign participations would make Switzerland an international outlier, imposing materially higher capital requirements on UBS than comparable banks have to carry in their jurisdictions, which would weaken the bank's competitiveness and long-term viability.

14. A transition period would not reduce the cost of permanently higher capital requirements.

– The narrative of the authorities that a long transition period reduces the burden requires clarification.- UBS's strength and ability to build up capital over time was never in doubt. But a phase-in of several years does not reduce the economic cost of permanently higher capital requirements as UBS has to finance the additional capital on an ongoing basis, which creates costs of around USD 1.6 billion each year (see Fact 12).

– Further, UBS may face implications from the proposed regulation earlier as financial markets are forward-looking and price in the expected regulatory changes as soon as they become credible, rather than when they formally take effect. In their report commissioned by the Swiss Federal Council, Alvarez & Marsal confirmed this: "Pressure from market counterparties often leads banks to implement new capital standards earlier than the formal date set in regulations. Reports by equity analysts and ratings assessments by rating agencies begin to scrutinize a bank's ability to reach the new standard well in advance. So, even if a six- or a nine-year phase-in period is used, the cost may occur perhaps several years ahead of the dates shown in our calculation."[41]

– In sum, a seven-year transition period would not reduce the permanent economic burden of the proposed higher capital requirements; it would only delay their formal implementation, while markets are likely to price in their impact much earlier.

15. Higher capital requirements apply directly to UBS's Swiss Parent Bank and would raise financing costs and constrain credit supply to all our clients, including in Switzerland.

– The full CET1 deduction of foreign subsidiaries and the related significant additional costs would apply to business activities of the Swiss-based parent bank, UBS AG, and affect all its businesses. This includes Switzerland, where UBS' universal bank provides loans to Swiss households and companies of around CHF 350 billion.

– A comprehensive Oliver Wyman review of recent academic and policy research across multiple countries and time periods shows that a one-percentage-point increase in capital requirements has historically reduced lending by 1–3.5% and GDP by 0.1–0.4%.[42]

– A study by BAK Economics concludes for Switzerland that the proposed full CET1 deduction of foreign subsidiaries would increase borrowing costs, tighten credit supply and risk weakening Switzerland's position as a wealth management hub. The study estimates cumulative GDP losses over a ten-year period of up to CHF 34 billion, with more than 6,000 jobs at risk and potential tax revenue losses of up to CHF 6.4 billion for the Confederation and cantons.[43] UBS commissioned the study because no other quantitative assessment of the proposal's economic impact is currently available.

– Alvarez & Marsal stated in their report commissioned by the Federal Council from May 26, 2025 that reduced lending and job losses in Switzerland are possible consequences of the proposed full CET1 deduction of foreign subsidiaries. In particular, economic activity and consumer sentiment in Zurich, Geneva, and Basel, where most UBS employees are based, would be affected.[44]

– Two-thirds of the consultation responses on the capital proposals expressed concerns at the negative macroeconomic consequences [See Figure 7]. The feedback from representatives of the Swiss economy and several cantons, including four of the five economically strongest, underlines their concern that the

40 Alvarez & Marsal (May 2026). Bank deregulation primer, p. 3, 6, 13 & 19
41 Alvarez & Marsal (2025). Cost-Benefit Analysis, p. 35
42 Oliver Wyman (2026). European bank competitiveness. Enabling banks to play a greater role financing European growth, p. 17
43 BAK Economics (2026). TBTF: Macroeconomic Consequences of a Full Equity Capital Deduction for Foreign Participations, p. 4
44 Alvarez & Marsal (2025). Cost-Benefit Analysis, p. 45-46

proposed additional capital requirements would directly lead to higher financing costs for companies and private clients – in the form of higher interest rates, stricter lending conditions or higher fees.

- The full CET1 backing of foreign subsidiaries would also raise the costs of or limit the products and services which UBS's foreign business operations provide for Swiss clients. This includes hedging payment and currency risks and assisting 8,000 Swiss corporate clients with their international business activities, such as exports. Because of its globally integrated business model, its global expertise and economies of scale, UBS is able to support its clients with these services at conditions that reflect the underlying risks. The proposed regulation would act like a tariff on international banking services, making them more expensive for Swiss clients.
- Also, the Swiss National Bank noted in November 2025, that banks' funding costs have risen in recent years, partly due to regulatory tightening, including the implementation of stricter liquidity rules specifically for large Swiss banks.[45]
- When considering the impact of tighter regulation on economic activity, it is key that the substantial increase of regulatory requirements following the 2008 financial crisis is taken into account. Empirical studies written years before the finalization of the regulatory adjustments following the 2008 crisis, which is still being implemented, such as Cecchetti[46], do not reflect these important adjustments yet and therefore have little relevance in the current regulatory discussion.
- In sum, it is totally unrealistic to expect that such an extreme increase in capital requirements would not affect the Swiss economy and create an opportunity cost for the Swiss taxpayer. There is clear evidence that higher capital requirements would raise financing costs, constrain credit supply and weigh on growth, jobs and tax revenues in Switzerland, thereby harming Swiss clients, the Swiss taxpayer, and the Swiss economy.

16. Materially higher CET1 requirements would weaken UBS's competitiveness with all clients, including in the Wealth Management business.

- UBS, with its diversified business model, is both a global wealth manager and the leading universal bank in Switzerland. As such UBS serves institutional and corporate clients including SMEs bothabroad, and in Switzerland. In addition, wealth management clients also require services and credit. Therefore, higher capital requirements would affect all clients and pose a threat to UBS's competitive position including in the wealth management business.
- UBS already has a very strong capital position (see Fact 7). While a sound capital base is an important prerequisite for a successful and stable bank, the proposed capital requirements are disproportionate when compared to international requirements and carry substantial costs, thereby weakening the bank's competitiveness and its attractiveness for investors (see Facts 11 and 12). From a client's perspective, this is clearly not beneficial.
- UBS has consistently emphasized the importance of strong capitalization and has continuously met all regulatory capital requirements without concessions. UBS Group maintains a CET1 ratio of around 14%[47], more than two percentage points above the current regulatory requirements fully applicable in 2030.
- The benefits of requiring even more capital diminish once the bank is already well capitalized. UBS's credit ratings are at the higher end of global peer banks.[48] The market valuation also suggests that the benefits do not compensate for the high capital costs, because UBS shares trade at a discount relative to peers.
- Since the Federal Council published its report on banking stability in April 2024, UBS is valued by the stock market around USD 19 billion below comparable international banks (as of 20 July 2026)[49] [see Figure 8], despite very good business performance and the rapid and successful integration of Credit Suisse to date. According to analysts, this is in large part due to the expected capital requirements.

