



# Annual General Meeting

UBS Group AG on 8 April 2021

Speech by Axel A. Weber, Chairman of the Board of Directors

## **Check against delivery.**

Ladies and gentlemen,  
shareholders,

As you can see, unfortunately the Annual General Meeting once again has to take place virtually. That's not how any of us want it to be, least of all me, because dialog with you is and always has been very important to me. We can all only hope that, by this time next year, we will again be allowed to sit together, look back at the year and discuss it.

2020 was a truly extraordinary year. A pandemic that gripped communities all over the world presented, and continues to present, challenges for every aspect of society: for politics, for healthcare systems, for the economy, for you and for us – simply everything has been affected.

COVID-19 has caused enormous suffering. Personal suffering for those who fell ill themselves, or who, in the worst case, lost a loved one. But suffering has also been due to the various lockdowns, compulsory closures and far-reaching restrictions on working life. It is hard for all of us to imagine the enormous stress that this has caused to those affected – and continues to cause.

Our thoughts should be and are with all of them.

Even the hope that normal life would soon resume thanks to the vaccine, has not – at least to date – been fulfilled.

Of course, our employees and their families are also affected by this pandemic. Right from the start, our priority has been to protect everyone working at the firm. That's why we switched to working from home, early and consistently. Thanks to good planning, the firm has been able to continue to offer our clients all our usual services de-centrally from the very beginning of the pandemic, for which they were, and continue to be, very grateful. After all, in a crisis like this, being able to access reliable banking services and advice in an uncertain environment is all the more important.

Furthermore, UBS – as Switzerland's biggest bank – was able to make an important contribution to the supply of funding, both by offering loans itself and as part of the federal loan scheme.

So, UBS has proved itself to be highly resilient in this crisis.

What's more, the firm has also been extraordinarily successful. That is reflected in last year's results: the pre-tax profit increased to 8.2 billion dollars. The net profit was 6.6 billion dollars. And the returns to you, dear shareholders, will amount to 3.7 billion dollars. Our CEO, Ralph Hamers, will tell you about our financial results in more detail later.

So, it's clear, we can be proud of our results.

Here I would like to take the opportunity to thank and congratulate all our employees, and in particular Sergio Ermotti and Ralph Hamers, our two CEOs during last year. They and their team have done an outstanding job.

I would also like to express my personal best wishes to Sergio in his new role and hope that it brings him success and satisfaction. He played a vital role in the success of UBS over the last nine years.

Now, the pandemic has certainly put every business model – including ours – to the test. And today I can say that UBS has passed that test.

The firm is healthy and our business model is stable. Our four business divisions are successfully meeting the many and varied needs of our clients, and the way the different business areas interlock is working better all the time.

Even during the pandemic – and even with its staff working from home – UBS has been able to serve its clients safely and reliably. Year after year on this occasion I have highlighted how many billions we were investing in digitalization. Some of you may have asked yourselves: is all that money really being used in the right way?

The COVID-19 crisis has now shown that our investment in digital systems over recent years was not only the right thing to do but crucially important.

The pandemic is changing us and our environment. Which of those changes will be permanent, we don't exactly know yet. Certainly, the pandemic is changing the economy. Among the big winners in this crisis are the technology companies, and especially the big ones in the USA. Almost nothing happened without them – and almost everything relied on them.

This is not without risk for the traditional financial services industry. After taking over the flow of data and goods, why shouldn't tech companies also take control of financial flows? Here at UBS we need to be aware of this challenge and remain active and innovative ourselves.

We also need to look at where the tech companies constitute competition for us – and where they are potential partners.

For the firm, if we are being purely pragmatic, that definitely means not resting on our laurels. Yes, it was a good year for us as a business. But things won't necessarily continue like that. Just as the pandemic did before, even now it keeps causing setbacks. We have to be able to adapt continuously to an environment that is uncertain and changes quickly.

We on the Board are aware of this, and always have been. Conscious of the challenges to come, we defined a clear profile for the new CEO that we were looking for.

In Ralph Hamers we have found a modern CEO who entirely matches that profile. The Board of Directors assessed him out deeply before appointing him as CEO of UBS. The investigation in the Netherlands that has recently been reopened into his activities as the former CEO at ING does nothing, in our view, to change our previous assessment.

Ralph Hamers enjoys the full confidence of the entire Board of Directors in his leadership of our company.

