

Press conference appointment of new Group Chief Executive Officer

20 February 2020

Speeches by Axel A. Weber, Chairman of the Board, **Sergio P. Ermotti**, Group Chief Executive Officer, and **Ralph Hamers**, Group Chief Executive Officer ING.

Including media Q&A session

Check against delivery.

Mark Hengel (Head of Group External Communications)

Presentation

It's quite a busy day for all of us. So, we have about 35 minutes to 40 minutes for this Press Conference as we have lots going on. I'm joined today by Axel Weber, our Chairman, and then by Sergio Ermotti, our CEO, and Ralph Hamers, the CEO of ING and incoming CEO.

So, with that, I would like to give the word to opening remarks for Axel.

Axel A. Weber

Thank you, Mark. And thank you all for coming here today, to Zurich, to our Headquarter here at UBS. Today is the day where we are announcing and have gone out this morning with a key senior leadership change at UBS.

UBS has been honoured that Sergio Ermotti served as the company's CEO for almost 9 years. Since assuming the role in 2011, Sergio has been an outstanding CEO. He has led the company's transformation following the financial crisis and set the stage for a tremendous opportunity that lies ahead. On behalf of the entire Board, I'd like to thank Sergio for his leadership, his many significant contributions to the firm and his longstanding commitment to UBS's clients, employees, and other stakeholders.

It is sometimes said that the CEO only has 2 tasks. One is to prepare the place for when he leaves. Sergio has built and leads a very experienced Group Executive Board, that working with the new CEO will continue to realize the success story that UBS began some 9 years ago. The other is to leave the place in a better way than you found it. And the firm is unrecognizable today from where the company was when he inherited it. Today, the company is more visible.

UBS has, when you look from the outside, some major achievements that you might not see as much in the first place, which is the overhaul of our culture, which we have both for all these years viewed as the important part that is key really to the success of turning UBS around, promoting and hardwiring good behaviour in the culture that we have.

Today the institution is stronger and more client-focused. Today, the institution is solidly and sustainably profitable. We are the #1 Wealth Manager globally. We are the best bank in Switzerland and strongly positioned for growth. In the core business as well as management and in geographies Asia, Europe and the U.S., and we can build our leadership in technology and sustainability to be the core of our future success.

These are the successes that we hope to see continued under the leadership of Ralph Hamers. Our appointment of Ralph concludes a rigorous succession planning process that the Board commenced 15 months ago. As Chairman, I have led this internal and external search for the right executive to lead UBS into the future. Ralph is that right person. Ralph is a proven leader in banking and a strong cultural fit for UBS. Under his leadership, ING implemented a fundamental shift in its operating model, and is now considered one of the best examples of digital innovation in the banking sector. Ralph is a battle tested, charismatic executive with the experience and personality to successfully write UBS's next chapter.

I have known Ralph for more than 6 years, initially from our work in the European Banking Group and in the Institute for International Finance. We have a successful strategy and Ralph is best placed to lead its future successful execution. I could not be more pleased to have such a talented individual, leading our company into the future. But, let me pass the microphone to Sergio for his remarks. Sergio, please.

Sergio P. Ermotti

Thank you. Axel. Thank you for the kind words. And well of course, I've been honoured and I'm still very honoured to lead UBS and to be the CEO for the last 9 years. I think that it's fair to say that when you start your banking career as an apprentice, you know, this is something that you don't even think about dreaming, becoming the CEO of the largest and the best bank in Switzerland.

But all the nice and beautiful dreams, they have an end. And here we go. I think it's the right time for sure for the bank and also for myself to think about the next chapter of our life. I'm going through all of this with a deep sense of satisfaction, and for everything that has been achieved over the last few years. They were not necessarily always good times, but also challenging times. However, I think the team and my management team, not only the present one also many of my colleagues that were with me in the Executive Board, and also most importantly, the more than 60'000 people in the bank have contributed and were instrumental to allow all of us to move into where we are today.