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45 SNB (2025). Speech: Bank funding costs: latest developments from a monetary policy perspective. 13 November 25, p. 8
46 S. Cecchetti (2014). The jury is in, Centre for Economic Policy Research, Policy Insight no. 76
47 UBS (2026). UBS Group 30 June 2026 Interim Report, p. 3
48 SNB (2026). Financial Stability Report 2026, p. 43
49 This results from comparing the evolution since 10 April 2024 of UBS's share price with that of Dow Jones Bank Titans, both quoted in USD.

– Alvarez & Marsal confirmed this negative effect on valuation in their report commissioned by the Federal Council from 26 May 2025: "To meet this cost, UBS might need to find solutions to increase profits […]. If that were not fully possible, one might anticipate that UBS's price-to-book ratio for its equity shares would need to fall, so that the new market price was consistent with the investor demanded rate of return. This would have two consequences. The existing equity holders would bear the economic cost of the Draft Proposal. Although recent experience has shown that banks can remain viable for many years with a low price-to-earnings ratio, this often significantly limits both strategic options from growth and resilience in a crisis."[50]

– In sum, UBS is already strongly capitalized, and materially higher CET1 requirements would not make the bank more attractive to clients, but would raise its cost of capital, while weakening its competitiveness and ability to serve clients in their best interest.

17. More proportionate alternatives are available and should be assessed through a proper cost-benefit analysis.

– There are effective alternatives which are more beneficial from a financial stability perspective and come with much less damage to UBS and the Swiss economy. Full CET1 backing of foreign participations is not needed to enhance financial stability and might actually weaken UBS's resilience (see Fact 9). As described above, the current regulation for the treatment of foreign subsidiaries is already strong if implemented consistently (see Facts 5 and 6). It has been sufficiently credible and robust for UBS to restore financial stability in the spring of 2023 in a matter of days and consequently integrate Credit Suisse.

– A number of alternative measures have been proposed by policy makers, academics and opinion leaders, some of which the Federal Council also dismisses without sufficient explanation.[51] A solid cost-benefit analysis of these options would show a better balance compared to the extreme proposal of a full CET1 deduction of foreign subsidiaries which would impose extremely high costs while yielding little, if any additional benefits.

– The current TBTF framework has been designed to ensure that even in an extreme crisis, UBS could be resolved without affecting taxpayers (see Fact 7). Hence, greater consideration needs to be given to a holistic approach that includes early intervention as well as recovery and resolution planning.

– In sum, more proportionate alternatives to full CET1 backing of foreign participations are available and should be assessed against the objective of strengthening financial stability without imposing unnecessary costs on UBS, its clients and the Swiss economy.

18. AT1 instruments are internationally recognized as going-concern capital and are well suited to support a credible recovery framework.

– AT1 instruments are an integral part of the international and Swiss capital frameworks. Banks rely for their capitalization on a combination of instruments tailored to different scenarios ranging from business-as-usual to a resolution. The Basel standards and Swiss regulation classify both CET1 and AT1 as Tier 1 capital (going-concern capital), which is to be used to absorb losses while a bank remains viable. In this role, AT1 is fully viable to underpin the capitalization of foreign subsidiaries alongside CET1.

– AT1 instruments proved effective during the Credit Suisse crisis: as noted in the Swiss Federal Council's report on banking stability. AT1 instruments played a key role in expanding the available room for manoeuvre. Credit Suisse's restructuring costs have been partially absorbed by the write-down of AT1 instruments. The Parliamentary Investigation Committee (PInC) also confirmed that the write-down of AT1 instruments formed part of all resolution scenarios considered, already before March 2023.[52]

– AT1 instruments are a key recovery plan action and can absorb losses in a crisis before a banking group is no longer viable, i.e., before activating the resolution plan. In a crisis, AT1 instruments become effectively

50 Alvarez & Marsal (2025). Cost-Benefit Analysis, p. 36
51 Federal Council (2026). Botschaft zur Änderung des Bankengesetzes, p. 22-36
52 Parliamentary Investigation Committee (2024). Geschäftsführung der Behörden – CS-Notfusion, p. 614

equivalent to CET1, as they do not need to be repaid and their coupons are cancelled well ahead of the instrument's conversion.

- The industry and academia have suggested measures to further strengthen the use of AT1 instruments early in recovery in an internationally aligned way.[53] No major international financial center is thinking about fundamentally adjusting its role in the capital framework.

- In sum, AT1 instruments should play a key role in stabilizing a bank, can be further strengthened including as early intervention measures, and are therefore also well-suited to support the capitalization of foreign participations alongside CET1, while preserving a more proportionate and internationally aligned capital framework.

19. Basel III final has materially increased UBS's capital requirements over more than ten years before it was fully introduced.

- The introduction of Basel III final has significantly increased capital requirements over a period of more than 10 years before its full implementation in January 2025. It has required UBS to hold approximately USD 8 billion more CET1 capital for the same underlying risks since 2016.

- FINMA had imposed additional requirements on UBS with reference to the Basel III final rules regarding the modelling of risks as early as 2014.[54] Publicly available data shows that UBS Group AG's risk weighted assets (RWAs) for credit and market risks increased by around USD 60 billion between 2016 and the first quarter of 2025 [see Figure 9].[55] These increases were the result of model updates, methodology changes and regulatory add-ons required by FINMA and reflect the gradual introduction of Basel III final.

- The reduction in UBS's RWA in the first quarter of 2025, when Basel III final became effective in Switzerland, was therefore not evidence that Basel III final lowered UBS's capital requirements. The decrease in RWA was only a snapshot in time, as recognized by the Federal Council's response to an interpellation from National Councilor Céline Widmer.[56]

- In sum, it is misleading to continue to compare just the change in capitalization in the quarter in which the measure has entered into force to determine the impact of Basel III. Basel III final has not reduced UBS's capital requirements; it has materially increased them over more than ten years, and the small reduction in RWAs at the point of formal implementation in the first quarter of 2025 does not change this overall effect.

20. UBS is in global competition for capital and UBS shareholders have been suffering from the proposed measures, which may lead to changes to its current, viable business model

- A bank's profitability in relation to its tangible equity, called Return on Tangible Equity (RoTE) is the key factor in its valuation, rather than its capital strength. The correlation between valuation (Price/Tangible Equity) and profitability (RoTE) is significant, while the correlation between valuation and capital buffers is minimal. Higher capital buffers inflate Tangible Equity and thereby dilute RoTE.

- The market value of UBS shares has performed significantly below average due to the discussed future capital requirements (see Fact 16).

