UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16 UNDER
THE SECURITIES EXCHANGE ACT OF 1934

Date: April 28, 2020

UBS Group AG
Commission File Number: 1-36764

UBS AG
Commission File Number: 1-15060

(Registrants' Names)

Bahnhofstrasse 45, Zurich, Switzerland
Aeschenvorstadt 1, Basel, Switzerland
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

This Form 6-K consists of the presentation materials related to the First Quarter 2020 Results of UBS Group AG and UBS AG, and the related speaker notes, which appear immediately following this page.

First quarter

2020 results

April 28, 2020

Important information

Forward Looking Statements: This presentation contains statements that constitute "forward-looking statements," including but not limited to performance targets, expectations and ambitions, as well as management's outlook for UBS's financial performance and statements relating to the anticipated effect of transactions and strategic or business 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. For a discussion of the risks and uncertainties that may affect UBS's future results please refer to the "Risk Factors" and other sections of UBS's most recent Annual Report on Form 20-F, quarterly reports and other information furnished to or filed with the US Securities and Exchange Commission on Form 6-K, and the cautionary statement on the last page of this presentation. 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.

Non-GAAP Financial Measures: In addition to reporting results in accordance with International Financial Reporting Standards (IFRS), UBS reports certain measures that may qualify as Alternative Performance Measures as defined in the SIX Exchange Directive on Alternative Performance Measures, under the guidelines published the European Securities Market Authority (ESMA), or as defined in regulations promulgated by the US Securities and Exchange Commission (SEC). Please refer to "Alternative Performance Measures" in the appendix of UBS's Quarterly Report for the first quarter of 2020 for a list of all measures UBS uses that may qualify as APMs.

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Basel III RWA, LRD and capital: Basel III numbers are based on the BIS Basel III framework, as applicable for Swiss Systemically relevant banks (SRB). Numbers in the presentation are based on the revised Swiss SRB rules as of 1.1.20 that became effective on 1.7.16, unless otherwise stated. Basel III risk-weighted assets in this presentation are calculated on the basis of Swiss SRB rules as of 1.1.20 unless otherwise stated. Our RWA under BIS Basel III are the same as under Swiss SRB Basel III. Leverage ratio and leverage ratio denominator in this presentation are calculated on the basis of Swiss SRB rules as of 1.1.20, unless otherwise stated. Refer to the "Capital management" section in the 1Q20 report for more information.

Currency translation of monthly income statement items of operations with a functional currency other than the US dollar are translated with month-end rates into US dollar.

Definitions: "Earnings per share" refers to diluted earnings per share. "Litigation" refers to net additions/releases to provisions for litigation regulatory and similar matters reflected in the income statement for the relevant period. "Net profit" refers to net profit attributable to shareholders.

Rounding: Numbers presented throughout this report may not add up precisely to the totals provided in the tables and text. Percentages and percent changes are calculated on the basis of unrounded figures. Information about absolute changes between reporting periods, which is provided in text and which can be derived from figures displayed in the tables, is calculated on a rounded basis.

Tables: Within tables, blank fields generally indicate that the field is not applicable or not meaningful, or that information is not available as of the relevant date or for the relevant period. Zero values generally indicate that the respective figure is zero on an actual or rounded basis. Percentage changes are presented as a mathematical calculation of the change between periods.

1Q20 highlights

Our response to COVID-19

- Adopted safety measures and enhanced flexibility to support our **employees**
- Provided solutions, advice and liquidity to **clients** when needed most
- Engaged with **communities** in which we operate to drive positive change

Financial performance

- Net profit **1.6bn**, +40% YoY; diluted EPS **0.43**
- Profit before tax **2.0bn**, +30% YoY
- RoCET1 **17.7%**, cost/income ratio **72.3%**
- CET1 ratio **12.8%**, CET1 leverage ratio **3.8%**[1], tier 1 leverage ratio **5.4%**[1,2]

Making progress on our strategic priorities

- Executing on our **plans** with speed in GWM with visible effects in 1Q20
- Delivered more as **one firm** for our clients; 9bn AM NNM from SMA[3] initiative
- Expanded **digital lead** in P&C with 82% YoY increase in online onboarding
- IB **reorganization** helped to deliver for our clients and improve returns

UBS Numbers in USD unless otherwise indicated; 1 Does not reflect FINMA's temporary LRD exemption (net LRD reduction of 78bn), valid only until 1.7.20 and only applicable to going concern leverage ratios; refer to page 45 of the 1Q20 report for more information; 2 Going concern under Swiss SRB rules; 3 Separately Managed Accounts

COVID-19 – Supporting our key stakeholders

Employees

Safety, flexibility and support

- Early adoption of safety and infection prevention measures
- >95% of staff enabled to effectively work remotely
- Enhanced flexibility for evolving family needs
- Physical and mental health awareness programs
- Extended employee advisory services and telemedicine benefits
- Remote onboarding of new hires
- Suspended redundancies

Clients

Solutions, advice and liquidity

- Intensified engagement with clients, supported by research and solutions teams
- Provided liquidity to corporates and individual clients beyond government programs
  - 15bn increase in loans, including facility drawdowns and new loans
- Working in partnership with central banks and governements to help SMEs
  - >2.5bn liquidity provided to >21k Swiss corporates via SME lending program[1]
  - 2bn funding committed through the Paycheck Protection Program in the US

Communities

Engagement, leadership and partnership

- 30m committed towards global and local relief projects
- GEB to donate half of their monthly salary for 6 months to relief projects
- Promoting client and employee donations through matched funding
- Virtual employee volunteering opportunities
- Committed to donate any potential profit from Swiss SME lending program
- #TOGETHERBAND initiative to donate 50% of proceeds to response funds

UBS Numbers in USD unless otherwise indicated; 1 Swiss government-backed SME lending program, figures as of as of 24.4.20

Strength and resilience

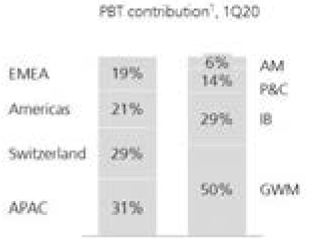
Leveraging the successful model and capabilities we built over the years

Attractive business mix with diversified revenue streams

Capital accretive business model

Disciplined **risk management** and **resource allocation**

Integrated business model



Sustained **technology investments**

Effective **business continuity** planning and management

Dedicated and flexible **workforce**

7x
staff logged-in in a day remotely
by end-March vs. February

4x
peak daily equity volumes managed by IB platforms
1Q20 peak vs. FY19 average

- **Resilient** technology
- Agility and capacity to deploy **resources**

- Uninterrupted **connectivity** with clients
- Mass **remote working**

- High standards on **controls and compliance**
- Strict security **monitoring** of platforms and operations

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1 Excluding Group Functions and region "Global", refer to slide 33 for details on regional numbers

Supporting the Swiss economy

Providing immediate assistance and liquidity while maintaining uninterrupted connectivity

Providing funding

Corporate clients

2bn
of net new loans in addition to SME lending program, 1Q20

>2.5bn
liquidity provided via SME lending program, as of 24.4.20

Individual clients

1bn
net new mortgage volume, 1Q20

Facilitating access

Digital services

+82%
online onboarding in P&C, 1Q20 vs. 1Q19

32%
increase in proportion of contactless payments[1], March 2020, +12ppts YoY

Branch access

~50%
branches open across Switzerland

Supporting communities

Immediate help

- Matching employee donations for Swiss Red Cross via Optimus Foundation
- Supporting organizations catering for people in need
- Helping organizations that provide counselling and mental health support
- Doubling the number of UBS-funded employee volunteering days

Education and entrepreneurship

- Supporting existing community partners with COVID-related initiatives and projects
- Giving to organizations that support entrepreneurship and enable employment

UBS Numbers in CHF unless otherwise indicated; 1 Point of sale payments

Helping our clients to navigate challenging markets

Timely and valued advice leading to deeper relationships with clients

Thought leadership
powering timely advice, expertise and unique solutions

- **95k** clients reached by CIO-organized events (1Q20)
- **13k** Global Research reports published (March)
- **9k** single-day participants to GWM and AM Americas daily radio show (March)

Intensified engagement
thanks to dedicated employees and digital capabilities

- **+163%** digital connections between UBS Research and clients (1Q20 vs. 1Q19)
- **+38%** P&C mobile banking logins (1Q20 vs. 1Q19)
- **+26%** GWM Americas client logins (March vs. December)

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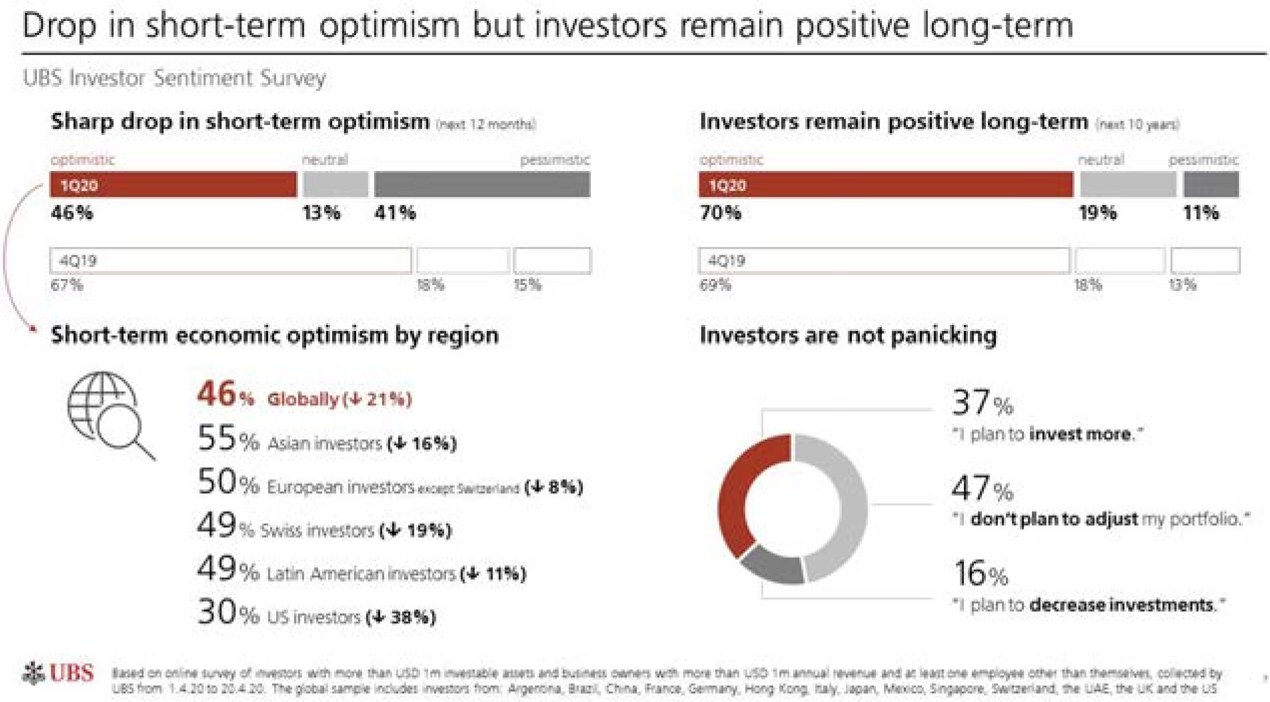
Drop in short-term optimism but investors remain positive long-term
UBS Investor Sentiment Survey
Sharp drop in short-term optimism (next 12 months)
optimistic
neutral
pessimistic
1Q20
46%
13%
41%
4Q19
67%
18%
15%
Short-term economic optimism by region
46% Globally (↓ 21%)
55% Asian investors (↓ 16%)
50% European investors except Switzerland (↓ 8%)
49% Swiss investors (↓ 19%)
49% Latin American investors (↓ 11%)
30% US investors (↓ 38%)
Investors remain positive long-term (next 10 years)
optimistic
neutral
pessimistic
1Q20
70%
19%
11%
4Q19
69%
18%
13%
Investors are not panicking
37%
"I plan to invest more."
47%
"I don't plan to adjust my portfolio."
16%
"I plan to decrease investments."
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Based on online survey of investors with more than USD 1m investable assets and business owners with more than USD 1m annual revenue and at least one employee other than themselves, collected by UBS from 1.4.20 to 20.4.20. The global sample includes investors from: Argentina, Brazil, China, France, Germany, Hong Kong, Italy, Japan, Mexico, Singapore, Switzerland, the UAE, the UK and the US