Axel already mentioned where we stand in terms of strategic positioning, being the leader in Wealth Management, not only because we are the largest, but actually we are the only truly global Wealth Management organization. We are competitive and present in the major markets and well positioned for growth, and we have the best and the largest bank in Switzerland. We have businesses in the Asset Management and the Investment Bank which are competitive in those areas where we choose to compete. I think that all of this is very rewarding.

Our strategy was also always built on a true belief, not necessarily because of regulatory requirements, but in order to be successful in Wealth Management, and to be able to capture opportunities you need to be strong in your capital position. Our capital position is rock solid.

I think we are also really focused more and more around what we can do best for our clients. So desalination between making sure that our clients appreciate what we do, and our employees are proud to work for UBS. And last but not least, ensuring that the shareholders have appropriate returns on their investments has always been a focus for me.

So, as I mentioned before, it's always important that there is, as Axel mentioned the next step. I think that I'm glad to see that UBS today is in a quite enviable position to be in control of its destiny. We have maximum strategic flexibility as a firm. So, it's a luxury that we will continue to go on.

And you know the last point which is very important for me is that, I am very determined and I know my colleagues in the Executive Board and I know all my colleagues in the bank, will only echo and support what I'm telling you now is that our next focus is very simple. We are focused on delivering on our plans for 2020. They are ambitious plans. There is no room for us to be distracted. And, I'm pretty sure that we're going to position UBS for an even better future under Ralph's leadership.

I know Ralph, for many years now. We've been serving in industry associations together, so we got to know each other. Of course, we are somehow kind of competitors. But the fact that we were not really competing face to face on the same business, made it easier for us to manage our relationship on a personal level. So, my commitment is to make the smoothest transition possible and it will be one. So, I'm fully committed to UBS and to Ralph as well as to my colleagues in the bank and to a successful end to this chapter. So, many thanks and now let's pass it on to Ralph.

Ralph Hamers

Thank you, Sergio. Thank you, Axel. Let me start by saying that I'm truly honoured to have this great opportunity to lead UBS. And I think if you look at UBS, and maybe you're getting used to it here, but if you look at UBS from the outside it commands great respect, great respect for the franchise, it is great respect for the high quality it provides, the position it has established. It has an outstanding client base. It's got a global reach through many of its business divisions. It has demonstrated capability to weather through quite some storms, whether these were economic storms or crisis storms and the storms that we all know that the banking industry has weathered. And the leadership of Sergio and Axel, they have really transformed the business.

So Axel already mentioned that over the last couple of years, we got to know each other working together in different banking industry associations and in the European banking group, where we met regularly, but also under Axel's leadership in the institution of finance, where we always kind of exchanged views on where things are going, what the trends are, and how to deal with these trends? And the same thing with Sergio in other industry associations. We've always worked together. I think we've always been very open because I was a representative of ING and they were representing UBS, we were not really direct competitors and therefore we could be pretty open as to how do you deal with specific challenges ahead and that has generated a lot of mutual respect between the three of us, really.

So, what I've really seen from the outside is that Axel and Sergio together have really guided this institution through a transformation, to success and by daring to take bold actions. I think there is a parallel with the ING story, daring to take those bold actions in order to make sure that you come out stronger. That is what they have truly done over the past years. And that's what kind of generates a lot of admiration on my side for the gentleman involved, but also for UBS as an institution, because in the end, you do it altogether. There are quite some employees that have gone through this transformation and changes as well and that has been done successfully.

So for me, it's really landing in a job and building from a very strong foundation, which is there and making sure that together with the Board of Directors, and with the UBS employees, and UBS clients, because in the end that's what we do it for and who we do it for, for our clients, that we continue to build on success that has been established. Leading UBS will be a great professional challenge for me. That's why I'm so attracted to the opportunity. It's a business of global scale. It has a world-class Wealth Management business. The quality of the team is superb, so all the elements to continue on a successful journey are there.