And, from day one, Ralph Hamers has justified the trust we placed in him: he is tackling the challenges of the future with extensive expertise, tremendous strength, tenacity and enthusiasm.

What is important for him is that everyone works as a team. He wants to work with the employees to change the firm together, to develop its full potential together, to set new goals together – and to achieve them together.

We can already see the first results of this. The hierarchy is becoming more permeable, bottom up developments are being supported.

The ultimate goal is to make the organization not only leaner, but also more agile.

I have already mentioned what a good year it was for UBS in financial terms. The primary beneficiaries of that are you, the shareholders: we are paying a dividend of 37 cents per share.

In addition, last year we adjusted the ratio between dividends and share buybacks in favor of buybacks. We bought back shares worth 350 million dollars and allocated 2 billion dollars for share buybacks to the relevant reserves. We have already used some of these reserves for buybacks.

We have also asked you, to vote on a buyback program of 4 billion francs.

We are confident that the focus on share buybacks is attractive to you as shareholders in the present circumstances, because it increases the yield per share.

In good years, the employees also benefit from the results, although we have always shown caution when awarding pay increases. For the most senior managers, the rule is still the same: successes have to be consolidated over the years.

However, as promised, once again the returns to shareholders totaling USD 3.7 billion, exceed the variable elements of employee pay.

What the future will bring us is still unclear. We find ourselves in unknown territory: we don't know when or how we will emerge from the COVID-19 crisis; the collateral damage caused by border closures, lockdowns and other restrictions is huge, even if the availability of vaccines improves. This crisis will have an impact on the economy and in particular on national budgets for years, if not decades, to come.

The central banks will potentially keep their purse strings open for years, and interest rates remain low. However, the recent rise in inflation puts this scenario at risk. If inflation continues to rise, central banks could be forced to raise interest rates sooner than expected.

Whatever happens, UBS is equally well placed for either possible situation. Admittedly, low interest rates are not good for our traditional banking business, but they put wind in the sails of share prices and bonds, and that's good for our wealth management business. And, alternatively, if interest rates rise, our interest-earning business benefits.

As you know, over recent years UBS has dealt with most of the issues from the past and brought them to a conclusion; the main case still open is the one in France, which you will have been hearing and reading about in the media in recent weeks. We have presented our case to the court consistently and are confident that this will be acknowledged by the French judicial system.

But today we are not only looking back, but also forward. In particular, sustainability remains a central focus. Here again, you have heard me talking for years about how important I believe this subject is. Both within the company and among investors, an awareness of sustainability is becoming deeply embedded and indeed it is being demanded.

Ultimately, it's all about making everything we do more sustainable and ensuring that it is compatible with protecting the environment and meeting climate goals. We must not destroy the very basis of our existence. The firm has taken many steps in this direction.

But we can and will do even more.

We have an ambitious climate strategy and have made significant progress on this, even during this last year.

We know that climate change brings risks for our clients. We are able to highlight these risks and help our clients to deal with them. Last year, we managed climate-relevant sustainable investments for clients amounting to over 160 billion dollars. In order to do our part in limiting damage to the climate, we have reduced our financing of carbon-heavy companies by 28% since 2018.

And of course, we are also taking action ourselves: for example, since last year we have drawn 100% of our global electricity requirement from renewable energy sources.

However, we are also put to the test as a society, as the tensions before and during the COVID-19 crisis have shown.

These are the major challenges of the future. The pandemic will pass. I am confident that, over time, the situation will normalize. But then we should once again consider the basic foundations on which our firm is built: there has to be a state of equilibrium in both the environment and society. And at the same time, we have to get used to what is being called the "new normal."

Because the world will not be the same when this viral storm is over.

Ladies and gentlemen, finally, I would like to say a big thank you. Firstly, of course, to you, our valued shareholders.

You are the cornerstones of this firm. Your trust in us supports us.

I would also like to thank our employees for their extraordinary performance during this extraordinary year: those in direct contact with the clients and those in the back office, those in Group Management and the Board of Directors.

I must also thank all our clients, those who have already been with us for many years and those who are new to us.

They are the reason for our existence.

Hopefully, next year we will once again be able to meet in person, in the St. Jakobshalle in Basel as usual. I am confident that we will then be able to report on even more good news from our ever-changing firm.

I am now pleased to hand over to our CEO, Ralph Hamers.