1Q20 net profit USD 1.6bn, +40%; 17.7% RoCET1

6% positive operating leverage

1,595m Net profit

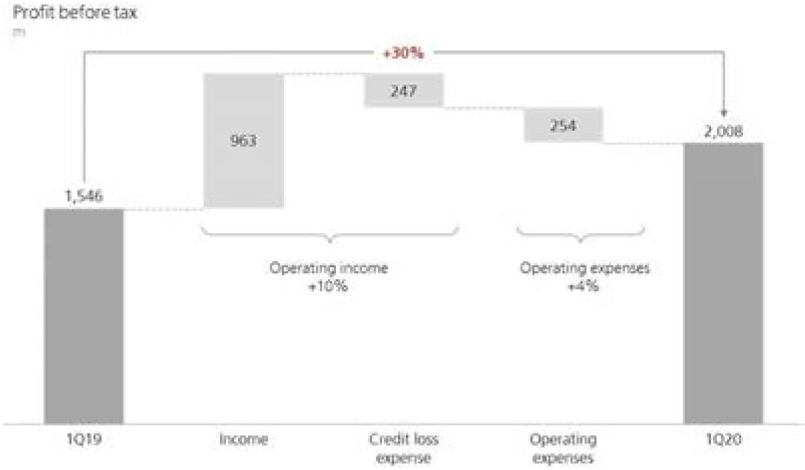
0.43 Diluted EPS

17.7% Return on CET1

72.3% Cost/ income ratio

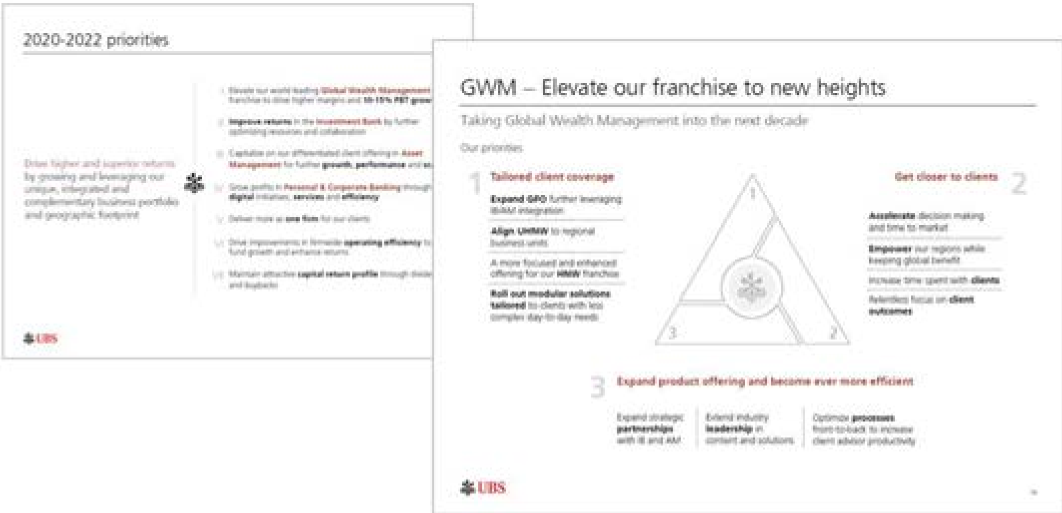
12.8% CET1 capital ratio

3.8%[1] CET1 leverage ratio



UBS Numbers in USD unless otherwise indicated; 1 Does not reflect FINMA's temporary LRD exemption (net LRD reduction of 78bn), valid only until 1.7.20 and only applicable to going concern leverage ratios; refer to page 45 of the 1Q20 report for more information

Executing our 2020-2022 priorities



UBS From 4Q19 results presentation

Global Wealth Management

Clients turned to UBS for trusted advice, uninterrupted connectivity and execution throughout the quarter

Profit before tax

1,218m

+41% YoY

Operating income

4,547m

+14% YoY

Cost/income ratio

72.4%

(6ppts) YoY

1Q20 highlights

Financials

- **8% positive operating leverage** with double-digit PBT growth across all regions
- **Operating income +14%**, best result since the financial crisis with 46% increase in transaction-based income
- **~400m PBT each month**, reflecting outstanding performance in good times and trying times

Growth

- **12bn net new money**, 28bn excluding 16bn outflows from deposit program; positive in all regions
- **3.9bn net new loans**, mostly in GFO and despite 5bn deleveraging in March
- **Mandate** penetration 33.8%; 3.3bn net new mandates in GFO

Risk and business continuity

- **Systems and processes** reliably handled peaks of 3x average trading volumes in March
- ~3% of **Lombard loan** clients with margin shortfalls at peak; average LTV stable at ~50% despite markets
- 53m **credit loss expense**, or 0.03% of lending book

One firm

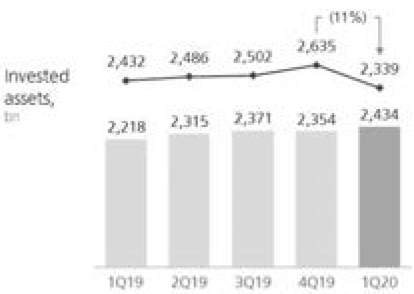
- **SMA**[1] initiative in US generated 9bn NNM for AM; 17bn to date
- Expanding client product offering in structured products and lending in **partnership with the IB**
- **GFO** partnership expansion on track; GWM+IB revenues +32%

UBS Numbers in USD unless otherwise indicated; 1 Separately Managed Accounts

Global Wealth Management

Active client engagement and tailored coverage produced growth across all revenue lines

Recurring net fee income

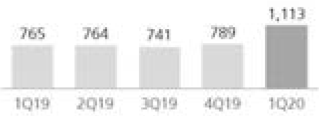


› +10%, best result since the financial crisis

Net interest income

› +2% primarily supported by growth in loan revenues, partly offset by lower deposit margins despite higher deposit volumes

Transaction-based income



› +46% from excellent client engagement in structured products, equities and FX; up >40% YoY in each month

UBS Numbers in USDm unless otherwise indicated

Global Wealth Management

Strong performance with double-digit PBT and advisor productivity growth across regions

Americas[1]

- Record PBT and cost/income ratio
- Transaction-based income +23% on record structured products revenues

1Q20, YoY

Operating income
2,392
+10%

Cost/income ratio
83%
(2ppts)

PBT
380
+16%

Switzerland

- High client engagement throughout the quarter, with record contact rate
- Transaction-based income +80%
- 2bn net new mandate sales and 1bn net new loans

Operating income
440
+14%

Cost/income ratio
57%
(7ppts)

PBT
184
+35%

EMEA[2]

- Established 3 sub-regions to power top-line growth
- Transaction-based income +32%, up in all 3 sub-regions
- Loan volumes +4% with 2bn of net new loans

Operating income
916
+5%

Cost/income ratio
70%
(3ppts)

PBT
259
+11%

APAC

- Best quarterly PBT and cost/income ratio on record with outstanding transaction-based income +93%
- Positive net new loans and mandates despite de-leveraging and de-risking in March; 1m credit loss expense

Operating income
795
+37%

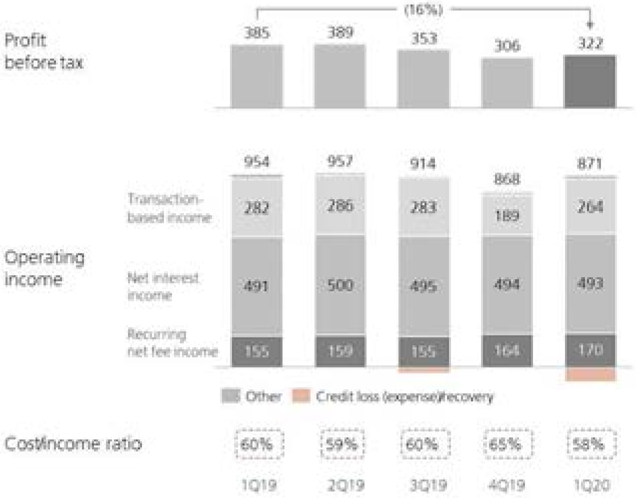
Cost/income ratio
50%
(19ppts)

PBT
398
+117%

UBS Numbers in USDm unless otherwise indicated; refer to page 20 of the 1Q20 report for more information; 1 Including business units: United States and Canada; Latin America; 2 Including business units: Europe; Central and Eastern Europe, Greece and Israel; Middle East and Africa

Personal & Corporate Banking (CHF)

Solid operating performance; cost/income ratio 58%



PBT excluding credit loss expense +3% as solid operating performance was offset by higher credit loss expense

Operating income (9%) with record recurring net fee income more than offset by credit loss expense

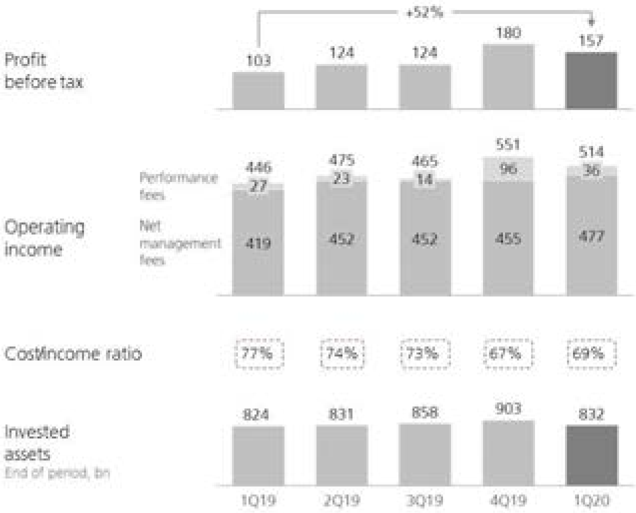
Credit loss expense 74m or 0.06% of loan book, vs. 2m release in 1Q19

Operating expenses (3%) on lower personnel expenses

UBS Numbers in CHFm unless otherwise indicated

Asset Management

Strong performance on positive operative leverage; 33bn net new money



PBT +52% on strong operating leverage, best first quarter since 2015

Operating income +15% on strong performance with both higher management and performance fees; net management fees +14% on higher average invested assets as well as continued positive momentum on net new run rate fees

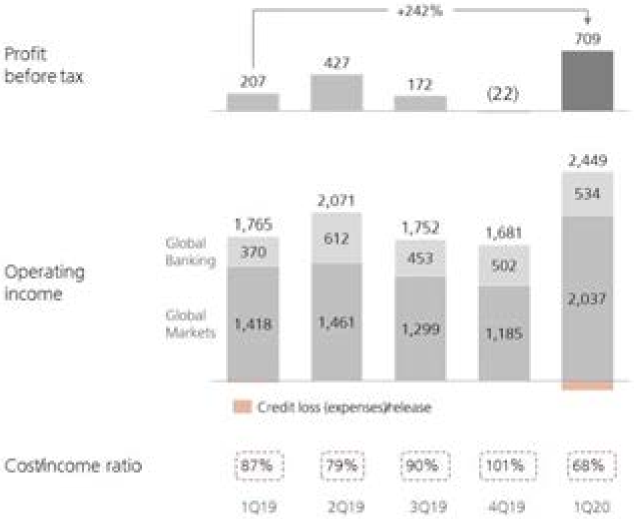
Operating expenses +4% on higher personnel expenses

Invested assets (71bn) QoQ reflecting (94bn) from market performance and (11bn) from currency effects, partially offset by strong NNM of 33bn, of which 9bn generated via our SMAs[1] initiative in the US; 23bn NNM excluding money market

 Numbers in USDm unless otherwise indicated; 1 Separately Managed Accounts

Investment Bank

Exceptional results from continuously engaged clients and effective risk management



Global Markets +44% on significantly higher volumes and volatility

- Equities +18%, mainly driven by increases in Cash and Financing Services revenues
- FRC +99% due to higher revenues in FX and Rates

Global Banking +44%

- Outperforming fee pools across regions and products with Advisory +83% and ECM cash +73%
- 183m of write-downs in LCM, corporate lending and real estate finance portfolios more than offset by gains on credit hedges

Credit loss expense 122m, including 70m on energy-related exposures and 31m related to mortgage REITs[1]

Operating expenses +12% on increased personnel expenses, reflecting higher revenues

RoAE of 22.8% on 12.4bn average attributed equity

RWA 103bn, +22bn QoQ and +10bn YoY
LRD 297bn, +4bn QoQ and +9bn YoY

UBS Numbers in USDm unless otherwise indicated; 1 Real Estate Investment Trusts

Group Functions

1Q20 results impacted by accounting asymmetries and valuation losses on auction rate securities

Profit before tax
m

Group Treasury

Includes (167m) from accounting asymmetries and hedge accounting ineffectiveness

- Partly reflects negative own credit valuation adjustments
- Accounting asymmetries expected to mean-revert to zero over time

Non-core and Legacy Portfolio

Includes valuation losses of 143m on auction rate securities and a credit loss expense of 16m on a single energy-related exposure

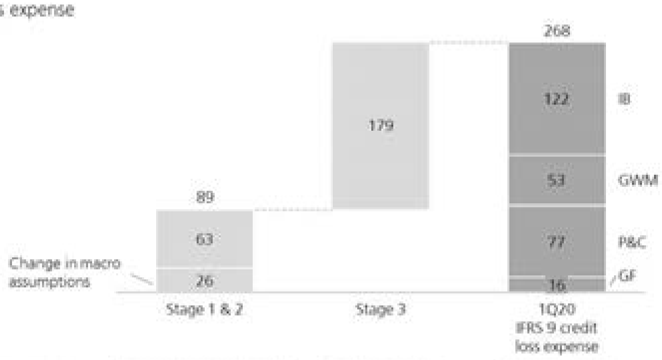
Group Services and other

Improved YoY mainly due to lower funding costs related to deferred tax assets

IFRS 9 credit loss expense and allowances

Credit loss expense spread across businesses and industries

Credit loss expense
1Q20, m



	Stage 1 & 2	Stage 3	1Q20 IFRS 9 credit loss expense
Financial instruments in scope of Expected Credit Loss (ECL) requirements[1]	Stage 1: 723.2bn (97.0%) Stage 2: 17.9bn (2.4%)	4.2bn 0.6%	745.3bn 100%
Allowances	**429m**	**852m**	**1,282m**