For me, it is just to make sure that together with the team we continue to weather the continuous challenges that we as a banking industry are subject to. I think if you look at some of these trends, whether it's kind of the rate trends, you know the interest rate environment, but the digitization trends, some of the things that I'm very passionate about, where I also see quite some support to the banking industry in order to make sure that we build for a successful future as many of those trends that I'm sure we can work together on and making sure that we'll continue on a very successful journey that has been established by Sergio and Axel already. So I'm truly honoured and looking forward to being here. Thank you.

Axel Weber

Okay. Thank you, gentlemen, Ralph for those remarks. Now, we move to the Q&A. May I please ask you to introduce yourself by name and the media (carrier) you work for.

Media Q&A (Chairman, CEO and CEO ING)

Marion Halftermeyer, Bloomberg

Hi, Marion Halftermeyer from Bloomberg. So I have to ask the obvious question I think a lot of analysts are asking and ourselves in the room are asking, and something you mentioned as well, you come from 2 different worlds of banking, Retail versus Wealth Management focused. Can you enlighten us a little bit more as to what this means for UBS, particularly because UBS is the Wealth Management bank of the world and Mr. Hamers doesn't necessarily come from that world? Thank you.

Axel A. Weber

Well, let me take that. You know, if you look at ING and you look at UBS, don't forget that we're two of a kind in a very important sense, we are both global systemic banks. The complexity of running a global scale business and to be in that top league of global banks has its own challenges for a CEO, whether it's regulatory action and interaction at multiple fronts with regulators throughout Asia, starting in Australia, Hong Kong, Singapore, Europe, here in Switzerland, with the ECB in London, and in New York, it's something that both CEOs have been very experienced in and navigated successfully their own institutions.

We have in Wealth Management with Tom Naratil and Iqbal Khan, two of the world's leading people in Wealth Management, and they will continue to be in-charge of that business. Ralph's job is to lead the group and to implement a strategy of that group globally. So the CEO's job is not the same job as the one you indicated. We do have very competent people and actually when it comes to operations, ING is the world's leading institution in digital transformation and in effective operations. I'm very sure the Ralph will work with Sabine Keller-Busse, who's our COO in driving that business forward.

And for me, you know, whilst he was able to put a spin and a fingerprint on digitalizing the business his institution was involved in, the hope that we have is that he will help us get to the next level in digitalizing our core business in addition to the traditional of businesses we've run. So there is a very good complementarity and there's a very good impact that he can have bringing the skills that he has as a global experienced leader and helping us take UBS forward and implementing our strategy successfully.

Valentin Ade, Finanz und Wirtschaft

Valentin Ade, Finanz und Wirtschaft, Mr. Weber, you said last year in an interview with NZZ candidates from outside should only be brought in exceptional situations. Is UBS in an exceptional situation today?

Axel A. Weber

No. What I said is if possible, we would like both internal and external candidates to be evaluated. And the Board has communicated very consistently over the past year about a succession planning process and a timeline. Sergio has been in his role for 9 years, he's one of the longest serving European CEOs and he's built a successful bank. We have in a very rigorous and thorough selection process; looked at outstanding internal and external candidates and we agreed in the end that the right person to lead UBS into the future is Ralph Hamers. He has a proven track record as a CEO. He is a successful person at the helm of a bank of a similar size. He's a leader in digital transformation. And by the way, he will join us already after the summer break and work with Sergio Ermotti, on the team. And he will earn his UBS passport during that time.

Holger Alich, Tamedia Newsgroup

I'm Holger Alich, from Tamedia Newsgroup, Tages-Anzeiger and Basler Zeitung. Mr. Ermotti, you said in your communication this morning that you will now open up the next chapter in your personal life. What will it look like? Will you run for the presidency of UBS once Mr. Weber will step down? And the second question for you, Mr. Hamers. Do you think that your experience in digitization may work for a wealth management bank too, because as a retail bank, you can rollout globally standardized products, but the high net worth clients of UBS of course they want tailor made solutions. So where do you see, of course, you didn't really have a close look at all of this, but what is your idea, how can you implement more digitalization to bring the bank forward? What were your ideas? Thanks.

Axel Weber

Why don't we start with Sergio?

