Metrobank | CreditSights

UBS (UBSG SW)

FUNDAMENTAL VIEW [1]

As of 14 Aug 2025

- UBS agreed to acquire Credit Suisse in March 2023 after the latter collapsed following a severe liquidity crisis.
- CS was a large and complex organisation, so the integration, and the inevitable associated losses and costs, will dominate UBS's strategic outlook and financial performance for several years.
- However, UBS was able to negotiate substantial downside protection which should shield it from losses at CS.
- Away from CS, UBS has reshaped its business model, with a greater emphasis on wealth management and less focus on investment banking, particularly fixed income.
- Its earnings remain somewhat dependent on capital market conditions, but its capital, asset quality and profitability ratios have been among the strongest for European banks.

RISKS & CATALYSTS

As of 14 Aug 2025

- The acquisition of CS will be a long and complex process, and the necessary restructuring is likely to result in losses and costs, although UBS has substantial protection, not least in the large negative goodwill.
- Litigation costs have been a feature of UBS's results in recent years, although it has agreed settlements in various cases recently.
- A French court imposed fines and civil damages of €4.5 bn ($5.1 bn) in February 2019, which UBS appealed. The Court of Appeal retried the case de novo in March 2021 and reduced the fine to €3.75 mn plus civil damages of €800 mn and confiscation of €1 bn. UBS has set aside reserves of €1.1 bn. The French Supreme Court overturned the penalties and damages in November 2023, and the case has been remanded to the Court of Appeal for a retrial.

CREDIT QUALITY SCORE (CQS) [2]

As of 31 Oct 2025

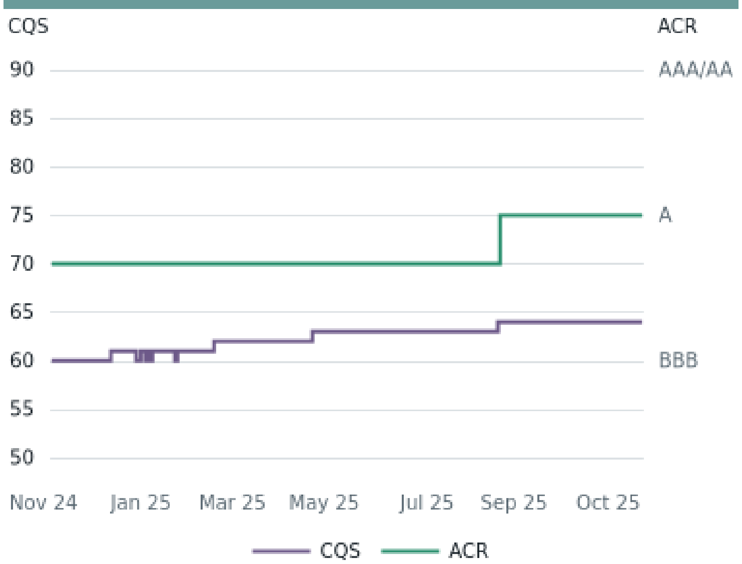
CURRENT CQS

64

CQS OUTLOOK [3]

NEGATIVE | **STABLE** | POSITIVE

HISTORICAL RATINGS: AVERAGE AGENCY RATING (ACR) [4] VS CQS



KEY METRICS

As of 14 Aug 2025

$ MN	2Q25	Y24	Y23	Y22	Y21
Return On Equity	10.9%	6.0%	38.4%	13.0%	12.4%
Total Revenues Margin	3.0%	3.0%	2.9%	3.1%	3.2%
Cost/Income	80.5%	84.8%	95.0%	72.1%	73.6%
CET1 Ratio (Transitional)	14.4%	14.3%	14.3%	14.2%	15.0%
CET1 Ratio (Fully-Loaded)	14.4%	14.3%	14.4%	14.2%	15.0%
Leverage Ratio (Fully-Loaded)	5.5%	5.8%	5.4%	5.7%	5.7%
Liquidity Coverage Ratio	182%	188%	216%	164%	155%
Impaired Loans (Gross)/Total Loans	0.6%	0.6%	0.4%	0.4%	0.4%

BUSINESS DESCRIPTION

As of 14 Aug 2025

- Headquartered in Zurich, Switzerland, UBS has private, corporate and institutional clients worldwide and retail clients in Switzerland. It is one of the world's largest wealth managers.
- It completed the acquisition of CS on 12 June 2023. It has merged CS's domestic Swiss bank (Credit Suisse Schweiz AG) with its own domestic bank (UBS Switzerland AG) in 2024, keeping the CS brand “for the time being”.
- CS's holding company (Credit Suisse Group AG) has been merged into UBS Group AG, so that the group has a single holding company, and the operating subsidiaries, including UBS AG and Credit Suisse AG, were merged on 31 May 2024.
- UBS operates through its Corporate Center and four business divisions: Global Wealth Management, Personal & Corporate Banking, Asset Management, and the Investment Bank, plus a new Non-core and Legacy division following the acquisition of CS.
- The Investment Bank has been restructured in recent years to scale back fixed income trading and focus on equities trading and origination & advisory business.

GLOSSARY

[1] The **Fundamental View** is our current assessment of credit quality and our expectation of how credit quality will trend over the next year or longer.

[2] The **Credit Quality Score (CQS)** is a number between 5 and 100. It is a medium-term credit score for corporates and financial institutions that utilizes a combination of sector fundamental scores and equity market signals. Values of CQS above 50 generally indicate investment grade credit quality.

[3] The **Credit Quality Score (CQS) Outlook** is the near-term (3 month) outlook for the CQS, based on its trend, volatility and distance from the adjacent CQS risk bucket.

[4] The **Agency Composite Rating (ACR)** is the average senior unsecured rating from one or more major rating agencies.

Quantitative scores provided by CreditSights Analytics, LLC. Scores are shown are for the lesser of (1) 2 years and (2) date of CreditSights inception of quantitative coverage.

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