- Market participants are concerned that, although UBS would report very high capital under the proposed regulation, it would not be able to use that capital productively and would therefore lose in competitiveness. The rating agency S&P Global, which impartially assesses the credit quality and solidity of countries, banks, and companies worldwide, outline the negative consequences of the proposed measures on UBS's competitiveness in April 2026: "Stronger capitalization typically supports credit ratings, but only if banks can concurrently operate a sustainable business model. The latest amendments may increase UBS' cost of capital and could place it at a significant competitive disadvantage both globally and domestically."[57]

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53 Swiss Banking (2025). Stellungnahme zur Änderung der Eigenmittelverordnung und Reaktion auf die Eckwerte des Bundesrats zu den Massnahmen auf Gesetzesstufe, p. 13; Y. Lengwiler, K. Rishabh, R. Watter (2026). Stärkung der Recovery-Fähigkeit von Schweizer Banken – AT1 im Rahmen eines umfassenderen politischen Instrumentariums neu denken

54 UBS (2014). UBS AG first quarter 2014 report, p. 81; UBS (2015). UBS AG first quarter 2015 Report, p. 11

55 The continued increase in RWA regulatory requirements over the years is disclosed in the UBS Annual Reports in the section "Capital Management – Risk-weighted Assets" in the components model updates, methodology changes and regulatory add-ons.

56 Interpellation 25.3521 (2025). "Easing instead of tightening capital adequacy requirements with Basel III" from National Councilor Céline Widmer

57 A. Lozmann and H. Verhaag, "Swiss Banking Regulation: Uncertainties Linger Over Implication For UBS", Standard & Poor's, 23 April 2026.

– In sum, bank valuations are driven primarily by profitability rather than capital levels, and markets view the proposed capital requirements as a significant disadvantage to UBS's competitiveness and valuation which ultimately endangers its current viable business model.

21. Financial markets and analyst assessments indicate that the proposed measures have a significant impact on UBS's valuation.

– UBS share price development has reflected the view of financial market participants that the proposed measures are excessive. The UBS share price has underperformed its U.S. and European competitors by approximately USD 19 billion (as of 20 July 2026) since the publication of the Federal Council's report on banking stability in April 2024, despite a very smooth and rapid integration process and strong business performance [see Figure 8]. The market reflects an average assessment in contrast to individual analyst statements, which are context-dependent and take the bank's current valuation as a starting point.

– Since early 2024, UBS shares have been downgraded eleven times; in every case, TBTF was the main reason. When analysts have recommended buying UBS stock again - which was the case in 6 of the 10 upgrades of the stock since April 2024 - it was mainly because they assumed that the worst-case scenario of the regulation was already seen as priced into the stock - or because they expected a less extreme outcome.

– In sum, financial markets have consistently viewed the proposed measures as excessive, as reflected in UBS's share price performance and analyst assessments.

22. No sufficient assessment of the proposal's economic impact has been undertaken.

– The mandatory regulatory impact assessment (RIA) for the proposed banking regulation which includes an assessment of the impact on the economy is not available.

– The existing BSS study[58] falls significantly short of the standards required of an RIA contribution. The study contains exclusively qualitative and, in some cases, contradictory impact assessments of selected measures with regard to the objectives of financial market stability, ensuring the maintenance of systemically important functions during a crisis, and avoiding state support. The cost implications, the proportionality of measures, or the preservation of competitiveness were not included in the study's objectives. In an article dated 28 November 2025,[59] Professor Martin Janssen also expressed criticism of the study, emphasizing lacking objectivity and insufficient analysis.

– Additional partial reports and expert opinions were considered on a very selective basis. The study commissioned by the Federal Council from Alvarez & Marsal, dated 26 May 2025[60], outlined the potential economic follow-on costs. However, these findings were systematically omitted from the authorities' documents and not pursued further.

– In sum, no comprehensive assessment of the economic impact of the proposed measures has been undertaken, while available evidence on potential costs has received only limited consideration.

23. UBS does not benefit from an implicit state guarantee

– There is no evidence of an implicit state guarantee for UBS, neither in the bank's funding costs nor its credit ratings [see Figures 10 and 11].

– If markets assumed that UBS would be rescued by the state, it would benefit from lower funding costs because of the lower risk its creditors face. Instead, UBS pays a significant risk premium above Swiss government bonds of about 2 percentage points[61] and a premium to explicitly guaranteed Swiss cantonal bank peers. During both the Covid and Credit Suisse crises, the risk premium on UBS bonds increased broadly in line with the wider market, unlike Swiss cantonal banks.

58 BSS (2025). Auswirkungen der TBTF-Regulierung
59 Prof. Martin Janssen (2025). Finews guest column, 28.11.2025
60 Alvarez & Marsal (2025). Cost-Benefit Analysis
61 Calculated as the weighted average spread of the UBS unsecured long-term debt portfolio less the spread on Swiss government spreads to isolate the UBS-related funding cost.

- Credit-rating agencies distinguish clearly between banks that benefit from government support and those that do not. Several Swiss cantonal banks receive a rating uplift due to explicit or implicit state backing.[62] UBS, by contrast, does not receive such an uplift due to government support.
- UBS has almost USD 200 billion or CHF 160 billion of total loss-absorbing capacity, consisting of USD 72 billion CET1, USD 24 billion AT1 and USD 98 billion bail-in bond capital as per Q2 2026. Since the financial crisis in 2008, UBS continuously invested in its resolvability without relying on state support (see Fact 4).
- A study by Professor Dirk Niepelt estimates that UBS benefits from an implicit state subsidy of CHF 2.6 billion per year.[63] UBS's probability of default implied by the study is 50 to 100 times higher than what credit rating agencies actually assign. It effectively equates UBS's creditworthiness with that of a speculative-grade issuer, such as Iraq, Congo or Nigeria. When using realistic assumptions, the calculated annual subsidy is near zero, also confirming that UBS does not benefit from a state guarantee.
- In sum, there is no objective data supporting claims of UBS benefiting from an implicit or explicit state guarantee: there is no evidence of an implicit state guarantee in its ratings or funding costs. In contrast, UBS is required to hold very high loss-absorbing capacity and liquidity as well as credible recovery and resolution plans, subject to FINMA approval, to protect taxpayers.

