

Annual General Meeting

UBS Group AG on 29 April 2020

Speech by Sergio P. Ermotti, Group Chief Executive Officer

Check against delivery.

Dear shareholders,

I, too, would like to give a warm welcome to everyone taking part in or observing this General Meeting.

As Axel Weber has already said, the recent weeks and months have presented us all with unprecedented challenges. What is clear is that we can only get through this crisis together.

Here at UBS, we are working closely with the authorities. That's how, with the Swiss federal government, we managed to put the aid package in place in such a short time. It is providing liquidity for a great many companies, large and small, so far over CHF 2.5 billion for over 21,000 SMEs.

But we're going even further. Take the USA, for example, where around 30% of our employees work. As part of the government's program in the USA, we expect to make up to USD 2 billion available under the Federal programs announced there.

Right from the start, we made it clear that we did not want to make money out of these support programs, so any profits will be going into an aid fund for people affected by the Coronavirus.

UBS is also making USD 30 million of its own money available to support global and local aid projects. It's important to say that this is being financed in a cost-neutral way by reducing the compensation pool. Finally, all members of the Group Executive Board will be donating 50% of their salaries for six months to Coronavirus-related aid projects. Many of our other colleagues in the bank are also making donations, or making themselves available to work as volunteers.

Meanwhile, "normal" business continues – albeit not entirely as normal. After all, this crisis is affecting everyone in one way or another. Every day we are advising companies and institutional and private clients all over the world, helping them to take the right decisions and making sure they have sufficient liquidity.

In the first quarter, we increased our total lending by USD 15 billion: that's five times as much as we are lending under the various state aid packages! And, incidentally, we don't only feel a sense of responsibility towards our borrowers. We want to ensure that our savers and investors can continue to sleep well at night, too.

After all, the expectation that the banks will provide more and more loans must not ultimately mean that the status of their balance sheets – and above all not that of UBS – is cast into doubt.

Today, we at UBS are part of the solution to this crisis. The banking system is much stronger now. The regulations have played a part in this, and we have also always supported it. But equally important for our stability has been our clearly defined strategy and our responsible attitude to risk. That is especially apparent now. We have more than done our homework.

I very much hope that businesses will soon be able to stand on their own feet again and that we don't all come to rely too much on the state to solve our problems and to keep injecting money. Because, in the end, the state means you, me and all of us as taxpayers. So, it's all the more important for us and for the state that UBS continues to be successful and profitable. UBS is one of the largest taxpayers in Switzerland, if not the largest. Since the financial crisis, it has paid around CHF 5.4 billion in tax. We want to continue to be able to do so in the future.

We have invested a great deal in technology. That means we're able to remain in contact with our clients at all times, even during this crisis. Within a short space of time, over 95% of our employees were able to work from home.

Anyone can talk about percentages like these. But what really counts is how successful we are in these circumstances. I'm happy to say that, in the last few months, we have not only been able to protect the health of our people. We have also delivered for our clients and even increased our market share!

In that respect, this crisis was a test not just for our technology but for our whole organization. The pandemic situation has shown that we are able to work efficiently and profitably – from wherever that may be – for our clients and also for you, our shareholders. Our profit of USD 1.6 billion in the first quarter and the return of nearly 18% on CET1 capital in the quarter prove that. So I think I can say that we have passed the test.

I am extremely proud of our staff! They have all done a fantastic job, in all our regions and in a whole range of different roles. It is their hard work and commitment that enables UBS to advance every day. A crisis like this brings out the true character of a firm and its employees. In the end, it's always people who make the difference.

Seen in the light of the Coronavirus pandemic, and in retrospect, 2019 looks as if it was an easy year. But that's a false impression. It was actually one of the toughest years for the whole sector, especially the first six months. So, despite all that, our annual profit in 2019 was USD 4.3 billion. And in fact the last quarter was the best since 2010.

The return on CET1 capital was 12.4%. We are managing assets worth over USD 3 trillion worldwide. At the same time, we have made progress on our strategic initiatives and cut operating costs by 4%.