Sergio Ermotti

Well, thanks for the question. I don't think, I'm very famous for running for anything. So I'm now focused on my duties for the next 8 months, and that's all about. Today is about the next change in the leadership of UBS and it's not about my future. So I think I will address that when it's the appropriate time.

Ralph Hamers

Well, thanks for your question. I don't think you have to just focus on digitalization, per se. I mean, that's not a goal in itself. If you run a company like ING, which has a corporate investment bank, by the way in which I grew up, and not so much on the retail banking side, I grew up on the corporate investment banking side of ING, with a different profile of the global coverage on the corporate side, for sure. And you just look for how you can improve the activities, and how you can improve the customer experience. That's where a lot of digitization help us moving forward.

And an institution like UBS has a completely different profile. And I will work with Sergio and Axel to, you know, to learn about UBS, and then just see where new technology can help us as well. But new technology in itself, there is also another goal. The goal is, how can we truly improve and continue to service our clients. That is the starting point of everything we do. And if you have to do that in a way with value-added services that are tailor made, or you can do it with underlying data modeling and artificial intelligence, which I think will certainly have its impact on many of the dimensions of the banking industry as well. Why not? Why not this one? Then you have to look at that as well.

In order to improve how and what you can deliver to your clients. It's just a spectrum of some of the tools that you have; there are many other tools as well.

Axel Weber

And Mr. Alich, before you get the microphone to ask me the same question as you asked Sergio, let me assure you that Sergio and my main focus is to pass the bank onto the next generation to install sustainably into the bank, the virtues and the success, and the drive that we wanted to bring to this bank over the years. As I said, the bank today is a different bank than the one we inherited.

This is a process that will go on for almost the entire year in handing over in a very orderly process. Jokingly, you could say it happens at a speed that will make sure that it is not a hasty process. It's a well thought through process. And there's a good de-boarding of Ralph at his current institution. That's why he has to stay until the second quarter and a good on-boarding with us.

We have transformed almost half of the Executive Board under Sergio's leadership, over the last 2 years and entrusted that in the next generation. This is part of this process. And what is part of this process is the new generation. It's not about me or Sergio, it's about the team and it's about the bank.

Margot Patrick, Wall Street Journal

Hi, good morning. Mr. Weber, you mentioned the overhaul of UBS's culture. I just wonder what message does it send to hire a CEO whose bank allowed extensive money laundering and in the words of Dutch prosecutors with seriously deficient as a gatekeeper of the financial system?

Axel Weber

So what was the question? You stated the facts?

Margot Patrick

My question, what message does it send to your staff and to the culture of UBS? That's the question.

Axel Weber

Look, we have run a very extensive and in-depth due diligence process with support of both external legal counsels and in Switzerland, and in the Netherlands around the situation that you just described. In addition to our own due diligence, FINMA has thoroughly reviewed and interviewed the candidate as Swiss regulators do and raise no objections to his appointment. If I can remind you we at UBS have been transforming many legal and litigation risks that we found and inherited at the bank. Part of your job as a CEO is to mitigate risks for the bank and to clean up if the bank has any misconduct that consists, and it's part of the process you need to run as a CEO from all of our insights that we gained, there is no personal dimension of Ralph Hamers having been involved or being blamed about this. And the regulators, you might see that have come out with a report that is publicly available and regulators have looked into that. So we are very confident that we considered all arguments, and that we took the right choice of having somebody at UBS that has the right focus, and I can also assure you, one focus is that a CEO that has gone through such a period. AML and KYC is at the core of how the bank is managed.

Mike Shields, Reuters

Thank you, Mike Shields from Reuters. If I can have one question, looking backwards and one forwards Mr. Weber. How long have you been looking for the new CEO and when did you first start to consider Mr. Hamers for the role? And looking forward, what does this mean for your Chairmanship? I assume that you'll still remain Chairman until 2022. I guess, the question is, if a foreigner is now going to be the CEO, does that mean a Swiss person is more likely to become Chairman in future? Thank you.