24. A Public Liquidity Backstop (PLB) is not a de-facto state guarantee for shareholders, management or creditors.

- A PLB is a temporary liquidity support facility provided by the SNB to a bank in resolution. A PLB will only be granted once a bank has been placed in resolution by FINMA, meaning that, under the preferred resolution strategy, AT1 holders and shareholders will have been wiped out fully, and TLAC bonds will have been converted into new share capital. Any potential losses are borne first by its shareholders (bail-in bond-holders), and not by the taxpayers. The restructured bank will need to compensate the PLB facility accordingly. Whilst the PLB facility benefits from a guarantee by the Swiss Confederation to the SNB, it does not constitute a blanket state guarantee of the bank for the benefit of its management, shareholders, or its liabilities.
- In a resolution scenario, a bank is very likely to require temporary liquidity. This reflects the nature of banking: assets, such as mortgages and other loans, cannot be sold immediately and therefore tie up liquidity, while liabilities, particularly customer deposits, can be withdrawn very quickly. The PLB is designed to bridge this timing mismatch by providing temporary liquidity during restructuring or wind-down of the bank.
- The PLB is not designed to cover credit or valuation losses. These are borne first by the shareholders and the holders of bail-in bonds. The PLB has a privileged treatment compared to other creditors in the unlikely scenario that a resolution would not be successful and a bank could not repay the full amount drawn. Accordingly, losses to the state, which backstops the facility, from the granting of the PLB are very unlikely.
- Neither is the PLB designed to protect the management or the Board of Directors of a bank. In previous bank crises (e.g. Banco Popular, or Credit Suisse), the management and the Board of Directors responsible for the issues that led to the collapse of the institutions have been exchanged almost completely.
- The PLB is a well-established element of bank-resolution regimes in major financial centers and has been recommended by the Financial Stability Board since 2016.[64] Its adoption would bring Switzerland in line with international practice. The PLB also worked well in the Credit Suisse crisis: together with the other measures implemented, it ended the bank run in March 2023.
- In sum, equating a temporary liquidity support tool to a state guarantee is incorrect. A PLB is a targeted resolution tool that provides temporary liquidity support, while losses remain borne first by shareholders and creditors, and the management team of a bank is exchanged. The PLB forms an integral part of the resolution of a SIB which minimizes taxpayer risk.

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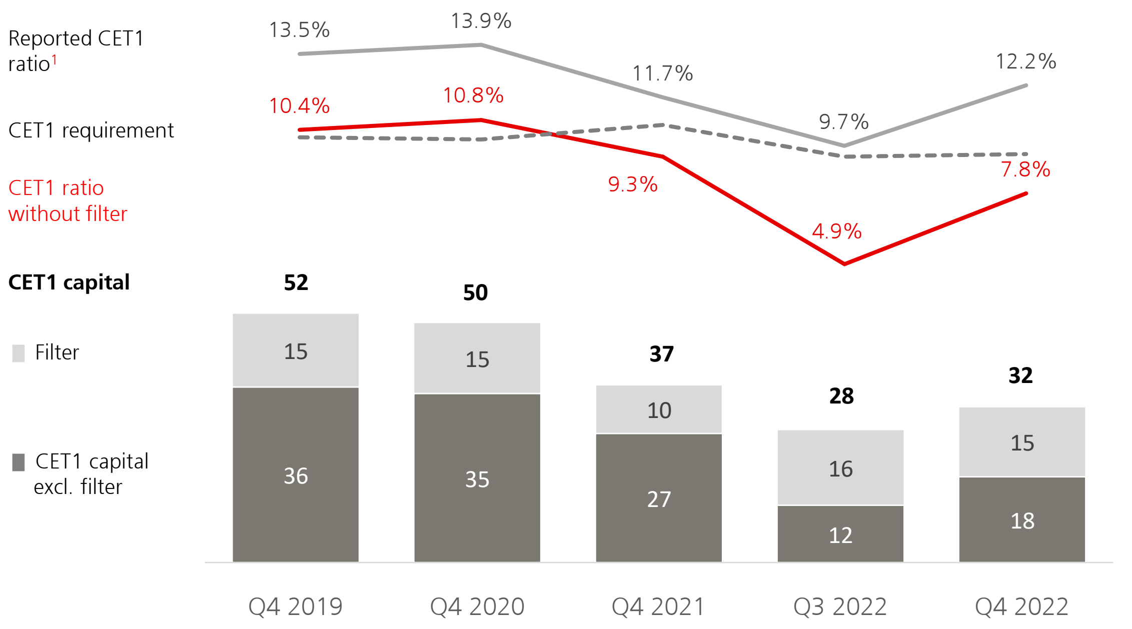
62 Rating uplifts for Government-Related Entities (GREs), which according to S&P are companies that may receive extraordinary government support during periods of stress, can be found on the websites of cantonal banks.
63 C. Monnet, D. Niepelt, R. Taudien (2025). Pricing Liquidity Support: A PLB for Switzerland, Universität Bern Discussion Paper, 28 January 2025.
64 FSB (2016). Guiding principles on the temporary funding needed to support the orderly resolution of a global systemically important bank ("G-SIB"), p. 11

Around 50% of Credit Suisse's parent bank capital consisted of regulatory concessions

Figure 1: Impact of regulatory filter on capital adequacy

CET1 Capital Credit Suisse AG (CHF bn)

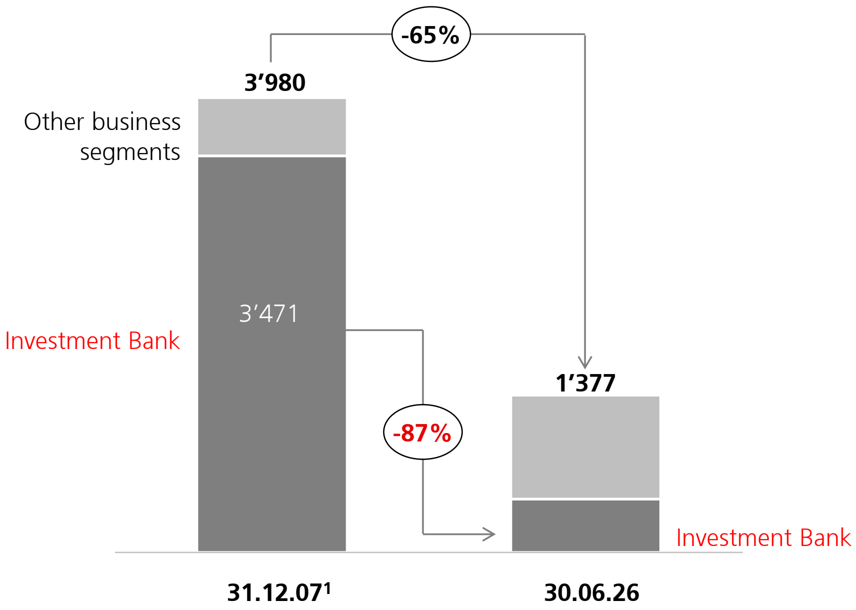


Source: Quarterly regulatory disclosures Credit Suisse. Calculations in the PInC report (2024), based on the expert report from Prof. Birchler. 1.The regulatory filter affected both the CET1 capital level and the RWAs.