In terms of the rate of return on regulatory common equity capital, we are among the top five banks in the world. That's important because it is the crucial benchmark – not only for compliance with the regulatory requirements but also because it indicates our ability to grow and return capital to our shareholders. Of course you can find further details on our performance in our Annual Report.

We were able to achieve such solid returns in 2019 because our bank is built on solid foundations. But it's also because we have never stood still. In my very first speech as CEO of UBS, in 2012, I said: "We are capable of constantly renewing ourselves. That's why (...) I'm looking forward to the future." And that is precisely what has made our bank stand out ever since: the ability to adapt to current needs, indeed, even to predict them in advance!

And that's exactly what we did again in 2019. We invested in a range of initiatives for growth, for tomorrow's business. Cooperation is the key. We're working hard internally to ensure that the different divisions of UBS work even more closely together, entirely in line with our integrated business model. To me, what's clear is that the bank is more than the sum of its parts. None of UBS's business divisions would be as successful if they operated alone.

But it's also worth joining forces with external partners, as well. Examples of this include our work with Banco do Brasil in Brazil and the Sumitomo Mitsui Trust in Japan. Thanks to these complementary partnerships, we can offer our services and products to a larger number of clients, and the shareholders of both partners benefit.

As you know, this is my last AGM as the CEO of UBS. Today, I can look back proudly on everything that my colleagues at the bank and I have achieved over the last nine years. The success was based on the three pillars that I spoke about in my speech in 2012: capital strength, cost management and risk management.

As I have already said, at that time, in anticipation of the future regulatory and macroeconomic environment, we strengthened our balance sheet and reduced risk. We defined a clear strategy and implemented it in a disciplined and sustainable manner. We also saw the still huge potential of the Asian market early on and consequently invested even more there. In both those respects, we were ahead of the game in the finance industry.

Dear shareholders, over the last few years we have shown that we can achieve good results with our sustainable concept, even in all kinds of different market conditions.

Since 2011 we have generated USD 28 billion in capital, 5 billion of that in the last year alone. Today the bank has over USD 90 billion of loss-absorbing capital. We have spent USD 14 billion on regulatory matters and legal cases. And without, please note, asking you for a single cent of additional capital. At the same time, we have returned around USD 20 billion to you in dividends and share buybacks. That's more than USD 5 a share. The tangible book value per share has increased by over 6% a year including dividends – a highly competitive figure by international standards. Consequently, many of you who have remained loyal to us throughout this time have not regretted being on board. And if people want to call these results boring, well, I can live with that...

Another thing that's important to me and goes beyond the purely financial but gives me particular personal pleasure is that our staff feel proud to work for UBS! Last year's staff survey confirmed that once again. The level of satisfaction and commitment of our employees are above average for the financial services sector. And I expect – indeed, I'm almost certain – that the results of that survey would have improved even more over the last few weeks. Our clients also value UBS again as a strong and reliable partner. And that's what counts in the end!

The bank is in a good position today, with all options open to it as it moves towards a successful future. This position of strength is a luxury nowadays. But we need to be careful to not recklessly squander this leading position for the sake of earning quick plaudits from a minority who make a lot of noise or think only of the short term.

Ladies and gentlemen, the job of CEO has been, and is, a privilege for me, and my dream job, even though times have not always been easy and aren't now. I am delighted that I hold this responsibility for another six months.

You know, I will always carry the three UBS key principles with me in my heart.

My thanks go to everyone who has supported me, to my colleagues on the Group Executive Board, past and present, and to our employees in Switzerland and all over the world.

I would like to thank the Board of Directors and its Chairman, Axel Weber – it has been a pleasure working with them. I also want to thank our clients. And last but not least, of course, I thank you, our valued shareholders. You give us the confidence without which one cannot run a business.

I can't finish by saying: have a safe journey home. But I can say: stay at home! And, above all, stay well!

Grazie!