Axel Weber

Well, I would say the same at the risk of being asked again, at a later stage. Of course, it's absolutely key for us that the person that leads UBS has experience with UBS. And if it's somebody that comes in from the outside that experience is gained and a UBS passport is earned in the on-boarding process. When I joined UBS, I wasn't Swiss, I came from the outside and my predecessor Kaspar Villiger gave me a very valuable advice. You have to do a helvetisation tour. I went to almost every branch throughout Switzerland and visited staff in order to get to know UBS.

What we're doing and what Ralph is doing is exactly that getting to know the bank. I said early last year that we're in the early phases of a process that we just concluded. So the process started as I said 15 months ago as a really intensive and very worked out process, very inclusive with all internal and external members of the Executive Board. Going forward, my future in the bank is in the hand of shareholders, shareholders in Switzerland vote at every AGM and you get a one-year mandate.

I am ready to put myself up for the next AGM for another period of election and the Chairman transition and the Chairman search will commence in 2021 after the new CEO has joined and we will take it from there.

Michael Brächer, Handelsblatt

Michael Brächer, Handelsblatt. Since we are already talking about litigation, I am wondering if the French case played any role in that decision Mr. Weber to change leadership of the bank now. I mean this is a complicated phase right now that we are expecting a ruling from France this summer that could include a hefty fine for the bank. I am just wondering is there any change in how you handle this. And Mr. Hamers have to deal with it? Or is it still on Mr. Ermotti?

Axel Weber

Look, I have outlined the timing and of course, you know the Board and management had been laser-focused on the French case since the verdict last year. We are very focused on the strategy; the trial will commence in early June and will happen already way before Mr. Hamers joins us.

Of course, part of the on-boarding, once he is with us will be the entire risk and litigation portfolio of UBS including the French case. So of course, we will need to talk about it but we are focused, both Board and management on this trial, and Sergio and myself will be the ones that will lead this engagement with the French authorities. And the strategy of UBS is really focused on making an improvement on the verdict in the first instance.

So rest assured, the French case had nothing to do with our choice about timing or about moving on. This was before we actually started on the process, was actually before the French verdict was given. And so it is a longer dated process of handing to the next generation. And Sergio and I have always been very clear. This is part of running the bank for us. It means we need to pass the leadership of this bank to the next generation and are very committed to it because we are very committed to this organization and we work together well. And I said Sergio was involved from the start in this process and see it as part of running the bank rather than part of changing the bank.

Daniel Zulauf

Okay. Thank you. I am just a little bit... you mentioned the parallels between the 2 banks in terms of systemic importance. There is one difference I find quite puzzling. This is the pay of the CEO. I mean you, Mr. Weber, you are earning more than Mr. Hamers is earning now as far as I understand. And this is obviously quite an unusual situation. And as you mentioned, Mr. Hamers has done a very good job for 3... for 1.5 million Euro. And I am just wondering how much... how many millions do you need to make a good job. I mean explain also little bit how you see the pay logic?

Axel Weber

Thank you for that question. Look, for me, it's not about money. This is about passing the baton to the next generation. Differences in pay happen for all the jobs. I am pretty sure the anchor at CNBC will earn more than you. So does that mean that the anchor at CNBC is more happy or more motivated in doing the job? It has nothing to do then. Pay differences have many dimensions; one of them is the complexity of the bank. The other one is the country in which you are located. So look, for us, the point was it's not about pay, it's about leadership.

And we wanted to look for somebody who has the leadership skills to lead an organization as complex as this is and we will talk about pay when we get to that point. Pay at UBS is related to performance. We are expecting performance, Sergio has shown performance. We will expect from the new leader to show performance. If he performs well, he will get paid well.

Eva Roijers, Het Financieele Dagblad

Yes, hello. This is Eva Roijers from the Dutch Newspaper, De Financieele Dagblad. I have 2 questions for Mr. Hamers. First, if you can give some more detail about what happened yesterday and when exactly did you announce to ING that you were going to UBS and how does this relate to the pulling of the bank yesterday. What happened there and then my second question, is this a promotion for you, to step to the UBS?