UBS Investment Bank is now almost 90% smaller than before the Financial Crisis

Figure 2: Total assets[1,2]

UBS and Credit Suisse combined, in CHF bn



UBS

1 Pro forma combined total assets as of 31.12.07 are based on financial information of UBS and Credit Suisse from the 2007 Annual Reports. For UBS this was prepared in accordance with IFRS Accounting Standards and for Credit Suisse this was prepared in accordance with US Generally Accepted Accounting Principles (US GAAP), adjusted to reverse CHF 346.3bn of US GAAP derivative netting in order to provide a closer approximation of IFRS derivative netting effects; 2 Figures as of 31.12.07 are presented as reported in CHF, figures as of 30.06.26 have been converted to CHF from USD reported figures using a CHF/USD rate of 1.24

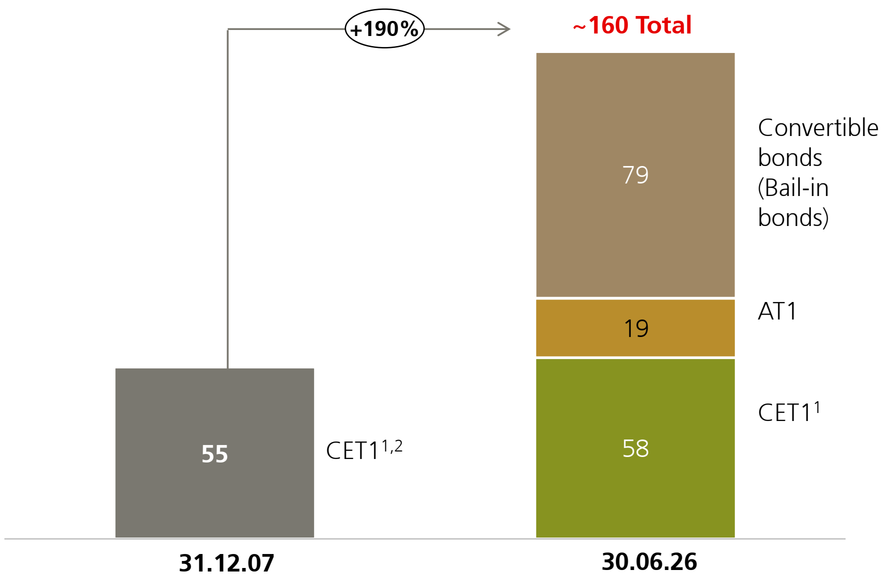
A material part of the current TBTF regime was not yet fully implemented in March 2023

Table 1: Comparison of standards and implementation

	International standards	Swiss Finish	Implemented in full at the time of the Credit Suisse crisis in March 2023?
Capital	• Basel III Final (however, material elements were postponed, weakened or not yet implemented in the EU/UK/USA)	• Implemented fully and more conservatively than in EU/US/UK (OpRisk, Output Floor, FRTB) • Application both at group and individual-institution level	X
Backing of participations	• No individual-institution requirements relevant in practice in the EU and US. UK does provide for a deduction for participations, but grants significant reliefs (10% threshold, AT1, Leverage Ratio, Inter-Company Lending)	• Risk weighting of investment in domestic and foreign participations (250%/400%)	X
		• Valuation at individual-institution level	X
Liquidity	• LCR 30 days	• TBTF special regime (120 days with SIB surcharge) • Transparent Pillar 2 regime	X

Higher quality of capital and three times more loss-absorbing capacity since 2007

Figure 3: Loss-absorbing capacity (total capital) [1,2]
UBS and Credit Suisse combined, CHF bn

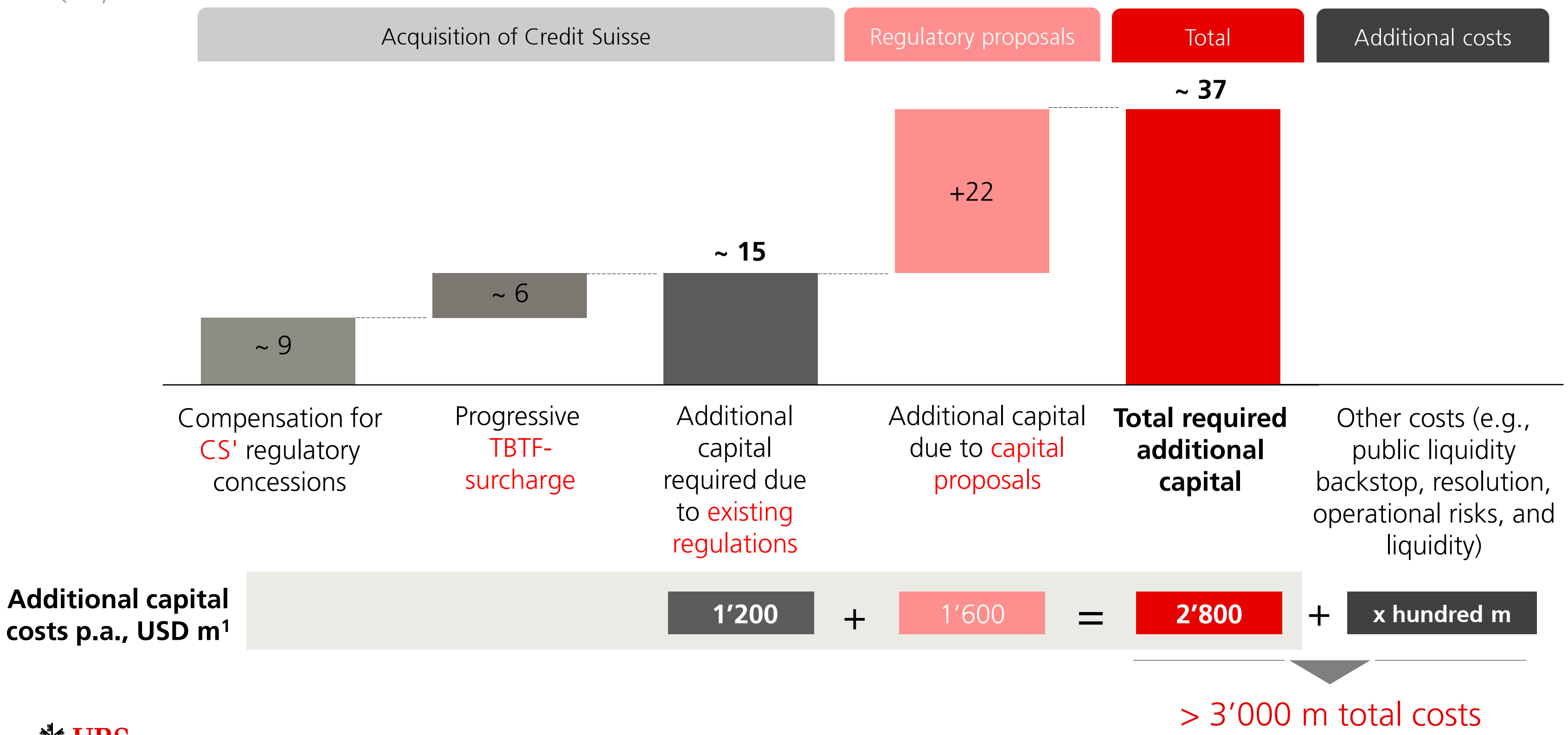


1 Figures as of 31.12.07 are presented as reported in CHF, figures as of 30.06.26 have been converted to CHF from USD reported figures using a CHF/USD rate of 1.24 2 Pro forma CET1 capital equivalent for 31.12.07 based on today's definition of eligible capital components, i.e., excluding Tier 2 capital, innovative capital instruments, and deferred tax assets for tax loss carryforwards, which are no longer eligible capital components following Basel III implementation.