Stage 1 and 2: 89m

- Macro assumptions: 26m, from scenario updates
- IB: 48m[2], including 26m energy-related exposures and 15m mortgage REITs
- GWM: 8m[2]
- P&C: 7m[2]

Stage 3: 179m

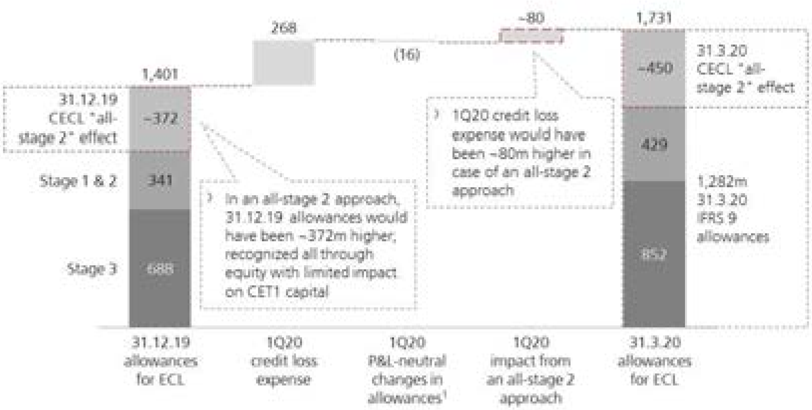
- IB: 60m, including 44m energy-related exposures and 16m mortgage REITs
- GWM: 41m, predominantly Lombard and securities-based loans
- P&C: 62m, predominantly corporate exposures
- NCL: 16m, on an energy-related exposure

UBS Numbers in USD unless otherwise indicated; refer to Note 10 "Expected credit loss measurement" in the 1Q20 report for more information; 1 Gross on- and off-balance sheet instruments; 2 Excluding the impact from scenario updates

Comparing credit loss expense and allowances under IFRS and US GAAP

Total 1Q20 credit loss expense would have been ~80m higher under an all-stage 2 approach akin to US GAAP CECL

Expected credit loss allowances



Definitions

Stage 1

› Up to 12-month ECL recognized on all loans as of date of origination or purchase and updated each reporting date

Stage 2

› Lifetime ECL recognized only when there is a "significant increase in credit risk"

Stage 3

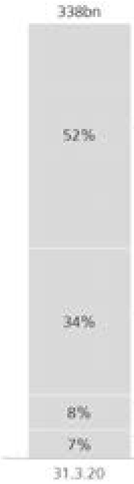
› Credit-impaired (e.g., defaulted) positions

UBS Numbers in USDm unless otherwise indicated; 1 Such as write-offs against the gross carrying value

Loans and advances to customers

High quality loan portfolio, mostly secured by real estate or securities

On-balance sheet



Mortgages: 174bn, average LTV ~55%

- 135bn self-occupied[1] (~85% Switzerland)
- 24bn Swiss income-producing
- 6bn Swiss commercial, retail and office

Lombard / securities-based: 114bn[2], average LTV ~50%

- Fully collateralized, with daily monitoring of margin requirements

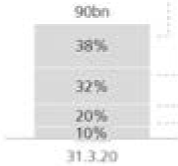
Corporates: 27bn

- 15bn large corporates
- 12bn Swiss SMEs

Other: 22bn

- Mainly financials (incl. nostro accounts)
- 1bn credit cards (~85% Switzerland)

Off-balance sheet



Revocable credit lines: 34bn

- 8bn credit cards (~75% Switzerland)
- 8bn Lombard
- 8bn corporates
- Remainder mainly mortgages

Loan commitments[3]: 28bn

- 18bn large corporates
- 2bn Swiss SMEs
- Remainder mostly financials, mortgages and Lombard

Guarantees: 18bn

- Mainly in P&C; generally low losses over the last 10 years

Other: 9bn

- Mainly forward-starting reverse repos

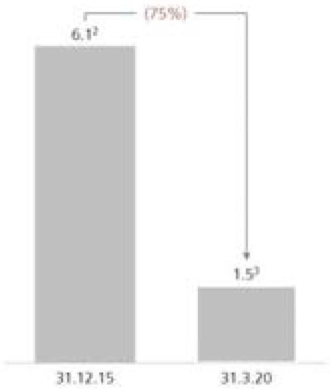
UBS Numbers in USD unless otherwise indicated; 1 including buy-to-let; 2 Total Lombard portfolio 135bn, including ~10bn of traded products and ~10bn of off-balance sheet exposure; 3 Irrevocable loan commitments

19

Oil and gas exposures

Exposure reduced by 75% since 2015; limited potential loss even in extreme stress scenario

Oil and gas net lending exposure[1]



31.3.20

By geography

42% North America

58% EMEA & APAC

By division

98% Investment Bank

2% Non-core and Legacy Portfolio

By rating

64% Investment grade

36% Sub-investment grade

By segment

51% Integrated

28% Exploration and production

10% Midstream

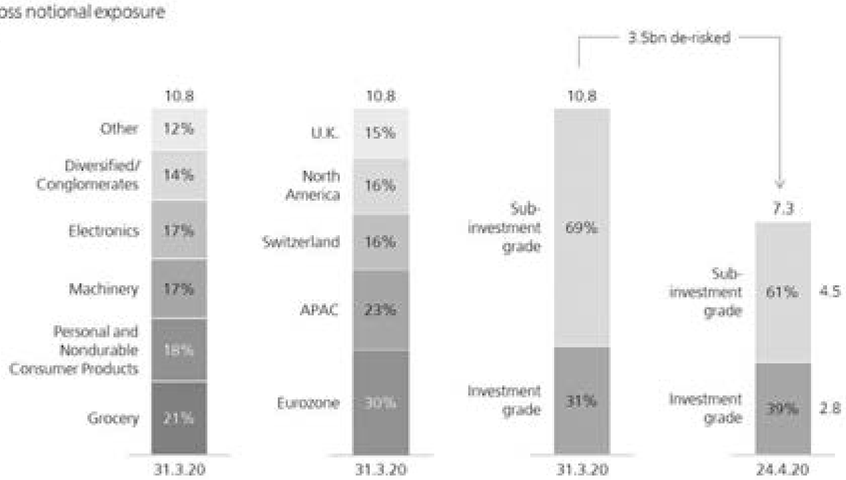
11% Oil field services

Estimated stressed credit loss expense over the next 24 months assuming WTI[4] at USD 10 would be ~250m

UBS Numbers in USDbn unless otherwise indicated; 1 On- and off-balance sheet exposures, excludes traded products; 2 Net of 1.4bn of hedges and provisions; 3 Net of 0.1bn of hedges and provisions; 4 West Texas Intermediate

Investment Bank loan underwriting commitments

Current exposures mostly related to acquisition financing

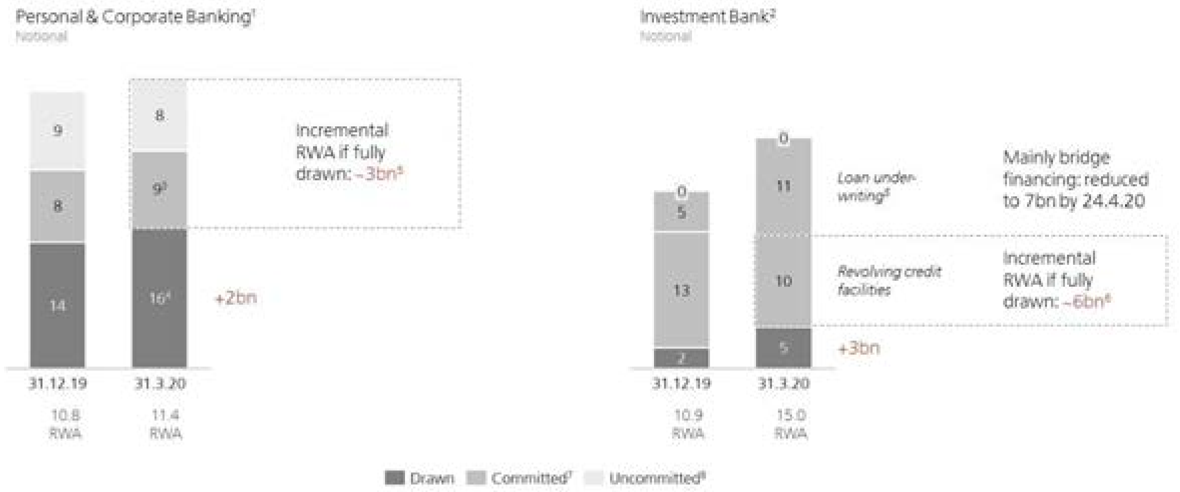


- Mainly acquisition financing for core corporate clients, with closing due later this year
- 1Q20: 183m of write-downs in LCM, corporate lending and real estate finance portfolios more than offset by gains on credit hedges

UBS Numbers in USD unless otherwise indicated

Corporate lending and credit line utilization

~9bn of incremental RWA, or ~40bps on CET1 capital ratio if corporate credit lines were fully drawn in a remote scenario

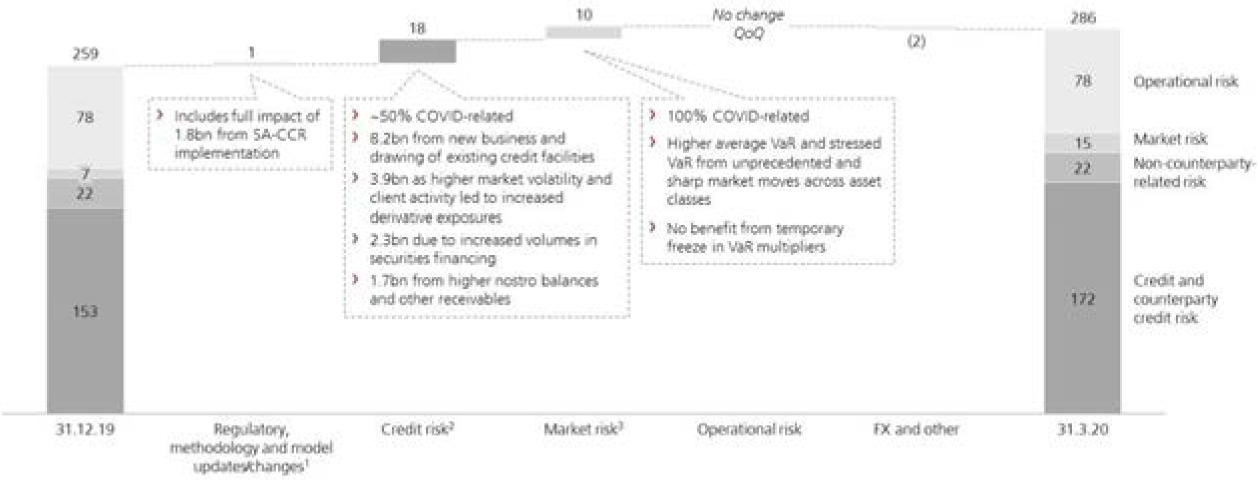


UBS

Numbers in USDbn unless otherwise indicated; 1 Loans and loan facilities for large corporates and SMEs; excludes mortgages, real estate financing, leases, credit cards and commodity trade finance, as well as guarantees and letters of credit; 2 Loans and loan facilities for corporates; excludes margin lending, as well as guarantees and letters of credit; 3 Includes 1.2bn from the Swiss SME lending program; 4 Includes 0.1bn from the Swiss SME lending program; 5 Refer to slide 21 for further information; 6 Applying 100% credit conversion factors and assuming stable risk weights on drawn exposures; 7 Irrevocable commitments; 8 Revocable commitments

