Annual General Meeting

UBS Group AG on 24 April 2024

Speech by Colm Kelleher, Chairman of the Board of Directors

Check against delivery.

Ladies and Gentlemen, valued shareholders,

Today, we are looking back on one of the most defining years in our firm's history. A year marked by our acquisition of Credit Suisse. The acquisition stabilized the financial system here in our home country and abroad. It reinforced Switzerland's position as a leader in wealth management. And it represents the first merger of two global systemically important banks.

We firmly believe this transaction serves the best interest of all our stakeholders, especially yours, our esteemed shareholders.

- It adds client assets equivalent to 7 to 10 years of organic growth,
- it cements our status as the preeminent global wealth manager and as the leading Swiss universal bank,
- and it bolsters our asset management and investment bank franchises.

Moving forward, a successful integration is key to realizing the full benefits of this acquisition. We have already made significant progress. But there is still a long way to go. I assure you: We are committed to working transparently and with speed throughout the integration. Our Chief Executive Officer Sergio Ermotti will provide more details about our integration efforts and what lies ahead.

Balancing the interest of our stakeholders is essential for success. We must remain humble and not take anything for granted. Complacency has no place at UBS.

Naturally, our acquisition of Credit Suisse has given rise to a renewed debate within Switzerland about how banks should be regulated in order to guard against similar situations in the future.

The various post-mortems by regulators and expert bodies have formulated specific recommendations in the areas of supervision, stress testing, liquidity and accountability.

We endorse many of these recommendations, including those contained in the Federal Council's recently published Report on Banking Stability. However, let me be clear: we are seriously concerned about some of the discussions related to additional capital requirements. Additional capital is the wrong remedy. Let me explain why.

Our own observation of Credit Suisse's predicament leads to two main conclusions. First, there can be no regulatory solution for a broken business model. That is the remit of the management and the Board of Directors, held to account by shareholders.

And second, trust cannot be regulated.

It was not too low capital requirements that forced Credit Suisse into the historic weekend rescue. Capital requirements for global systemically important banks have significantly increased over the past 15 years. They have bolstered the resilience of the world's largest banks and the safety of the financial system. Effective loss-absorbing capacity has increased around 20 times since the Global Financial Crisis of 2008. At our firm, it now exceeds 200 billion US Dollars.

Both UBS and Credit Suisse operated under the same regulatory framework. Our ability to acquire Credit Suisse underscores that the regulatory framework was not the problem. This view is supported by various experts, both international and domestic.

I've seen how countries – large and small – succeed. Both Ireland, my home country, and Switzerland have thrived in global competition through hard work and sensible and pragmatic politics. The solution found for Credit Suisse in March last year is a testament to Switzerland's sensible and pragmatic approach. On March 15, Switzerland posed a problem for the global financial system. On March 19, Switzerland presented a home-grown solution to this problem and averted a global financial crisis. I sincerely believe that this is something Switzerland can be proud of.

In the global arena, financial centers are fiercely competitive. The US stands out with robust regulation and the deepest financial markets. New York is the world's top financial center. Meanwhile, Asia is rapidly advancing. In contrast, Europe lags due to regulatory fragmentation. While the US and Asia attract capital through effective regulation, the lack of deep capital markets in Europe poses challenges for both its economy and banks.

Using sensible and pragmatic policies, Swiss regulators and the Swiss financial center must aim to match the best.

It is crucial to understand that regulation is not a win-lose proposition, where one party's gain is another's loss. Rather, sound regulation is beneficial for both the financial system and the public, while poor regulation is detrimental to both.

Switzerland boasts exemplary financial market regulation and a formidable financial sector. Both Zurich and Geneva rank in the Top 20 global financial centers. The Swiss financial sector generates 9.3 percent of GDP and accounts for 5.4 percent of total employment, both twice as high as the EU average. The sector is a pivotal driver of growth and prosperity in Switzerland. UBS is a structural pillar of Switzerland's financial system. It is the country's third-largest private employer. It offers thousands of training positions to young people. And

UBS and its employees are important taxpayers. As with other successful Swiss exporters, we carry Swissness to the global stage.

However, to maintain this competitive edge, it is imperative that our regulatory policies ensure a level playing field. In other words, Switzerland's regulation must remain broadly aligned with global standards.

Let me add a concluding thought: UBS is not too big to fail. UBS is one of the best capitalized banks in Europe, with a sustainable business model and a corresponding low-risk balance sheet. In addition, we have an effective resolution mechanism that we will further strengthen in the future.

Now, let's turn to our financial performance. Our full-year profit before tax reached 29.9 billion US Dollars, including 28.9 billion US Dollars of negative goodwill. More importantly, despite the fact that Credit Suisse was, and remains, structurally loss making, UBS achieved underlying profitability in 2023.

The acquisition of Credit Suisse has accelerated – not changed – our strategy.

- The integration further shifts our focus toward Global Wealth Management, Asset Management and the Swiss Personal & Corporate Banking business. Over a third of our risk-weighted assets are allocated to our Global Wealth Management and Asset Management businesses. These are attractive from a risk, growth and capital perspective. Roughly another third of our risk-weighted assets are in Personal & Corporate Banking in Switzerland, a prosperous, stable and well-diversified economy with low historic credit losses.
- In the Investment Bank, we now have a broader and more diversified business, while having reduced its share to no more than 25% of our group risk-weighted assets.
- Our complementary footprints in Asia Pacific have reinforced our leading position in the fastest-growing wealth market.
- In the US, our other key wealth management growth market, we have scope to improve our profitability. Over the next three years, we will build out our core banking infrastructure to provide clients with a more comprehensive loan and deposit offering. Also, we will roll out more products and services to ultra-high net worth, family and institutional wealth clients. These actions, among others, will help to further narrow the gap to our peers.