Capital and cost consequences of the proposed changes

Figure 4: Additional capital and costs

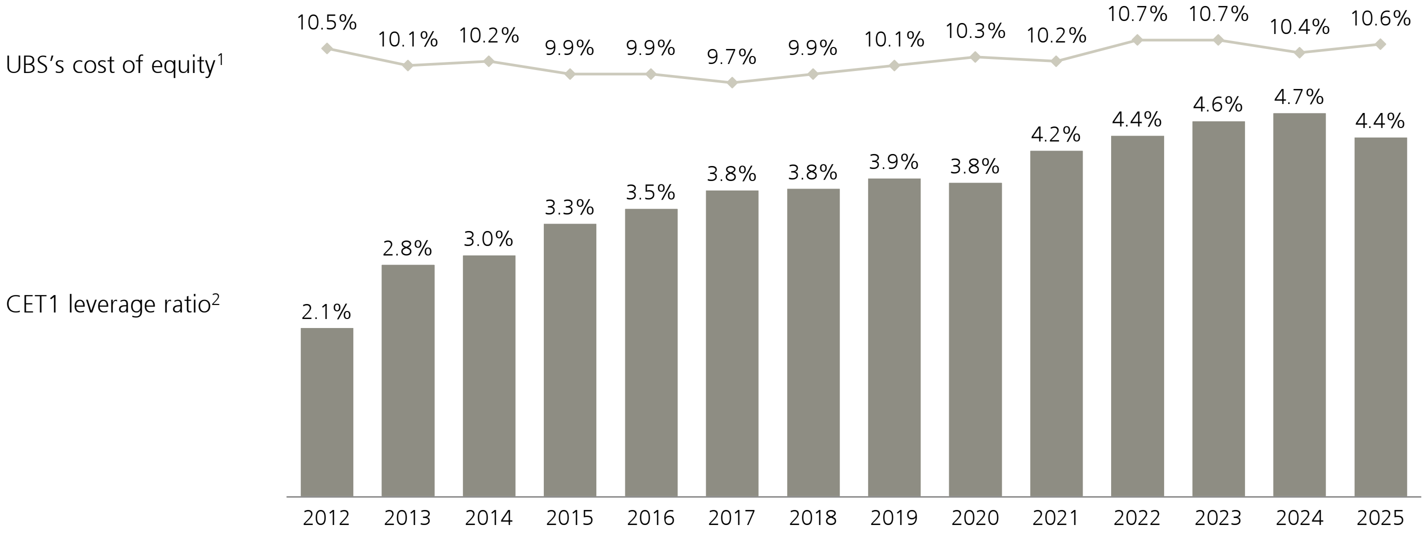
4Q 25, USD bn



UBS 1 The estimated annual cost of USD 1.6 billion reflects USD 2.4 billion of cost from additional CET1 capital, partly offset by ca. USD 0.8 billion of savings from lower AT1 and other funding needs.

Market has consistently estimated UBS's cost of equity at ~10% despite significant increases in the leverage ratio

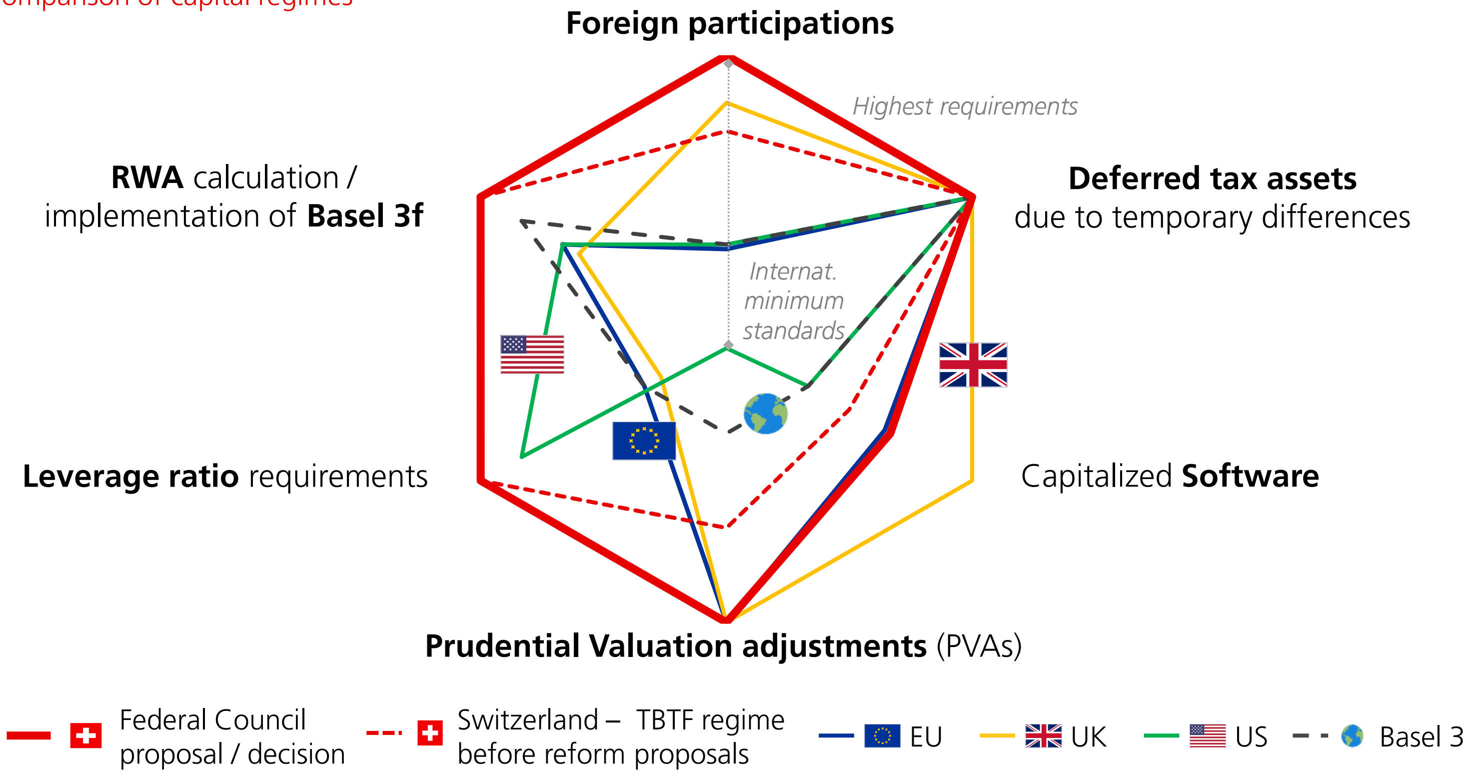
Figure 5: UBS's cost of equity[1] and CET1 leverage ratio[2] development
(2012-2025)