Ralph Hamers

Yes. So clearly, yesterday, there was a situation in which there was information that we thought made it prudent to pause the issue at that moment in time, so this is what happened yesterday, so that's why we paused it. The other question, you know this are 2 completely different institutions with a completely different set of challenges.

And on one side I am very proud of what we have achieved in ING over the last 28-29 years that I have worked there, but certainly, also over the last 6 to 7 years that I was leading it. As far as restructuring ING, repaying the state, coming out with a very successful digital strategy, making sure that we had a good team in place to continue the commercial growth that we have shown every quarter and again. So I am very proud of that on one side.

On the other side, there comes a moment in life where you feel that okay, what is the next step? What are you looking for? Are there other professional challenges there as well? And UBS presents exactly that challenge for me which is a global institution with a superb reputation with a global position in Wealth Management.

So for me, it is an interesting... very interesting challenge to take on. And to... it's clearly, an honor as I indicated already in my introduction to lead such a global institution. Thank you.

Stephen Morris, Financial Times

Yes. Okay. Thank you. I'd just like to ask a similar question to one of my peers again. First, Axel Weber, I am just wondering if you will seek another year long extension after the search for your successor begins next year? And a question to Mr. Hamers along the lines of another one, can you just tell me sort of how much from your perspective of the potential to increase you pay by 7 times played in your decision to take the role?

Axel Weber

Well, look if your question was, how long will the process take to move into the next (not audible).

Stephen Morris

Yes.

Axel Weber

We'll see. I told you this process will start off with the onboarding of the new CEO in 2021. And I always said that I am available if shareholders vote for me to serve till 2022 in the best interest of the bank and to facilitate the transition to the next CEO and to the next leadership team. My job depends on whether UBS is in a phase where that pass-over can happen smoothly. And that is the right point for me then to go, but it's all about UBS and the transition, it's not about individuals.

Ralph Hamers

Yes. Thank you. Yes, Stephen. Thanks for your question there.

No, it's clear that it's a professional challenge that is very attractive, and also the state in which UBS is as we have indicated, it's gone through massive transformation and it's doing really well and you know, having done being approached by Axel to discuss the future, that is what is about... that is what my decision was all about. It's a professional challenge going forward.

L'Agefi

Yes, (unintelligible), L'Agefi. A question, what means this nomination. Does it mean more important focus on retail banking is a strategy as a group? Since you mentioned the retail banking position in Switzerland the second place after Wealth Management at this time?

Axel Weber

Are you asking me?

L'Agefi

Yes, Mr. Weber, yes.

Axel Weber

Okay. No look, we have a strategy, we have a strategy that works it's all about the implementation of our successful strategy. There are no changes in our strategy. We keep being focused and we will continue to be focused with Sergio over the rest of the year to successfully implement our strategy in an admittedly challenging market environment. But this is not about changing the strategy. This is about changing the CEO in a process that will play out throughout the entire year

Katharina Bart, Finews

I am Katharina Bart, Finews. I just wanted to clarify, Sergio, does your contract run out when Ralph Hamers begins here or you are saying in any kind of advisory or other capacity to UBS or are the ties kind of severed come autumn?

Sergio Ermotti

We haven't finalized this aspect and they are not critical to this process. We are thinking, as Axel mentioned before, we are thinking about what is the best way to go through the transition. And once this day is over, over the next couple of months, I'm sure we're going to start thinking about how to manage this is a very secondary aspect. And we are not focused on those issues and we have a clear, mutual Gentlemen agreement understanding between Axel and myself and the board on how to manage those processes.

Katharina Bart

I know you to be very energetic, compassionate by UBS. Do I understand you say you'd be willing to stay on in some type of advisory capacity?

Sergio Ermotti

As I mentioned before, this is not the day to talk about myself and my future, it's about to talk about the new leadership at UBS and how we are going to manage the transition and I'm just focused on that one.

Katharina Bart

Thank you. May I put the question to Mr. Hamers. Would you like him to stay? Would you take his advice?