Risk-weighted assets

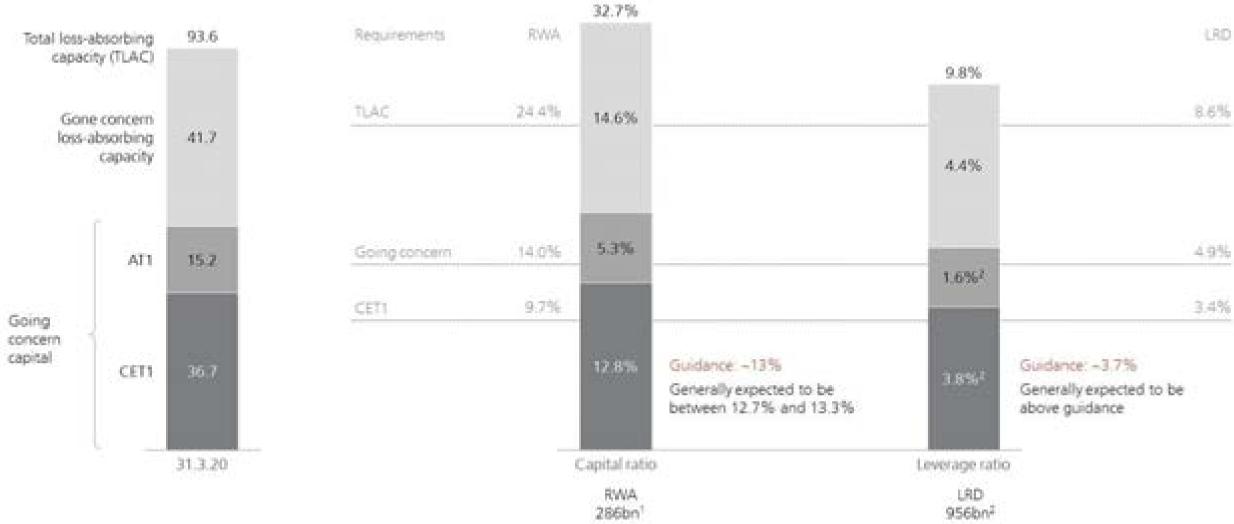
RWA +10% QoQ mostly related to supporting our clients along with elevated market volatility



UBS Numbers in USDbn unless otherwise indicated; 1 For credit risk RWA includes methodology and policy changes, model updates / changes and regulatory add-ons; for market risk RWA includes methodology and policy changes and model updates / changes; 2 Asset size and other; 3 Asset size and other, and regulatory add-ons

Capital and leverage ratios

Maintaining capital ratios comfortably above regulatory requirements even without temporary exemptions or relief



UBS Numbers in USDbn unless otherwise indicated; 1 UBS did not benefit from FINMA's temporary freezing of backtesting exceptions; UBS experienced 3 backtesting exceptions which did not trigger a higher multiplier; 2 Does not reflect FINMA's temporary LRD exemption (net LRD reduction of 78bn to going concern leverage ratios), valid only until 1.7.20 and only applicable to going concern leverage ratios; refer to page 45 of the 1Q20 report for more information

Deploying our strengths

We entered and are managing this crisis from a position of strength, combining a strong financial position with operational resilience

We are open for business, deploying resources, funding and solutions for our clients

We are committed to the execution of our plans and strategy while supporting our staff, clients and communities

UBS

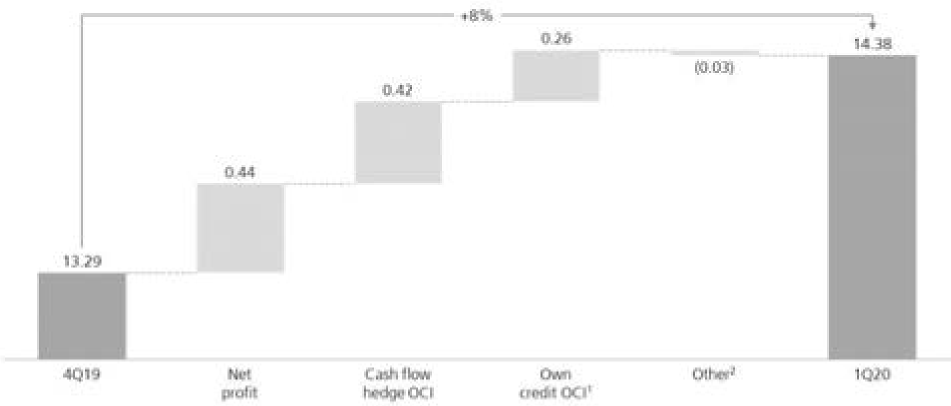
Appendix

Group results

	1Q19	2Q19	3Q19	4Q19	1Q20
Total operating income	7,218	7,532	7,088	7,052	7,934
of which: credit loss expenses	(20)	(12)	(38)	(8)	(268)
of which: net gains/(losses) from properties held for sale				(29)	
of which: FCT gains/(losses) from the disposal of subsidiaries		10	(46)		
Total operating expenses	5,672	5,773	5,743	6,124	5,926
of which: net restructuring expenses	31	39	69	146	86
of which: impairment of goodwill				110	
of which: bank levy expenses/(releases)	15	(32)	(4)	61	15
of which: litigation expenses/(releases)	(8)	4	65	104	6
Profit before tax	1,546	1,759	1,345	928	2,008
Tax expense/(benefit)	407	366	294	200	410
of which: current tax expenses	170	209	229	183	222
Net profit attributable to shareholders	1,141	1,392	1,049	722	1,595
Diluted EPS (USD)	0.30	0.37	0.28	0.19	0.43
Effective tax rate	26.3%	20.8%	21.9%	21.6%	20.4%
Return on CET1 capital	13.3%	16.0%	12.1%	8.2%	17.7%
Cost/income ratio	78.4%	76.5%	80.6%	86.8%	72.3%
Total book value per share (USD)[1]	14.5	14.5	15.5	15.1	16.2
Tangible book value per share (USD)[1]	12.7	12.7	13.7	13.3	14.4

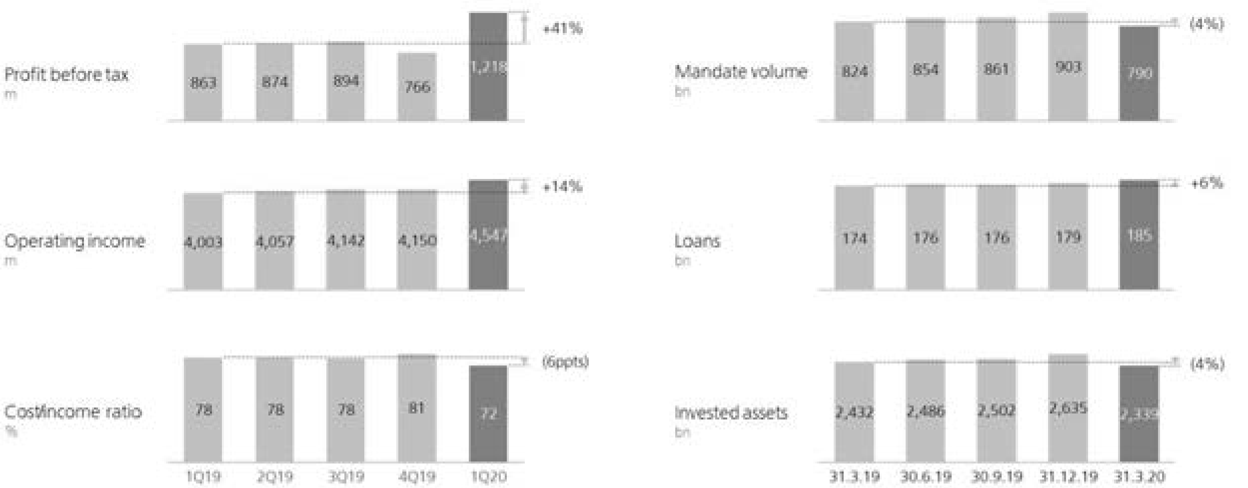
UBS Numbers in USDm unless otherwise indicated; 1 We expect that the payment of the proposed dividend of USD 0.365 per share will reduce equity attributable to shareholders by USD 1.3bn in 2Q20

Tangible book value per share



UBS Numbers in USD unless otherwise indicated; 1 OCI related to own credit on financial liabilities designated at fair value; 2 including buybacks, defined benefit plan OCI, share premium and foreign currency translation OCI

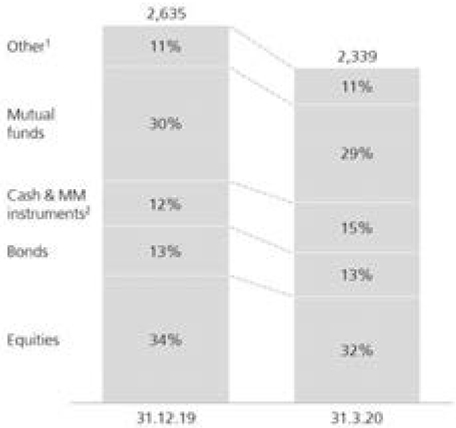
Global Wealth Management

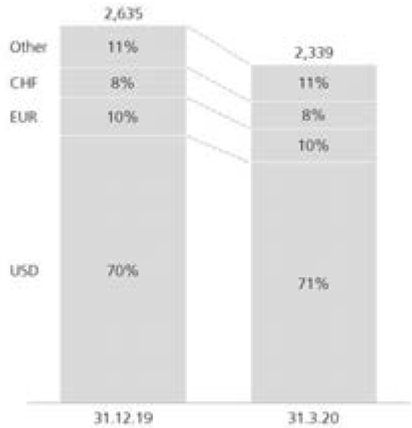


UBS Numbers in USD unless otherwise indicated

Global Wealth Management

Invested assets composition





UBS Numbers in USDbn unless otherwise indicated; 1 Mainly alternative investments and structured products; 2 Including fiduciary investments

Swiss government-backed SME lending program

Facility 1

Loans ≤0.5m, 100% state-guaranteed

Documentation:

- 1-page contract

Interest rate:

- 0% p.a., guaranteed for next 12 months

Facility 2

Loans 0.5-20m[1], 85% state-guaranteed

Documentation:

- ~7-page loan agreement

Interest rate:

- 0.5% p.a. on 85% of notional, guaranteed for next 12 months

UBS / cumulative facility 1 and 2, as of 24.4.20

>21k requests processed

>2.5bn aggregate limit

Committed to donate any potential profit to COVID-19 relief efforts

Other information

Maturity and repayment

- 5 years, with a possibility to extend by 2 years
- Flexible repayment terms

RWA treatment

- 0% risk-weight for the guaranteed portion
- Regular risk-weight on the 15% non-guaranteed portion of facility 2 loans

LRD treatment

- Full notional counts as LRD

SNB refinancing facility

- Banks can refinance drawn facility 1 and 2 loans with the SNB, with the loans pledged as collateral
- Interest rate equal to the policy rate of (75bps)

UBS Numbers in CHF unless otherwise indicated; 1 Total amount, including facility 1 limits

Results by business division

USD million	Global Wealth Management	Personal & Corporate Banking	Asset Manage-ment	Investment Bank	Group Functions	UBS
	For the quarter ended 31.3.20					
Operating income	4,547	904	514	2,449	(480)	7,934
Operating expenses	3,329	570	357	1,741	(71)	5,926
of which: restructuring expenses[1]	*61*	*7*	*5*	*19*	*0*	*86*
of which: net expenses for litigation, regulatory and similar matters[2]	*7*	*0*	*0*	*(1)*	*(1)*	*6*
Operating profit / (loss) before tax	1,218	334	157	709	(410)	2,008
	For the quarter ended 31.3.19					
Operating income	4,003	957	446	1,765	47	7,218
Operating expenses	3,140	570	343	1,558	62	5,672
of which: restructuring expenses[1]	*10*	*4*	*6*	*13*	*(2)*	*31*
of which: net expenses for litigation, regulatory and similar matters[2]	*0*	*0*	*0*	*(1)*	*(8)*	*(8)*
Operating profit / (loss) before tax	863	387	103	207	(15)	1,546

UBS

1 Reflects restructuring expenses related to legacy cost programs as well as expenses for new restructuring initiatives; 2 Reflects the net increase in / (release of) provisions for litigation, regulatory and similar matters recognized in the income statement. Refer to "Note 16 Provisions and contingent liabilities" in the "Consolidated financial statements" section of the 1Q20 financial report for more information. Also includes recoveries from third parties of 1m

Results by business region

		Americas		Asia Pacific		EMEA		Switzerland		Global		Total	
		1Q19	1Q20	1Q19	1Q20	1Q19	1Q20	1Q19	1Q20	1Q19	1Q20	1Q19	1Q20
Operating income	GWM	2.2	2.4	0.6	0.8	0.9	0.9	0.4	0.4	(0.0)	0.0	4.0	4.5
	P&C	-	-	-	-	-	-	1.0	0.9	-	-	1.0	0.9
	AM	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	-	0.0	0.4	0.5
	IB	0.6	0.7	0.5	0.8	0.5	0.7	0.2	0.2	(0.0)	(0.0)	1.8	2.4
	GF	-	-	-	-	-	-	-	-	0.0	(0.5)	0.0	(0.5)
	Group	2.9	3.2	1.2	1.7	1.4	1.7	1.7	1.7	0.0	(0.5)	7.2	7.9
Operating expenses	GWM	1.8	2.0	0.4	0.4	0.6	0.7	0.2	0.3	0.0	0.0	3.1	3.3
	P&C	-	-	-	-	-	-	0.6	0.6	-	-	0.6	0.6
	AM	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	(0.0)	0.0	0.3	0.4
	IB	0.6	0.6	0.4	0.5	0.5	0.5	0.1	0.1	0.0	0.0	1.6	1.7
	GF	-	-	-	-	-	-	-	-	0.1	(0.1)	0.1	(0.1)
	Group	2.5	2.7	0.9	0.9	1.2	1.3	1.0	1.0	0.1	(0.0)	5.7	5.9
Profit before tax	GWM	0.3	0.4	0.2	0.4	0.2	0.3	0.1	0.2	(0.0)	(0.0)	0.9	1.2
	P&C	-	-	-	-	-	-	0.4	0.3	-	-	0.4	0.3
	AM	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	(0.0)	0.1	0.2
	IB	0.0	0.1	0.1	0.3	(0.0)	0.2	0.1	0.1	(0.0)	(0.0)	0.2	0.7
	GF	-	-	-	-	-	-	-	-	(0.0)	(0.4)	(0.0)	(0.4)
	Group	0.4	0.5	0.3	0.8	0.2	0.5	0.7	0.7	(0.0)	(0.4)	1.5	2.0