UBS **1** The sell-side consensus estimate from January is used prior to the publication of results for the respective year — for example, the FY24 estimate is based on the January 2025 consensus; **2** The old SRB calculation methodology was used for the years 2012 and 2013, while the new SRB calculation methodology has been applied since 2014

Proposed TBTF regime exceeds the strictest international regulations

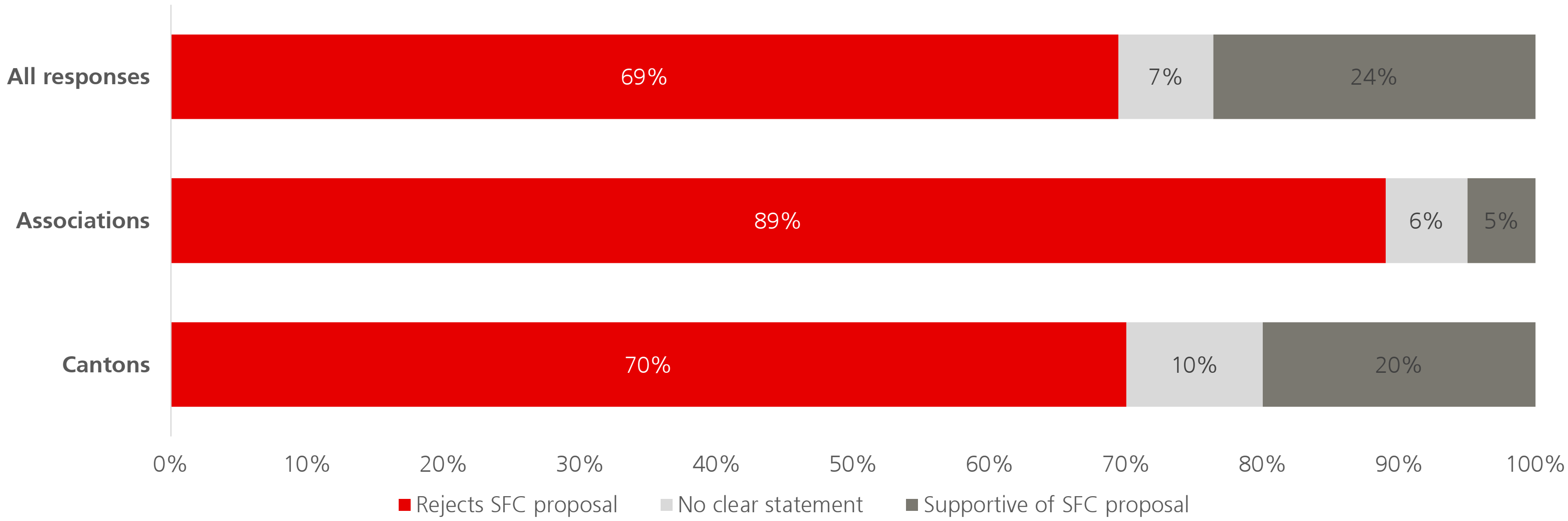
Figure 6: Comparison of capital regimes



Note: Based on internal analysis and assessment of Swiss Federal Council regulatory proposals and other regulatory regimes

Widespread skepticism towards Federal Council proposal – more than 2/3 of stakeholders are opposed to the full capital backing of foreign participations

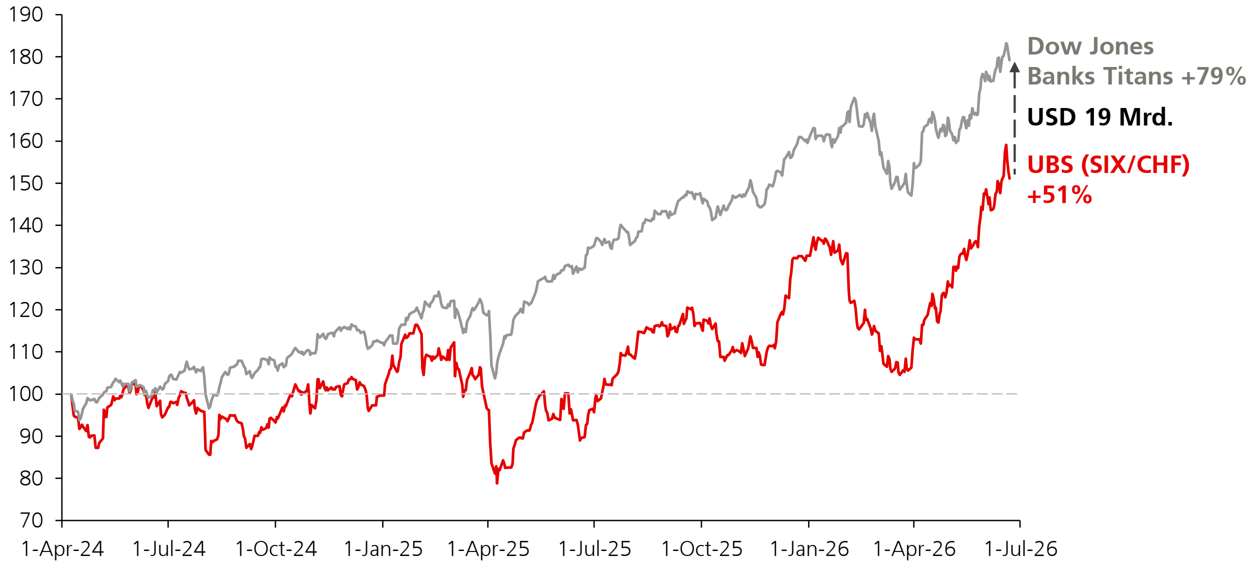
Figure 7: Position overview consultation responses to Federal Council proposal



UBS Note: Based on internal analysis and assessment of consultation responses to the amendment of the Banking Act. 75 total responses published, 72 of which deemed «politically relevant»; 20 cantons and 28 associations submitted a response;

