Resentment stirs at the group executive board over CEO Ralph Hamers' appointments while chairman Colm Kelleher keeps the pressure up.

UBS CEO Ralph Hamers is not having an easy time at the office. Both the scrapped takeover of US digital wealth manager Wealthfront and the group's persistently weak share price are putting enormous strain on him, as finews.com noted Wednesday.

But that is by no means all. It also seems that resentment is building against him on the group executive board related to his recent appointments, particularly the Italian Barbara Levi, who has been general counsel since November 2021, and Sarah Youngwood, who took up the position of chief financial officer just this past May.

First Big Appearance Fluffed
It is Youngwood, a dual US-French citizen, who is ruffling the most feathers right now, as several sources inside UBS told finews.com. Many believe she botched her first appearance as the new UBS CFO in July when disclosing second quarter and first half results. According to them, the figures were decent, but they were not at all presented in a very convincing manner to analysts, media, and investors.

UBS shares fell as much as 6 percent afterward, which is particularly hard to understand given that Switzerland's largest bank has been a beacon of stability for years now. The very tepid outlook provided by Hamers and his team didn't help matters.
UBS Beset by Leadership Rumors
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Ex-UBS CFO Kirt Gardner (Image: UBS)

Apparently, Youngwood was portrayed as being inconsistent or obstinate in the run-up to the presentation. She may have simply been trying to free herself from her predecessor's regime. Kirt Gardner, a US citizen, held the role of CFO with clear aplomb for more than six years between 2016 and 2022. Accusations she does not have the requisite experience, however, quickly fall flat given she spent more than 20 years at JP Morgan in a variety of senior finance leadership functions, rising to CFO of its retail business. Ironically, as part of all that, she served as the head of investor relations between 2012 and 2016.

Internal Candidates

The CFO role, needless to say, is critical, and particularly so at large, international banks. They tend to be the most important person besides the CEO at the top executive management levels. They know all figures inside out and are also usually responsible for managing a company's capital.
The internal criticism of Youngwood is likely because the slump in the share price caused some of the top managers to lose money, at least temporarily, given that a substantial proportion of management compensation is paid in shares. But it could also be because two highly suitable internal candidates, known to finews.com’s editorial team, had applied to succeed Gardner.

They were passed over and people started talking maliciously, claiming that Hamers overrode a perfectly suitable internal solution to promote gender diversity, something he has taken very seriously for some time. His well-staged appearance at this year’s Zurich Pride in June was another testament to this, and he indicated that having such a strong commitment to diversity and inclusion would have been unimaginable thirty years ago when he started his career.

This has clearly unsettled some people internally and is maybe a more likely explanation for the taunts Hamers increasingly faces. This also includes vague criticism of UBS chief lawyer Barbara Levi, another of his appointments. Her flaw – apparently? – is that she has no actual
banking experience given she actually spent much of her professional career at Swiss pharmaceutical giant Novartis as well as a recent stint lasting a couple of years for Anglo-Australian mining company Rio Tinto.

The doomsayers are now going as far as to say that the CEO post is up for grabs, although that is probably a bit of a stretch for the time being. But according to several US media, the scrapped takeover of the US fintech Wealthfront was clearly done at the behest of UBS President Colm Kelleher. If so, that certainly does not strengthen Hamers' position.

Waiting in Line

One thing is certain. After a 30-year career at Morgan Stanley, the 65-year-old Irishman now wants to leave his mark on Switzerland's largest bank. It remains to be seen how much understanding the Wall Street warhorse has for inclusion and diversity issues. But one of his
goals is clear. He wants to raise the share price, which has been languishing for years. To that
end, he has been touring the US extensively. As reported by finews.com Wednesday, he is
also holding out the prospect of a dividend increase for shareholders.

It is also clear that Kelleher has a particular man on the Group Executive Board, or rather in the
queue for the CEO job, in wealth management – Iqbal Khan.