UBS

Numbers in USDbn unless otherwise indicated. The allocation of P&L to these regions reflects, and is consistent with, the basis on which the business is managed and its performance evaluated. These allocations involve assumptions and judgments that management considers reasonable, and may be refined to reflect changes in estimates or management structure. The main principles of the allocation methodology are that client revenues are attributed to the domicile of the client, and trading and portfolio management revenues are attributed to the country where the risk is managed. Expenses are allocated in line with revenues. Certain revenues and expenses, such as those related to Non-core and Legacy Portfolio, certain litigation expenses and other items, are managed at the Group level, and are included in the Global column

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Cautionary statement regarding forward-looking statements

This presentation 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. The outbreak of COVID-19 and the measures being taken globally to reduce the peak of the resulting pandemic will likely have a significant adverse effect on global economic activity, including in China, the United States and Europe, and an adverse effect on the credit profile of some of our clients and other market participants, which may result in an increase in expected credit loss expense and credit impairments. The unprecedented scale of the measures to control the COVID-19 outbreak create significantly greater uncertainty about forward-looking statements in addition to the factors that generally affect our businesses, but 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), liquidity coverage ratio and other financial resources, including changes in RWA assets and liabilities arising from higher market volatility and other changes related to the COVID-19 pandemic; (ii) the degree to which UBS is successful in implementing changes to its businesses to meet changing market, regulatory and other conditions; (iii) the continuing low or negative interest rate environment in Switzerland and other jurisdictions; (iv) developments (including as a result of the COVID-19 pandemic) 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; (v) 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); (vi) 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; (vii) 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; (viii) 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; (ix) the uncertainty arising from the UK's exit from the EU; (x) 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; (xi) 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; (xii) 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; (xiii) the effects on UBS's cross-border banking business of tax or regulatory developments and of possible changes in UBS's policies and practices relating to this business; (xiv) 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; (xv) 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; (xvi) 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; (xvii) limitations on the effectiveness of UBS's internal processes for risk management, risk control, measurement and modeling, and of financial models generally; (xviii) the occurrence of operational failures, such as fraud, misconduct, unauthorized trading, financial crime, cyberattacks and systems failures, the risk of which is increased while COVID-19 control measures require large portions of the staff of both UBS and its service providers to work remotely; (xix) 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; (xx) 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 (xxi) 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 2019. 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.

UBS

First quarter 2020 results

28 April 2020

Speeches by Sergio P. Ermotti, Group Chief Executive Officer, and Kirt Gardner, Group Chief Financial Officer

Including analyst Q&A session

Transcript.
Numbers for slides refer to the first quarter 2020 results presentation. Materials and a webcast replay are available at www.ubs.com/investors

Sergio P. Ermotti

Good morning, and thank you all for joining us today. I hope you and your families are safe and healthy. Our thoughts are with all the people affected by the virus, as well as those fighting its spread at the frontline day-in, day-out. All of us at UBS are humbled and inspired by their example.

I would also like to take a moment to commemorate Marcel Ospel, our former Chairman, and Juerg Zeltner, former member of the Group Executive Board, who both passed away recently. Marcel laid the foundations of our firm as we know it today. And Juerg helped building our unique wealth management franchise.

Slide 2 – 1Q20 highlights

Our key messages for today are summarized on this slide. This quarter, I can comfortably say that you saw UBS as its best in all dimensions.

Slide 3 – COVID-19 – Supporting our stakeholders

Starting with our support to overcome the shocks on the economy and society we are currently experiencing.

A huge collective effort is needed. Unlike the financial crisis, banks can be a part of the solution this time around, by supporting clients, as well as working in partnership with policy makers and regulators to provide an effective transmission mechanism for government support.

UBS is and wants to be part of the solution. Social responsibility was already a key part of UBS's agenda, so supporting our employees, clients and communities is a natural extension of what we are already doing.

Our first priority from the very beginning has been the safety and wellbeing of our employees. We introduced enhanced procedures to safeguard those whose presence in our facilities is critical, and almost everyone in the firm now has the ability to work from home.

We know the current situation is challenging for many of our staff, so we are providing extra support and help to balance work and extended family-care needs.

Across the organization, from our technology and operations teams right through to our client-facing staff, our employees made sure that we continue to deliver for our clients.

We provide them with advice when they need it the most, and more. Thanks to disciplined risk management and resource allocation going into the crisis, we have the capacity to lend and provide liquidity to our clients, big and small. With a 15 billion increase in loans in the quarter, we went well beyond participation in the government relief programs.

From the very beginning we supported and played an active role in shaping the Swiss SME lending program, which I will cover in a minute. We have also been active in the US, where we have nearly a third of our staff. There, we expect to make up to 2 billion available for loans to small businesses under the federal plan.

To help those who are fighting against the virus at the frontlines and for people in need, UBS is contributing 30 million for global aid and local projects in our communities. This amount was funded out of the variable compensation pool.

The Group Executive Board and our employees around the world are donating their time and money to coronavirus-related efforts in their communities, something we actively support in many ways.

Crises like this one show the true character of people and organizations. And I have to say, our employees' response across the entire firm has been remarkable, so I'd like to thank all of my colleagues for their efforts.

Slide 4 – Strength and resilience

Our operational resilience, strong financial position and successful business model have been and continue to be a great asset, particularly in this environment. They are the result of investments and disciplined execution of our strategy over the years.

We have been consistently investing over 10% of our revenues in technology for years, building a rock-solid infrastructure and client-centric digital capabilities. And today, those investments are really paying off.

Our business continuity plans proved effective as we adapted and responded to the current situation, showing a higher degree of digital agility at scale. It was a remarkable feat. While managing the business efficiently and effectively, we leveraged our investments and early Asia experiences helped us to rapidly scale up flexible working capabilities globally.

Today, 90,000 people can connect from home on UBS's systems. They are able to do that at any point in time and with access to core capabilities they need. This includes our employees and external staff, all part of the UBS ecosystem.

We successfully managed March's high volumes and activity across our trading and client platforms, including peaks of three times the normal levels, which enabled us to gain market share and share of wallet with our clients.

We believe many of the operational changes will be permanent, so learning from today will make us even better tomorrow.

This challenging environment has also brought us even closer together. Every day I see examples of even better collaboration being driven by a sense of urgency to help each other and to do the best for clients. Many of us at UBS are finding that being apart can actually bring us closer together.

This operational resilience and strong culture is complemented by our strong financial position and clear strategic direction.

Over the last decade we significantly reduced our risk profile, putting financial strength, asset-gathering businesses and our universal bank at the heart of our strategy. This, complemented by our focused investment bank.

We have been hard at work developing our unique and complementary business portfolio and geographic footprint, leveraging our integrated bank approach.

Our capacity to generate capital, diversified earnings streams and attractive business mix mean we are well equipped to handle adverse conditions.

This makes us attractive for depositors and bondholders seeking stability. We are very mindful of our responsibilities for those on both sides of our balance sheet.

Slide 5 – Supporting the Swiss economy

As a Swiss-based Group and the number one bank in Switzerland, we feel a special responsibility to support our home market in weathering the effects of the crisis.

We made sure clients who use UBS for their day-to-day financial needs had uninterrupted access to their funds, as well as our transaction capabilities and advice. Their mobile and online activity increased significantly, with mobile logins up nearly 40% and online onboarding nearly doubling in the quarter. We also kept half of our branches open, maintaining ease of access for our clients, while ensuring the highest health and safety standards.

Our commitment to lending and providing resources went well beyond the government-backed program. We issued one billion in new mortgages to individual clients and provided 2 billion in net new loans to Swiss corporates. These numbers are on top of the more than 2.5 billion we provided to over 21,000 Swiss SMEs under the government-backed program which we swiftly implemented by mobilizing significant resources.

I want to be very clear on two points here. First, UBS will not make any profits from the government-backed loans. If there are any, we will donate them directly to relief efforts. Second, we are not pushing out risks to taxpayers. Around two thirds of the SMEs who applied for loans under the program did not have a credit line with UBS before. And for the remaining third who did, the vast majority are healthy and should have no issue repaying debt.

A good indicator of the strength of our SME clients is that as of last Friday, they had drawn only about a third of the credit lines we provided under the program.

Slide 6 – Helping our clients to navigate challenging markets

As I mentioned, our employees' professionalism and expertise in looking after our clients' needs, offering advice and solutions, made a big difference this quarter. By smartly adapting to conditions and new ways of working, we were able to deepen our relationship with many of our clients.

Our CIO and research teams have played a critical role in delivering timely advice to corporate, institutional and wealth clients. They have issued high-quality, differentiating content at lightning speed across a wide range of digital channels. For example, in March alone, our research teams published over 13,000 reports and organized over 1,500 conference calls, livestreams, webinars and podcasts, and even held a virtual art gallery viewing.

These efforts were highly appreciated by clients and we saw significant increases in their engagement levels. The number of CIO interactions more than doubled in the quarter.

Slide 7 – Drop in short-term optimism but investors remain positive long-term

Let me give you a quick flavor for our most recent investor survey, which will be published tomorrow.

Investors remain optimistic over the long term, even if short-term sentiment turned more negative, as you can see here. This is especially clear in the US, where the impact of the crisis on the job market has been most pronounced so far.

We are not seeing signs of investors panicking however, with only 16% of them planning to reduce their investments. More than a third are considering increasing their exposure over the next six months, showing there is great potential for us to advise and interact with clients.

Slide 8 – 1Q20 net profit USD 1.6bn, +40%; 17.7% RoCET1

Now moving on to financial results. As I said, this quarter you saw UBS at its best, including our financial performance, and confirming our ability to deliver in a variety of conditions.

Our net profit increased 40% to 1.6 billion and return on CET1 reached 17.7%.

The results were driven by strong performances across our all businesses. And very importantly, these were achieved without the help of special items in revenues, costs or tax. Credit losses and mark-to-market losses are part of banking and we see them as an integral part of our results. In the current environment, the risk of incurring operational and trading losses is high, but our credit losses were limited, reflecting the quality of our lending book, effective hedging and our disciplined risk-return approach over the last decade.

We delivered attractive risk-adjusted returns in January, February, and during the very challenging March.

Client engagement, market conditions and our operational resilience led to high business volumes and a 10% improvement in operating income despite increased credit loss expenses.

Also, we showed effective resource management across the organization.

We remained disciplined on efficiency and effectiveness with costs consistent with our plans leading to a 6% positive operating leverage. The cost/income ratio stood at 72%.

We maintained high capital ratios in line with our guidance, again without factoring any benefits from temporary regulatory reliefs.

It goes without saying that temporary regulatory relief measures are welcome to help banks to facilitate credit to the economy.

Many of the rules implemented after the financial crisis are good and we supported them. Others proved to be less effective or counter-productive, which has become clearer over the last couple of months. What our industry needs right now is fixing those issues, not just through temporary relief but by permanent changes that will allow for more planning certainty. We will continue to make constructive suggestions to shape a stronger system.

During Q1, our CET1 capital increased by 1.1 billion, after prudently accruing for a 2020 dividend and repurchasing 350 million worth of shares in the first half of the quarter.

Our strong capital, funding and liquidity position enable us to support our clients and the economy while paying dividends. Of course we are mindful that capital returns are an important part of our equity story. But I'm sure you all understand it is too early to talk about what these may be for this year.

<u>Slide 9 – Executing our 2020-2022 priorities</u>

We are executing on the strategic priorities we presented in January as we manage through the crisis.

We are making good progress on our initiatives across the firm to build a more integrated bank, and to deliver the very best of UBS to clients. Let me pick up on Global Wealth Management as an example.

In January, Iqbal and Tom outlined steps to unlock the franchise's full potential and these are being delivered at significant speed.

We have already completed a number of initiatives, such as aligning the Ultra High Net Worth segment with the regions and flattening the organizational structure.

The more integrated and client-oriented setup, faster decision-making, empowerment and reduced complexity are making a difference already.

We are also active in our more long-term collaboration plans. For example, we made good progress on the build-out of our Global Family Office capabilities and onboarding of new clients.

Also, the partnership between Global Wealth Management and Asset Management for our US wealth management clients investing in separately managed accounts led to 9 billion of inflows for Asset Management in the quarter. This has been a resounding success that by far exceeded our plans.

So summing up, I am proud of how well we delivered this quarter, not only for our clients but also for our shareholders.

I will now hand over to Kirt, before some final remarks.