Switzerland is, and shall always be, a cornerstone of our strategy. We are, and will remain, a Swiss bank, deeply rooted in Switzerland and guided by Swiss values. Switzerland gives us stability, and Swiss qualities and values help us to succeed abroad. In a challenging geopolitical and macroeconomic environment, these qualities and values are more in demand than ever.

My aspiration for UBS is to be a trusted partner in Switzerland and the bank of choice for the wealthy around the globe.

The most telling indicator of our progress is our market valuation. Our valuation, as measured by the price-to-book ratio, should mirror that of our top global competitors. While we have closed some of the gap since summer last year, we are not there yet.

In the long term, the success of a bank hinges on its corporate culture.

- Culture defines institutions. A positive culture fosters the right actions; a negative one can lead to its downfall. For banks, where trust is the currency, culture is paramount. Trust is hard earned and easily lost.
- In turbulent times, culture is even more critical, shaping how banks react to external and internal challenges. It is no coincidence that those financial firms that weathered the Global Financial Crisis and came out ahead had robust corporate cultures. Indeed, a strong corporate culture is perhaps the most vital ingredient for a financial institution's success.
- That's why at UBS, culture is of highest priority. A sound corporate culture promotes accountability, integrity and collaboration. They are the standards that each of us, including myself, the rest of the Board, the management, and all our employees, are held to.
- Despite some cultural variances between UBS and Credit Suisse, there is much that unites us. As the integration progresses, my vision is for UBS to emerge as one firm, with a robust, vibrant and cohesive culture at its core, and a workforce that takes pride in being part of UBS.

I seize this moment to honor our employees for their exceptional performance in trying times. I recognize that the uncertainties of integration can put strain on them. We are working hard to provide clarity as quickly as possible. My deepest gratitude goes to our employees, who continue to serve our clients around the world while driving the integration forward.

Clients are at the heart of everything we do. Our clients are our raison d'être. And we are grateful to them for the trust they have placed in us over the past year. Our commitment to our clients is unwavering, and we will strive for their benefit every single day.

Sustainability has remained high on our list of priorities. Today you will vote on our non-financial reporting. You will have read that we remain steadfast in our ambition to be a global leader in sustainability. We are committed to supporting our clients in the transition to a low-carbon world, leading by example in our own operations, and sharing our lessons learned along the way.

- We have already made significant progress in aligning the sustainability frameworks of UBS and Credit Suisse, and we will persist in this endeavor throughout 2024 and beyond. Let me give you some examples.
- Our revised sustainability and climate framework already covers the combined business and ensures a consistent approach. We have also moved swiftly to transition portfolios in carbon-intensive sectors that do not align with our approach and risk appetite into Non-Core and Legacy, where they will be managed off our balance sheet.
- Our ambition remains to achieve net-zero greenhouse gas emissions across our scope 1, 2, and specified scope 3 activities by 2050. Scope 1 emissions are our direct emissions from our gas, oil and fuel consumption. Scope 2 emissions are our indirect emissions via our electricity and heating consumption. We will minimize both, in particular through energy efficiencies and switching to more sustainable energy sources. Scope 3 emissions are other indirect emissions that occur in our bank's value chain, including, for instance, financed emissions. Here, we have set clear 2030 decarbonization targets for our lending activities to carbon-intensive sectors.

As in past years, you will also vote on the Compensation Report and the compensation for the members of the Board of Directors and the Group Executive Board. What stands out last year is that it was important to balance like-for-like pay outcomes for comparable roles and performance across the combined bank. We also considered factors such as the need to retain key talent and stabilize the CS franchise, as well as pay fairly across the two sub-groups. I will provide more comments ahead of the respective votes, but I am convinced that we have found the right balance in the interest of our shareholders.

Valued shareholders, we remain committed to distributing excess capital to you via dividends and share repurchases. We propose a dividend of 70 cents per share, up 27% year over year. After the completion of the merger of UBS AG and CS AG, we plan on commencing share repurchases of up to 1 billion US Dollars in the second half of this year.

We remain committed to progressive dividends. For 2024, we plan to increase dividends by a mid-teens percentage amount. Our ambition is for total capital returns to exceed pre-acquisition levels by 2026.

As I conclude, let me return to our starting point, the combination of UBS and Credit Suisse. The end of Credit Suisse is undoubtedly a tragedy for many of its stakeholders. But I am convinced that, in the long run, history will put this tragedy into perspective.

– Dating back to its founding as The Bank in Winterthur in 1862, UBS can claim a heritage of consolidation encompassing more than 500 different firms, from cantonal and regional banks to wealth managers and Wall Street brokerages.
– Credit Suisse is the latest addition, adding its own legacy brands such as SKA, First Boston, Bank Leu and Swiss Volksbank to a list of UBS's historic franchises, including SG Warburg, Union Bank of Switzerland, PaineWebber and Swiss Bank Corporation, to name just a few.
– Consolidation has always been and will remain an economic reality in our business.

Before closing, I extend my heartfelt thanks, also on behalf of the Board of Directors,

– to our longstanding and new clients, for their trust in our bank,
– to our employees, also new and longstanding, who are the face of UBS, and whose commitment and service is the backbone of our success,
– to Sergio Ermotti and the Group Executive Board, for their exceptional leadership,
– to my fellow Board members, for their unwavering dedication,
– and to all of you, our valued shareholders, for your ongoing support.

Thank you for your attention and for your presence today.

I will now pass the microphone to our CEO, Sergio Ermotti.