Ralph Hamers

We have as indicated a 2 month transition period, in which it is very important that Sergio continues to lead clearly from now on that is quite some time already there. And so, for me, it's very important that he is there and that I can actually have the time to learn about the business, learn about the clients, learn about the people, and that's what's important for the transition period.

Sergio Ermotti

And we deliberately designed it in a way that there would be an overlap between the 2 executives in order to secure maximum continuity? So this is not about discontinuity? This is about continuous leadership on our strategy.

Christian Kolbe, Blick

Yes, Kolbe from Blick. My question is to Mr. Hamers, you are like a crack of digitalization. What does this mean for small and middle UBS customers in Switzerland? Do we have to say goodbye to all the UBS branches in Switzerland, in the near future?

Ralph Hamers

Well, as I said. So you know, I will start new at UBS in autumn, that's when I will kind of dig deep and get a very good understanding of the business model how we can further improve customer experiences, whether it is in the retail side, whether it's in the investment banking side, whether it's on asset management, whether it's in the wealth side. So just absolutely nothing I can say about that now, you know, and I think it should be like that. The strategies that's out there is a very credible strategy, it is working, it is being implemented, there is a whole team behind that. All of the UBS people are behind that. So let's focus on that and how we continue that.

Sergio Ermotti

Maybe if I can step in. Just to underline that. We are by far the leader in Switzerland in digitalization. We have been going through a huge transformation on what we do at the branch level, how we interact with clients through multi-channels and as the needs of clients evolve, we have been responding. This is also one of the reasons why we keep investing a lot in technology. We invest, 3.5 billion a year in technology. We continue to believe that this is the only way to really stay relevant and competitive in the face of clients. And in that sense you know, it's never going to stop this transformation. So we have been already going through, as I said not only redefining the need of the physical access, but also what you are doing in the physical space.

So I'm sure with Ralph we are going to keep that momentum and stay and then you know, confirm our leadership in Switzerland and most importantly, also learn from countries in the Nordics where they have a higher penetration of digital banking as a function of clients embracing more digital channels. And by the way, just to remind that, contrary to what everybody expects and digital clients are, clients that you are more satisfied with the services of the bank, and they tend to use more products of the bank. So it's very important that we continue to think about our leadership and of course, for the Swiss business Ralph has a value and it will be absolutely critical to keep our status.

Ralph Hamers

And if I just add, sort of the reaction to your question, it sounded a bit like digital and branches are incompatible.

If you look at what we did at our branches, they've been technologically upgraded massively over the last years. And at our branches, you can increasingly work also digital as a client and have a digital experience. So I don't see that necessarily as a conflict, that you do have branches and that you digitalize those branches and make them technologically more aware. So I don't even see that... I don't even see the difference between the 2 strategies. They're not exclusive. They're actually mutually enhancing.