Kirt Gardner

Slide 9 – Executing our 2020-2022 priorities

Thank you, Sergio. Good morning everyone.

My remarks will focus on divisional performance as you've already heard the Group highlights, and I'll also take you through some points on our credit exposure and capital position.

Slide 10 – Global Wealth Management

Starting with Global Wealth Management, performance was consistently excellent throughout the quarter, with operating income at around 1.5 billion in each month leading to the best result since the financial crisis. But it was a tale of two halves in terms of the dynamics driving the business.

January and February were more risk-on, partly due to a strong start to the year on more positive client sentiment, combined with our own initiatives and client engagement, as well as the usual seasonality. March, on the other hand, brought a sharp switch to risk-off and a sudden need to reposition portfolios.

Coming into the quarter, we planned to significantly increase our client interactions. Consistent with this strategy, we've been extremely proactive in engaging with clients throughout the quarter, with more than double the number of client interactions with our CIO compared with 1Q19, as we shared tailored content and insights and completed tens of thousands of proactive client portfolio reviews during the quarter, with engagement further intensifying after the crisis took hold in March.

PBT was up 41% year-on-year, with around 400 million of pre-tax profit each month, demonstrating the strength of the business whether in a constructive market environment or a highly turbulent one.

Operating income increased 14% to a new high since the financial crisis, partly reflecting our progress on strategic growth levers throughout the quarter. Costs increased a more modest 6%, or 4% excluding restructuring.

We had net new money inflows of 12 billion despite 16 billion of outflows from our deposit program, which will be P&L accretive. Net new loans were strong at 4 billion, reaching nearly 9 billion by mid-March before COVID-19-related de-leveraging actions were taken by clients.

As market volatility increased and asset prices dropped in March, we naturally managed a significant increase in margin calls, although only for around 3% of clients with a Lombard loan at the peak. We experienced a small number of impairments and credit loss expenses were 53 million in the quarter or only 3 basis points of GWM's loan book. Our credit book went through a severe real life stress test this quarter. Not only did we pass, but we did so while continuing to support our clients and winning new business. All of this highlights the high quality of our Lombard portfolio and our risk management framework. Margin calls have returned to a more normal level in April, and our loan-to-value remained at 50% for the overall Lombard book.

In the midst of the turmoil, we came together as one firm. For example, the GWM/IB collaborative efforts are now in full swing, enhancing our product shelf across structured products and lending. We are also progressing the growth of our GFO segment, where we saw extremely strong performance, with income up 32% across the IB and GWM.

Slide 11 – Global Wealth Management

Recurring fees were up 10% year-on-year and 3% sequentially. As a reminder, we bill in arrears based on quarter-end balances in the Americas and month-end balances everywhere else. As such, revenues did not fully reflect the 11% fall in invested assets that we saw in Q1.

The lower invested asset base will be a headwind in the second quarter this year. We would expect recurring fee income to be down between 200 and 300 million sequentially in the second quarter before management actions.

Net interest income was up 2%, mainly driven by growth in loan revenues. This was partly offset by lower deposit revenues on higher volumes. Looking ahead, we'd expect further deposit margin compression from US dollar rate cuts to at least partly offset any benefits from loan growth and effective deposit management.

Transaction-based income was up 46% on outstanding client engagement. Increased client activity was powered by higher advisor productivity, as well as timely thought leadership and solutions, supported by CIO insights and organized events. Transaction-based revenues were fairly consistent across the three months, demonstrating the strength of our client engagement model in all types of market environments.

And during March, when we transitioned to working from home and interacted with our clients remotely, we actually saw an increased level of client interactions. We had record contact rates in Switzerland, as we offered new ways of interacting with clients via webinars, conference calls, and virtual round tables with CIO analysts. Outside the Americas, there were 30% more inbound calls compared with 4Q19, 60% more in APAC and we had very positive client feedback that our advisors were reachable at all times during the crisis. And in the Americas, we had over a 30% year-on-year increase in calls within our Wealth Advice Center.

Many of our clients actively managed their investments on our advice to navigate the current market uncertainty. That said, as we go through this crisis, we don't necessarily expect to see a repeat of these activity levels. As trading volumes normalize, we'd expect 2Q20 transaction-based income to decrease sequentially.

It's also times like these that underscore the value of our long-term approach to managing wealth: what we do is a long way from just investing assets. We sit together with our clients – in person or virtually – and work through three aspects: Liquidity, Longevity, and Legacy. That covers short-term cashflow, sustainable wealth creation and income generation, and thinking about the future, which can be generational wealth transfer, philanthropy or impact investing. This framework leads to deeper client conversations and it helps maintain a long-term, goal-oriented focus, while navigating the current market. Our clients need and value advice, and never more so than in uncertain times like these. In fact, our investor survey suggests that 81% of investors with an advisor are looking for more guidance, and of those who don't have an advisor, 34% are more open to working with one now.

Slide 12 – Global Wealth Management

All regions had double-digit PBT and advisor productivity growth, and positive net new money.

In the Americas, PBT was a record, driven by improved recurring fees on all-time high invested asset levels at year-end and excellent transaction-based income. Our cost/income ratio also hit an all-time low.

Asia had its best quarter on record. Here we saw profits double, with outstanding transaction revenues supported by very high demand for structured products. Cost discipline also helped expenses come down slightly despite the revenue performance, driving our cost/income ratio down to its lowest level ever.

Higher transaction revenues and advisor productivity also drove profit growth in EMEA and Switzerland. We furthermore saw a year-on-year increase in net mandate sales in Switzerland.

Slide 13 – Personal & Corporate Banking (CHF)

Moving to P&C. PBT was down 16%, as credit loss expenses of 74 million francs, primarily on corporate loans, offset solid operating performance.

Notwithstanding the higher CLE this quarter, P&C still delivered returns above 15%, demonstrating the ability of this business to return well above its cost of capital even when recording higher than usual credit losses.

Income before credit provisions was down slightly on lower transaction-based revenues, mainly reflecting lower fees from corporate clients, and partly due to lower credit card-related income, where transaction volumes were down 18% in March as a result of social distancing. For 2Q, we expect continued pressure on credit card-related income due to reduced usage, but we're not anticipating noteworthy losses in this business.

NII was stable. Recurring net fee income was the highest on record and benefitted from the shift in business volume from GWM in 4Q19.

P&C's cost/income ratio improved to 58% on lower costs.

We continue to support our individual and corporate clients with solutions and funding, and this goes beyond the government-sponsored Swiss SME lending program. Outside of this program, we had around 2 billion francs of net new loans to support our corporate clients in the first quarter.

Slide 14 – Asset Management

Asset Management had another very strong quarter with PBT up over 50% to 157 million dollars and 11% positive operating leverage.

Operating income was up 15%, primarily driven by net management fees, which increased by 14% on higher average invested assets, along with the continued positive momentum of net new run rate fees since the second half of 2019. Performance fees were up 9 million.

Net new money was very strong at 33 billion, or 23 billion excluding money markets, with positive contributions across all channels and very strong inflows into traditional asset classes. And on the GWM/AM initiative on separately managed accounts in the Americas, we had 9 billion net new money during the first quarter and 17 billion to-date, well ahead of our plans.

"Virtual" engagement with clients has been strong. For example, we've published around a hundred strategy updates and white papers since the beginning of March to support clients through current market conditions, and hosted more than 50 digital events.

Slide 15 – Investment Bank

The IB had an exceptional quarter, with its best PBT since 2015.

Our IB's capital-light business model, which is focused on advice and execution by leveraging digital capabilities, has proven to be robust during this time of extreme volatility and market disruption. There was a significant return of volumes and volatility, and we were well placed to support our clients with advice and reliable, uninterrupted access to the markets and funding, helping them navigate extreme volatility. We've seen little to no disruptions in our service to our clients and have successfully managed very high volumes across our businesses, particularly in our trading operations, where our systems were resilient and remained available globally.

PBT rose significantly from a weak 1Q19 to 709 million, on 39% operating income growth – including the CLE booked – and 12% higher costs.

Global Markets revenues increased by 44%, mainly driven by FX, Rates and Cash Equities, as they benefitted from increased client activity on elevated volatility. We believe we gained market share in electronic trading in FX and Equities, reflecting the continued investments in our platforms. Our unified Global Markets model, with integrated Equities and FRC, allowed us to manage risk more holistically across all asset classes. The combined set-up resulted in faster decision making, and helped us react more nimbly to market moves.

Global Banking revenues were up 44% as well, outperforming fee pools globally. This was mainly due to a number of large transactions in Advisory and a strong performance in ECM Cash. Markdowns on loans in LCM, corporate lending and real estate finance portfolios were more than offset by gains on related hedges.

Credit loss expenses were 122 million, mostly on energy exposures and securities financing transactions related to mortgage REITs.

Our cost/income ratio improved to 68%.

Slide 16 – Group Functions

Group Functions loss before tax was 410 million.

In Group Treasury, we saw negative 131 million, including losses from accounting asymmetries partly offset by gains from hedge accounting ineffectiveness. The former included negative income on own credit valuations that are largely attributable to funding spread widening on derivatives in the Investment Bank and Non-core and Legacy Portfolio. These asset-side funding valuation adjustment losses are booked through P&L, but there are also liability-side own credit-related valuation gains after tax of 934 million that are recorded through OCI in equity.

We also booked valuation losses of 143 million in NCL on our remaining exposure to auction rate securities. Total auction rate securities assets were 1.4 billion, all of which are double-A-rated.

Slide 17 – IFRS 9 credit loss expense and allowances

At the Group level, we booked credit losses of 268 million in the quarter, of which 89 related to stage 1 and 2 and 179 related to stage 3. Now let me take you through the moving parts.

First of all, we updated the macroeconomic assumptions in our baseline scenario and weightings applied to other scenarios, which drove 26 million; this within stage 1 and 2 positions.

Other stage 1 and 2 positions added another 63 million, most of which was related to oil and gas and securities financing exposures in the IB.

The stage 1 and 2 CLE did not impact our CET1 capital, as they were offset against our existing Basel III expected loss.

Stage 3 CLE of 179 million mainly related to various impairments in the IB, GWM, and P&C. One-third was in P&C and these predominantly stem from a deterioration in the recoveries expected from loans to corporate clients that were already credit-impaired at year-end 2019. IB oil and gas exposures and securities financing together added another 60 million. Lombard loans and securities-backed lending were the primary drivers of 41 million in GWM , with just four cases of losses above 1 million.

At the end of the quarter, our total allowances on balance sheet were 1.3 billion.

Slide 18 – Comparing credit loss expense and allowances under IFRS and US GAAP

When comparing credit loss expenses across banks, naturally the most important consideration is the nature of the credit books, but accounting differences are relevant as well. UBS reports under IFRS and has therefore been subject to IFRS 9 since January 2018, like most non-US banks. US GAAP has a broadly equivalent concept called Current Expected Credit Loss, or CECL, which was introduced for the first time this quarter. Under CECL, a financial institution recognizes each asset's lifetime expected credit loss upfront, requiring forecasting and modelling.

Unlike CECL, IFRS 9 bifurcates expected credit losses prior to being credit-impaired into two stages. Stage 1 applies to all loans originated or purchased, and reflects possible default events within the next 12 months. Stage 2 behaves similarly to the initial stage of CECL, by capturing loans that have experienced a significant increase in credit risk since initial recognition and subjecting them to a lifetime expected loss allowance. In the first quarter, in addition to our review of the quality of the credit portfolio, we updated our scenarios to consider the deterioration of the environment in our forecasting assumptions, while also following the guidance issued by regulators and standard-setters.

As an approximation to CECL, under an “all Stage 2” approach, we would have reported around 80 million of additional credit loss expense in the quarter for a total CLE of around 350 million, and our total allowance balance would be around 450 million higher at the end of the quarter, or around 1.7 billion.

There are of course other differences between US GAAP and IFRS. Overall, we do not believe that there is a net benefit or disadvantage to reporting under the one or the other when we compare both accounting standards.

Expected credit loss estimates are highly sensitive to economic forecasts. Considering the recent developments, we are therefore likely to continue to see elevated credit loss expenses over the next quarter.

Slide 19 – Loans and advances to customers

I want to spend a couple minutes providing an update on our lending book. We have 338 billion of loans on our balance sheet and another 90 billion off-balance sheet. Our total allowance balance against these instruments is 26 basis points, and only 2.8 billion, or 65 basis points, are credit-impaired.

Of the 338 billion of loans, the vast majority is secured by real estate or securities. Our mortgage exposure is predominantly in Switzerland and mostly owner-occupied residential mortgages, where we have no signs of stress so far. Our exposure to commercial real estate is limited. Affordability criteria are very strict and LTVs are generally low. Credit loss expenses of 8 million in Q1 were 4 basis points of our mortgage book.

A third of our on balance sheet exposure is Lombard and securities-based lending, mostly in GWM. These are fully collateralized loans that can be cancelled immediately if collateral quality deteriorates or margin calls are not met. Our losses were limited at 3 basis points.

Of the 27 billion corporate loans, nearly half is with Swiss small and medium-sized enterprises, with the rest split between large corporates in Switzerland and our IB's global lending portfolio.