UBS has underperformed peers by USD 19bn due to TBTF uncertainty

Figure 8: Performance of the UBS stock price compared to Dow Jones Banks Titans
April 2024 - July 2026 (indexed)[1]

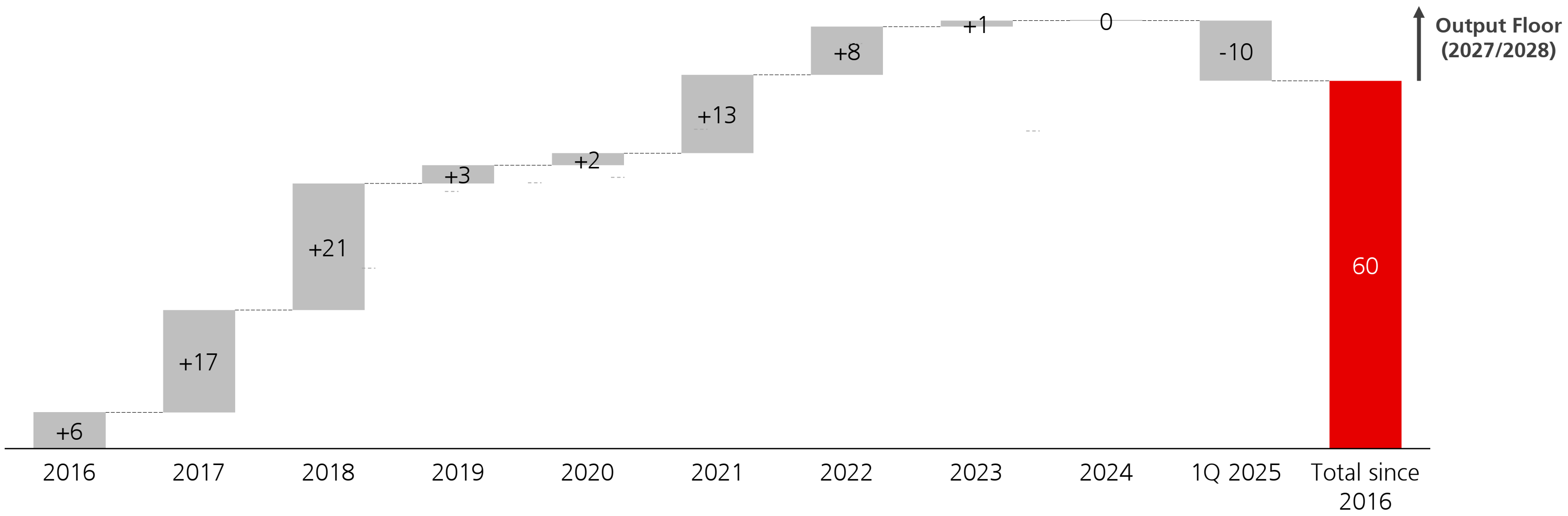


1 Source: FactSet Research Systems (data as of 20.07.2026). Valuation gap based on the UBS share price in USD.

As a result of the Basel III Final rules, UBS must hold approximately USD 8 billion more in CET1 capital for the same risks

Figure 9: Change in risk-weighted assets for credit and market risks due to model adjustments and regulatory add-ons[1]

UBS Group AG (USD bn)



1 Based on published data from UBS

July 2026

Market data show that UBS does not have an implicit state guarantee

Figure 10: Market assessment based on risk premiums
Risk premium over 5-year government bonds (30-day moving average)[1]

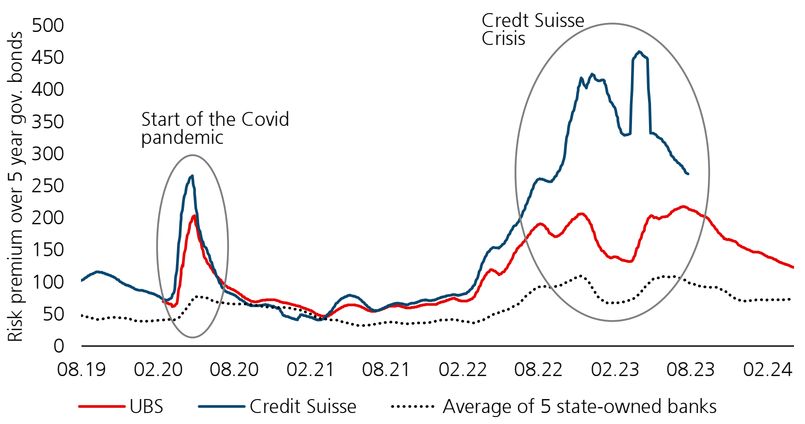
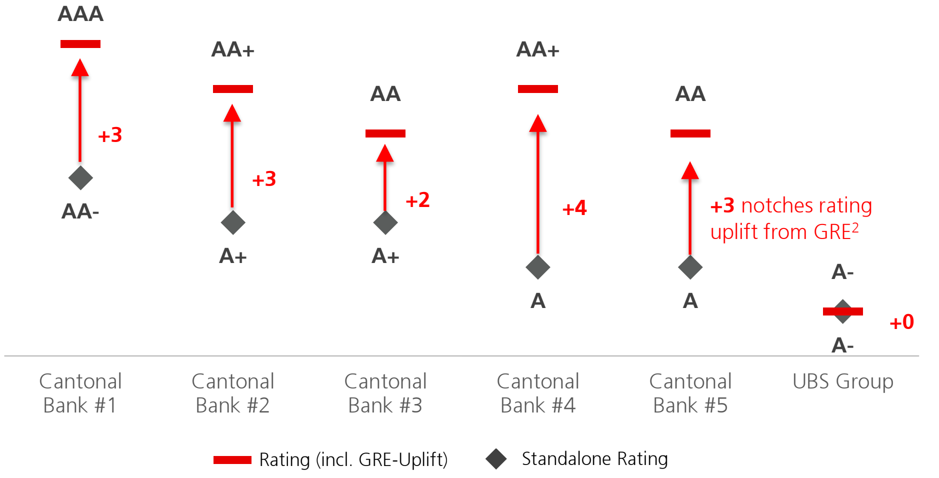


Figure 11: Market assessment based on ratings
Ratings and GRE-Uplifts from S&P[2]



UBS

1 Bank risk premia measured as the spread between the bank's 5-year funding costs and 5-year Swiss Confederation bond yields, adjusted for interest rate and CHF/USD currency basis effects; and displayed as a spread to SOFR. Source: UBS, Bloomberg; 2 "GREs are companies that may receive extraordinary government support during periods of stress" (S&P). Based on public S&P reports from 2025–2026 (most recent reports available on the banks' websites)