Cautionary statement regarding forward-looking statements: This document This report contains statements that constitute “forward-looking statements,” including but not limited to management’s outlook for UBS’s financial performance and statements relating to the anticipated effect of transactions and strategic initiatives on UBS’s business and future development. While these forward-looking statements represent UBS’s judgments and expectations concerning the matters described, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from UBS’s expectations. These factors include, but are not limited to: (i) the degree to which UBS is successful in the ongoing execution of its strategic plans, including its cost reduction and efficiency initiatives and its ability to manage its levels of risk-weighted assets (RWA) and leverage ratio denominator (LRD), including to counteract regulatory-driven increases, liquidity coverage ratio and other financial resources, and the degree to which UBS is successful in implementing changes to its businesses to meet changing market, regulatory and other conditions; (ii) the continuing low or negative interest rate environment in Switzerland and other jurisdictions, developments in the macroeconomic climate and in the markets in which UBS operates or to which it is exposed, including movements in securities prices or liquidity, credit spreads, and currency exchange rates, and the effects of economic conditions, market developments, and geopolitical tensions, and changes to national trade policies on the financial position or creditworthiness of UBS’s clients and counterparties as well as on client sentiment and levels of activity; (iii) changes in the availability of capital and funding, including any changes in UBS’s credit spreads and ratings, as well as availability and cost of funding to meet requirements for debt eligible for total loss-absorbing capacity (TLAC); (iv) changes in or the implementation of financial legislation and regulation in Switzerland, the US, the UK, the European Union and other financial centers that have imposed, or resulted in, or may do so in the future, more stringent or entity-specific capital, TLAC, leverage ratio, net stable funding ratio, liquidity and funding requirements, heightened operational resilience requirements, incremental tax requirements, additional levies, limitations on permitted activities, constraints on remuneration, constraints on transfers of capital and liquidity and sharing of operational costs across the Group or other measures, and the effect these will or would have on UBS’s business activities; (v) the degree to which UBS is successful in implementing further changes to its legal structure to improve its resolvability and meet related regulatory requirements and the potential need to make further changes to the legal structure or booking model of UBS Group in response to legal and regulatory requirements, proposals in Switzerland and other jurisdictions for mandatory structural reform of banks or systemically important institutions or to other external developments, and the extent to which such changes will have the intended effects; (vi) UBS’s ability to maintain and improve its systems and controls for the detection and prevention of money laundering and compliance with sanctions to meet evolving regulatory requirements and expectations, in particular in the US; (vii) the uncertainty arising from the UK’s exit from the EU; (viii) changes in UBS’s competitive position, including whether differences in regulatory capital and other requirements among the major financial centers will adversely affect UBS’s ability to compete in certain lines of business; (ix) changes in the standards of conduct applicable to our businesses that may result from new regulations or new enforcement of existing standards, including recently enacted and proposed measures to impose new and enhanced duties when interacting with customers and in the execution and handling of customer transactions; (x) the liability to which UBS may be exposed, or possible constraints or sanctions that regulatory authorities might impose on UBS, due to litigation, contractual claims and regulatory investigations, including the potential for disqualification from certain businesses, potentially large fines or monetary penalties, or the loss of licenses or privileges as a result of regulatory or other governmental sanctions, as well as the effect that litigation, regulatory and similar matters have on the operational risk component of our RWA as well as the amount of capital available for return to shareholders; (xi) the effects on UBS’s crossborder banking business of tax or regulatory developments and of possible changes in UBS’s policies and practices relating to this business; (xii) UBS’s ability to retain and attract the employees necessary to generate revenues and to manage, support and control its businesses, which may be affected by competitive factors; (xiii) changes in accounting or tax standards or policies, and determinations or interpretations affecting the recognition of gain or loss, the valuation of goodwill, the recognition of deferred tax assets and other matters; (xiv) UBS’s ability to implement new technologies and business methods, including digital services and technologies, and ability to successfully compete with both existing and new financial service providers, some of which may not be regulated to the same extent; (xv) limitations on the effectiveness of UBS’s internal processes for risk management, risk control, measurement and modeling, and of financial models generally; (xvi) the occurrence of operational failures, such as fraud, misconduct, unauthorized trading, financial crime, cyberattacks, and systems failures; (xvii) restrictions on the ability of UBS Group AG to make payments or distributions, including due to restrictions on the ability of its subsidiaries to make loans or distributions, directly or indirectly, or, in the case of financial difficulties, due to the exercise by FINMA or the regulators of UBS’s

operations in other countries of their broad statutory powers in relation to protective measures, restructuring and liquidation proceedings; (xviii) the degree to which changes in regulation, capital or legal structure, financial results or other factors may affect UBS's ability to maintain its stated capital return objective; and (xix) the effect that these or other factors or unanticipated events may have on our reputation and the additional consequences that this may have on our business and performance. The sequence in which the factors above are presented is not indicative of their likelihood of occurrence or the potential magnitude of their consequences. Our business and financial performance could be affected by other factors identified in our past and future filings and reports, including those filed with the SEC. More detailed information about those factors is set forth in documents furnished by UBS and filings made by UBS with the SEC, including UBS's Annual Report on Form 20-F for the year ended 31 December 2018. UBS is not under any obligation to (and expressly disclaims any obligation to) update or alter its forward-looking statements, whether as a result of new information, future events, or otherwise.

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