Two-thirds of our off-balance sheet exposure is credit lines and loan commitments. Most of the rest is guarantees, where historical losses have been small. These exposures are mostly in P&C.

Slide 20 – Oil and gas exposures

Our oil and gas net lending exposure is 1.5 billion, down significantly in the last four years, when we made a strategic decision to reduce our financial exposure and footprint in this sector, related to both risk and sustainability considerations.

More than half of our exposure is with investment grade-rated counterparties. And about half of our total exposure is to the integrated and midstream segments, which we would consider to be less susceptible to prolonged periods of low oil prices. Under a scenario where WTI oil prices are 10 dollars, we would expect around 250 million of losses over the next two years.

Slide 21 – Investment Bank loan underwriting commitments

We had 11 billion of loan underwriting commitments in our IB. As of the end of last week, we have syndicated 3.5 billion, of which 3 billion sub-investment grade, reducing our outstanding loan underwriting commitments to 7.3 billion. Of this amount, 2.9 [*edit: 2.8*] billion is investment-grade. The remaining 4.5 billion includes a few large transactions with good credit fundamentals and an overall diverse set of exposures.

Slide 22 – Corporate lending and credit line utilization

As Sergio has already said, we have been and will continue to support our clients with credit and liquidity. During the quarter, we extended 5 billion of loans and credit lines across P&C and the IB. Through April 22nd, we saw an incremental 1 billion in draw-downs.

In an unlikely scenario where our clients draw down 100% of their facilities, we would see a 9 billion rise in RWA, or a manageable 40 basis point decrease in our CET1 ratio.

Slide 23 – Risk-weighted assets

Risk-weighted assets rose by 10% or 27 billion during the quarter, with increases from both credit and market risk, the majority of which related to supporting our clients as they confronted the implications of COVID-19, along with the impact of extreme market volatility.

During the quarter, we had an increase of 1.8 billion from the full implementation of SA-CCR.

More than half of the 18 billion higher credit risk RWA was driven by new business and draws on existing credit facilities. We also saw a rise in derivative exposures as a result of higher market volatility and client activity, as well as more securities financing transactions.

Higher average regulatory and stressed VaR from unprecedented and sharp market moves across asset classes drove 10 billion higher market risk RWA from extremely low levels exiting 4Q19. Given that higher market volatility is likely to persist in 2Q, and considering the 3-month window for regulatory VaR, we expect market risk RWA to rise further in the second quarter. Importantly, this does not imply any actual increase in our market risk, but rather is driven by the technical nature of regulatory and stressed VaR.

Our RWA did not benefit from any regulatory-granted exemptions or relief during the quarter.

While there is some potential to hedge our regulatory and stressed VaR, we always assess the cost of hedging against our cost of capital, along with any risk management considerations in determining appropriate hedging actions.

Slide 24 – Capital and leverage ratios

Our capital position remains strong, with capital ratios consistent with our guidance and comfortably above regulatory requirements. Again, that's without taking into account any of FINMA's relief measures.

Our CET1 capital ratio was 12.8%. With higher expected market risk RWA that I just referenced and the deployment of further balance sheet to support our clients, our CET1 ratio could be slightly below the lower end of our guidance in the second quarter.

Excluding the temporary COVID-19 related FINMA exemption for sight deposits at central banks, our CET1 leverage ratio was 3.8%.

Early in the quarter, we effectively managed our liquidity, allowing us to weather the most challenging periods of stress. In particular, we were able to avoid any term issuance until the markets returned to more attractive pricing levels. Our liquidity and overall financial position continue to be very strong.

Now back to Sergio for closing remarks.

Sergio P. Ermotti

Slide 25 – Deploying our strengths

Thank you Kirt. Let me sum up here before moving to questions.

The very strong quarter is the result of years of disciplined strategy execution, responsible risk management and sustained investments.

As we look ahead, of course nobody is under the illusion that things are going to be easy.

The range of potential outcomes of this crisis remains very wide. We entered these turbulent times in a position of strength. UBS's financial position is strong and our business model is fundamentally resilient, built around our integrated business model in which each business has a vital role for the success of the others.

Our diversification and risk profile is different from that of many other banks and I am convinced that we are well-equipped, probably better than most, to deal with adverse scenarios. We will continue to execute on our strategic priorities, serving clients and – last but not least – delivering for our shareholders.

With that, let's open up for questions.

Analyst Q&A (CEO and CFO)

Kian Abouhoussein, JP Morgan

Yes, thank you for taking my question. The first question is related to – first of all, thank you very much for the guidance on recurring fees in the wealth management business – can you also comment on the NII: How you see the NII developing considering the lower rates? That's the first question. And the second question is: On your macro-assumptions for IFRS 9, what have you assumed? And in that context, if I look at your report, the larger report, you talk about the ECL and the fact that you are covering at a lower level than 100%, and you have discussed that a level of 100% of coverage would be more like 600 million USD impact, rather than more like the 400 that you have taken – so can you just discuss how we square the macro assumption as well as your ECL allowances, so we can get a better picture around provisioning outlook?

Kirt Gardner

Kian, thank you, thank you for both your questions. In terms of net interest income, what I highlighted is that we do expect to see the impact of the rate cuts from the US show up in the second quarter – that would represent headwinds overall to net interest income in our wealth management business, and also we do see continued further headwinds in terms of where rates are currently for Swiss francs as well as euros for our P&C business. You know, having said that we haven't currently provided specific guidance on what we expect the quarter-on-quarter impact to be.

Just on your question about IFRS 9, as we indicated in our report of course, we went through an exercise to update our scenarios – and we did a couple of things, firstly, our base line scenario as you would expect now reflects a higher unemployment and overall GDP contraction. In addition to that, we felt that our severely adverse, or more adverse, scenario was appropriate for the first quarter, although we currently are going through a revision of that scenario as we enter the second quarter. The other thing that we did is, we eliminated the upside scenario and we also eliminated the mild depression scenario – so we ended up with a 70%-30% mix between base line and also our adverse scenario. And that resulted in the stage 1 and stage 2 that you saw that we booked for the quarter.

Now in terms of your question around ECL, I think what we highlighted is, just given the fact that our Basel III expected loss is higher than our current total balance for ECL from stage 1 and 2, we don't see any impact in our CET1 capital from the P&L that we booked for our credit loss expense. I think that's probably what you were reading through in terms of the reference, and the impact of what we booked versus our capital overall.

Sergio Ermotti

Maybe just to add, on NII I would just probably want to add that in addition to what Kirt said based on the headwinds, partially we will mitigate those headwinds because of the credit we deploy out – are also creating some counter-effects, and which, as I said, will out-mitigate or manage that situation. So that's probably…

Kian Abouhoussein, JP Morgan

If I can just add one follow up on the economic scenario base line and more the severe and mild downside, can you just quantify them? Because I don't find anywhere input data in terms of real GDP assumptions or unemployment – if you could just give us that for this year, next year.

Kirt Gardner

Yes, Kian, we didn't provide any specific details on the assumptions for those scenarios – I guess I would only comment in terms of the base line as I mentioned, it was a deterioration from our assumptions at the end of the fourth quarter, as you would expect, and in terms of our severe global crisis scenario, I would only mention that if you look at those factors, they tend to be more adverse than what you see in the severely adverse CCAR scenario, what you see in the ECB ICAP scenario and so on – it does encompass a very significant narrative around global downturn. And I think, as with all our peers we're going to continue to update our scenarios as we see the overall crisis evolve.

Kian Abouhoussein, JP Morgan

Okay, thank you.

Anke Reingen, RBC

Yes, thank you very much. I had two questions. The first is on capital. You indicated that the capital ratio might fall in the second quarter below your target range – but I just wonder if you were to apply the temporary leave in the capital, would that potentially be an offset and an indication about the dividend accrual for financial year 2020? And then just a follow up question on the cost of risk: You've been quite cautious in your comments. Is it fair to assume that Q2 could be higher than the P&L charge in Q1? But could you be more specific in how much buffer you have in terms of the hit against capital? Thank you very much.

Kirt Gardner

Yes, Anke, thank you for your questions. In terms of capital, just to be clear, what I indicated, as I said, that we could fall slightly below our guidance range – in the lower end of our guidance range on CET1 capital, is 12.7%. Now importantly, if you look at the removal of the counter-cyclical buffer, which was granted by FINMA as well as other regulators, that puts our total requirement at 9.7%. So that still leaves us with a very, very significant buffer to our actual requirement. Now also importantly, while we have a removal of the buffer for our requirement, it doesn't help the ratio at all. So there's nothing right now in terms of relief that's been made available that we've availed ourselves of, that has made any impact on our current CET1 capital ratio that we reported at 12.8%.

Sergio Ermotti

In respect of dividend, Anke, I don't think I have much more to say. I think at this stage we can only tell you that I believe it's both prudent not to talk about it, but it's also prudent to take in consideration that, as I mentioned before, capital returns is part of our equity story – so we are accruing for a dividend in 2020, but it's very premature to talk about levels, and any other topic around this, other than saying that we are well aware that there are, we have to balance capital solidity and the ability to respond to the crisis but also to continue to have an attractive capital return story.

Kirt Gardner

And maybe Anke, just to add to Sergio's comments that in terms of our 2020 dividend, for the half that has been postponed, we continue to maintain a special reserve for the payment of that second half, that has not yet been accreted back to our capital, and that's just as consistent with our current expectation that we will pay that. Now on your question on the risk side…

Sergio Ermotti

On the risk side, I think that the question is on the comments we made on risk is that you know, the elevated levels are elevated in terms of our own historical standards, and you know, I consider the first quarter, although it's a strong performance in relative terms to peers, an elevated level. So it's difficult to do, you know, a forecast right now on how much they will be. We have been trying to show scenarios, and of course we need to adapt any major negative developments in the macro-economic assumptions. As Kirt pointed out, you know, very coherent with the way we manage risk and risk reward, you can assume that our existing underlying macro-assumptions are quite severe. And but now, we don't know exactly what the next round of economist outlook is going to be. We take external views. It is not only our UBS internal macro-economic view that we take in consideration, so but you know, even if we stress our portfolio, it's very difficult to see any meaningful result out of this crisis.

Anke Reingen, RBC

Thank you very much.

Jeremy Sigee, Exane BNP Paribas

Morning, thank you. Just a couple of clarifications please. First one is on the CET1 and other related discussion that we've already been having. You mentioned that you expect further expansion in market risk RWAs from the sort of averaging effect of that. Just wondered if you could put some scale around that. Are we talking about a similar expansion to what we saw in Q1 or something less than that? And linked to that, are there any other movements that you kind of expect already in RWAs, either from technical calibration effects or from rule changes or anything. Is there any moving parts that you could explain to us?

And then my second question is really just a clarification: You said that you're prudently accruing a dividend for 2020. Is that dividend in line with your existing policy of small year-on-year increases in the dividend?

Sergio Ermotti

As I said, it's premature. I understand, Jeremy, the need of clarity, but you know there is not a lot of things I can say around the dividend. You can only assume that we are accruing a dividend which is aligned with the current market conditions and the need I mentioned before. So hopefully we will be able to give more guidance and clarity on dividends, I suppose after the summer. I think before then, I don't think it's appropriate and it's not in the interest of anybody to talk too much about this topic. So we keep our focus on execution and delivering capital and generation, and then the issue will be resolved. It will resolve itself.

Kirt Gardner

Yes, Jeremy, in terms of your question on RWA, you know first just to highlight of course, we were coming off of extremely low market risk RWA as of the end of the fourth quarter – you see that, just 7 billion, and so therefore when you look at the increase, I think it's a bit amplified because of the low base. But nevertheless, also as I highlighted, we just look at the technical nature of how reg Var and stress Var impacts our market risk RWA, and knowing the volatility, remains at higher levels. And you think about the three-month reg Var window that we're certainly in, and continues to extend as we see higher levels of volatility. All of that suggests that we're going to see a further increase in the second quarter. I would only say as well, we would expect, and we're making of course capacity available to continue to support our clients, and that is both through some level of potential drawdowns for existing facilities, but also we're still open for new business and we see very, very attractive opportunities to continue to deploy capital on given the fact that we still have attractive buffers, we're going to do so and we're going to support our clients and our shareholders, as we go through the second quarter.

Now overall, when I look at both sides of that equation, what I mentioned is that we would expect to be right now possibly slightly below our 12.7%, that is the range that we've guided on. Away from that, there's no additional regulatory or other related increases – what we mentioned as well is during the quarter, we fully implemented SA-CCR, so we no longer have any phase ins for SA-CCR, and over the past couple of years we've been diligently implementing basically what has been the overall progress towards Basel III, and there's no further such increases that we anticipate for this year.

Jeremy Sigee, Exane BNP Paribas

And just as you think about, as you say, you've got very strong buffers above your regulatory minimums, and there are opportunities to deploy balance sheet – what's your sort of levels of comfort? You know, you could easily go down to say, 12%, and we would still look at that and say that's still a pretty decent ratio – what's your tolerance for lower ratios in this environment?

Sergio Ermotti

Yeah well, Jeremy, I think that we are mindful that the buffers are there to be used, but also as I mentioned before, it's very important that those buffers are used also with a time frame in mind. So it would not be really wise to go out and use the buffer immediately. We don't know how the crisis will play out. We need to be careful in managing any dimension. You know, we believe that we have enough capital generation and ability to serve clients and support the economy, without going deep into using the buffers, so I don't think that I want to speculate about what is the level that we will be down. But of course, everything which has a 12 in front I believe is both in absolute and relative terms, very important – because I think that we can comfortably say that, if you look at our CET1 ratio right now, which is absence of any kind of concessions, on a relative basis, is extremely strong. And of course, capital strength, as the largest wealth manager in the world, is an absolute must. And we also have a duty, as I mentioned before, to protect our clients, being the ones who have on-balance sheet assets with us, but also the ones who have liabilities with us. So we are always very mindful to make sure that the full picture of how we look at our stakeholders and clients, bond holders, is fully reflected in the way we manage risk and capital.

Jeremy Sigee, Exane BNP Paribas

Very good. Thank you.

Jon Peace, Credit Suisse

Morning, my first question is, you've talked about some of the revenue headwinds going into the second quarter. But would you say in this environment that activity is still elevated across the bank, maybe particularly in the investment bank, compared with a normal April?

And my second question is on the French tax appeal verdict: I think we'd originally been hoping for an update on that, perhaps around September-October. Do you think in this current environment that's likely to be delayed? Do you have any visibility there? Thank you.

Sergio Ermotti

So I think it's very difficult to talk about the environment – but you know, as Kirt mentioned in his remarks, we all know that the first quarter was very active with two different kind of connotations: the first half and the second half. In the second half, we were very profitable, also including loan loss provisions and marks down. But of course with a different nature of profitability and levels. I would say that the environment we see so far is similar to the March environment than it is to January and February. But it is way too early to call for any trends, you know, I am referring to the IB environment. Of course, Kirt already extensively spoke about wealth management and what it means. So of course we need to understand that there is also some kind of seasonality coming into the second quarter – although nowadays, I would say the last 12 months or 20 or so, talking about seasonality is a little bit difficult but of course we have some seasonality factors, so it's premature, but I would say that so far, you know, we are not seeing a dramatic change of the environment compared to the way March went.

On the French tax, we were, you know, other than more updates, we were expecting any outcome probably by September, which we all know now that we'll find out on June 2 when the trial was supposed to start on June 2. Now what we know is that on June 2 we will find out the new date of the trial. So till June 2 we have no update and then based on that you can assume that still we believe that from the day of the beginning of the trial, you have to put few months, three months maybe, I don't know, two, three, four months, time frame between the end of the trial and the verdict of the second round – so more information, you know, will come out during June, I'm sure you're going to see publicly, and we will be able, if anything, to make comments for Q2 results.

Jon Peace, Credit Suisse

Great, thank you.

Stefan Stalmann, Autonomous Research

Good morning, gentlemen, I have two questions please. The first one, on your sensitivity of net interest income to rising interest rates – which you helpfully disclose every quarter. That has actually doubled, compared to year-end to the upside, but has not changed to the downside of falling rates. Could you maybe talk a little bit about what has triggered this much higher upside sensitivity? Is it positioning? Or is it just a different way of estimating the impact of a given move.

And the second question goes back to IFRS 9 and expected losses – I think the disclosure is very helpful about what the provisioning impact is, by moving to a severe worst scenario. But I'm just surprised how small that difference actually is. It turns out you only need a 170 million extra provisions to move to an adverse scenario – which according to your annual report is something like 6-9% GDP contraction. I find that quite counter-intuitive. Maybe you could talk a little bit about how the additional provisions and that kind of move would be so low in stage 2.

And maybe, in that context, could you maybe roughly guide what you would expect to see in stage 3 assets, in stage 3 provisions, if you move into your severe downside scenario under IFRS 9. Thank you.

Kirt Gardner

Yes, Stefan, in terms of your first question, if you look at what's taken place with interest rates now that the US rates have cut down close to zero, what you see now when we model the upside, particularly since a lot of our assets are very short term, is it the pickup on the upside now that we've had such compression just tends to be much more favourable, particularly given some of the model data assumptions overall on both the deposit side as well as what we would expect in terms of the asset-pricing side, and all of that together contributes to a more significant overall pickup with the 100 basis point move. Now on the downside, the reason why that's far less than the upside, is again because of the compression – and when you start to model into negative rates and you assume floors particularly on your asset margins, your asset margins actually tend to stay fairly firm if you see any further downturn in rates. And we've seen that very much in terms of how our NII has behaved in Switzerland with the negative rates.

Now overall, in IFRS 9, the reason when we model the assumption of what happens if we move from 70/30 to say a 100% with our severe scenario, we model that on the interesting mix between stage 1 and stage 2. And so because you still see a very high percentage of our loans overall that remain in stage 1, but we don't include any significant increase in credit risk, then the impact overall is the one that we've indicated, which is somewhat over a 100 million, but it's not that severe overall beyond that, just as I said because at the same time we don't include any modelling of further migration from stage 1 to stage 2. Now regarding your question on modelling the impact on impairments, I mean that's not something that currently we've disclosed, as you would expect. We continuously run our stress models, and we look at the full impact of our credit exposure as we think about the adequacy of our capital buffers and how we manage them.

Stefan Stalmann, Autonomous Research

Thank you very much.

Andrew Coombs, Citi

Good morning, thank you for your comments and I'll commend you as well on your commitments to support the COVID relief projects. If I could just follow up with a couple of more on the reserve build in interaction with capital: The first question, we're typically looking at the disclosure you provided on page 77 of the report, where you say that if you did apply life-time of expected credit losses on all stage 1 and 2 exposures, ECL would have climbed from 429 to 900 – just trying to square the circle with how that compares to the 18 million incremental you guided to on slide 18, if you were to adopt CECL. Because the incremental numbers in the report seem somewhat higher.

So perhaps you could just clarify there. And then the second question would just be on the remarks about the capital expected loss under the IRRB model less the existing provision – if I look at that, it did decline slightly from 495 to 429, but it declined by less than the loss you actually booked through the P&L. So trying to understand what some moving parts there and does this mean you can take up to another 430 million provisions without it essentially impacting your capital position? Thank you.

Kirt Gardner

Yes, Andrew, so maybe it would be helpful if you go to slide 18 of the presentation – and what we do there is that we model what our provision in our allowance balance would have been under CECL. And importantly, what you see is the starting point is coming into the quarter – we would have already had a total allowance balance of 1.4 billion, which already would have been 372 million higher than our balance would have been under IFRS 9, or was actually under IFRS 9. So there we would have already in the process of adopting CECL, we would have already booked the 372 million increase directly to equity, similar to when we adopted IFRS 9, and similar to what you saw with the US banks, and also the Swiss bank that report on the US GAAP. So then, the impact during the quarter was an incremental 80 million in stage 2 on top of what we would have booked under IFRS 9. And so that then takes the total increase, you see, our increase goes up to 429 and then we would have seen the 80 million on top of the 372 to get to 450 million under CECL. So that results in the total of 890 million in allowance balances of the end of the quarter. I hope that's clear.

Andrew Coombs, Citi

That is clear. Sorry, I missed the step-up at the end 2019 there. I guess just to round out this whole debate, essentially kitchen sink (inaudible)… If you were to look at kitchen sink sensitivity. You talk about ECL allowance to move to, two parts to your equation. One is if you were essentially expecting to do the life-time credit losses in all stage 1 and 2, which goes from 429 to 900, so 470 incremental, and on top of that you talk about if it were to move to a severe downside scenario, it would be an incremental 170. If you were to move to a 100% severe scenario and move to a life-time of expected credit losses, so not the best case if you were to apply that sensitivity, you would be looking at the 470 plus the 170 plus an incremental number, because you would be taking on the life-time expected credit losses under a whole severe 100% scenario. Does that make sense?

Kirt Gardner

Yes, Andrew. We run those models, and you're right, our total allowance balance would have further increased if we would apply a 100% of the severe scenario plus the full CECL impact. And you can assume that we would have been nicely above a billion. And we just run those scenarios so we understand the sensitivity in the reporting, what would happen and what if – but of course it's not relevant because we'll report under IFRS 9 going forward. (Sergio Ermotti: And it goes against equity). And well, at that point the question is how much of that would have gone against equity, which kinds of gets into your second question. And you can't exactly look at dollar for dollar in terms of what we booked, because the structure of our Basel III expected loss sits in capital, that balance has an assumption across different parts of the portfolio – so depending on what you booked for stage 1 or stage 2, it would determine on whether a portion of that goes to equity or a portion does not, is offset. So it's a little bit more complicated and nuanced in terms of the actual impact. We can get back to you and just reconcile what took place during the first quarter.

Andrew Coombs, Citi

No, I appreciate that, we're all having to adapt to the complexity of IFRS 9. But thank you, that was very helpful.

Benjamin Goy, Deutsche Bank

Yes, hi, good morning, two questions please. First, on your client survey, sounds relatively constructive – do you think you can keep your fee margin more stable this time unlike in previous crises? And then secondly, on the 183 million of write-downs, that were fully offset by hedges – I'm just wondering is that your general hedging policy or could you act swiftly as the pandemic unfolded? Thank you.

Sergio Ermotti

So, I mean, first of all I think that if you look from an historical standpoint of view, when you look at margin perfection, I don't know if you refer back to the financial crisis, where we had more of an idiosyncratic situation, of course you know, protecting margin there was a function of outflows – but in general I can say that in an environment like this one, we can price-advise, we can get margins up on transaction business. So I don't think that there is an issue of margins as you can see it is all about client activity levels and the way we engage with them, if anything in many cases, we are able to, you know, price our services while staying competitive in a way that is recognised by the client as being added value.

In respect of our hedging strategy, it is very much what I said. It is not that we were particularly quick in reacting to the pandemic – it's part of the way we manage risk across the cycle. So I remember that means that maybe there are quarters in the past in which we could have seen a little bit of a better momentum in NII and any other dimension of the business, but we always say that what matters for us is risk-adjusted returns. And return on deployed capital. And looking at also our cost base versus the return on risk-weighted assets. And in this quarter, you saw this being fully deployed. So no, we were not quicker or smarter during the crisis. We were coherent over the cycle, entering into the crisis with the same discipline we had over the last decade.

Benjamin Goy, Deutsche Bank

Very clear, thank you.

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The outbreak of COVID-19 and the measures being taken globally to reduce the peak of the resulting pandemic will likely have a significant adverse effect on global economic activity, including in China, the United States and Europe, and an adverse effect on the credit profile of some of our clients and other market participants, which may result in an increase in expected credit loss expense and credit impairments. The unprecedented scale of the measures to control the COVID-19 outbreak create significantly greater uncertainty about forward-looking statements in addition to the factors that generally affect our businesses, but 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), liquidity coverage ratio and other financial resources, including changes in RWA assets and liabilities arising from higher market volatility and other changes related to the COVID-19 pandemic; (ii) the degree to which UBS is successful in implementing changes to its businesses to meet changing market, regulatory and other conditions; (iii) the continuing low or negative interest rate environment in Switzerland and other jurisdictions; (iv) developments (including as a result of the COVID-19 pandemic) 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; (v) 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); (vi) 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; (vii) 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; (viii) 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; (ix) the uncertainty arising from the UK's exit from the EU; (x) 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; (xi) 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; (xii) 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; (xiii) the effects on UBS's cross-border banking business of tax or regulatory developments and of possible changes in UBS's policies and practices relating to this business; (xiv) 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; (xv) 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; (xvi) 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; (xvii) limitations on the effectiveness of UBS's internal processes for risk management, risk control, measurement and modeling, and of financial models generally; (xviii) the occurrence of operational failures, such as fraud, misconduct, unauthorized trading, financial crime, cyberattacks and systems failures, the risk of which is increased while COVID-19 control measures require large portions of the staff of both UBS and its service providers to work remotely; (xix) 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; (xx) 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 (xxi) 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. 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Non-GAAP Financial Measures: In addition to reporting results in accordance with International Financial Reporting Standards (IFRS), UBS reports adjusted results that exclude items that management believes are not representative of the underlying performance of its businesses. Such adjusted results are non-GAAP financial measures as defined by US Securities and Exchange Commission (SEC) regulations and may be Alternative Performance Measures as defined in the SIX Exchange Directive on Alternative Performance Measures or under the guidelines published the European Securities Market Authority (ESMA). Please refer to pages 7-9 of UBS's Quarterly Report for the fourth quarter of 2019 and to its most recent Annual Report for a reconciliation of adjusted performance measures to reported results under IFRS and for definitions of adjusted performance measures and other alternative performance measures.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned, thereunto duly authorized.

UBS Group AG

By: _/s/ David Kelly_________________
Name: David Kelly
Title: Managing Director

By: _/s/ Ella Campi______________ _____
Name: Ella Campi
Title: Executive Director

UBS AG

By: _/s/ David Kelly_________________
Name: David Kelly
Title: Managing Director

By: _/s/ Ella Campi_____________ _____
Name: Ella Campi
Title: Executive Director

Date: April 28, 2020