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Ethos and Profond fail with UBS motions

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SWITZERLAND – Swiss bank UBS will increase its capital without the help of ordinary shareholders and there will be no special audit on subprime losses, it was decided at an EGM yesterday, but insiders claim “shareholders sent a message to the board”.



Both Swiss pension company Profond and pension-fund owned asset manager Ethos failed with their motions to prevent an exclusive capital increase open only to the help of Asian shareholders, and for an external audit.

However, some shareholders supported the pension funds in their criticism: 13% voted against the board of directors on the capital increase and 45% for a special audit.

“In Switzerland even 13% of shareholders voting against the board is a novelty”, Dominique Biedermann, executive director at Ethos, explained to IPE.

“I think the board got the message. They said no to the special audit before the vote but perhaps today they must admit that something has changed and that a huge part of the shareholders want something, want an external expert who looks into the questions we have send to UBS.”

In a next step, Ethos will hold new talks with representatives of the bank as Biedermann noted “it is important to keep the contact”.

Should the meetings end without a result “Swiss legislation allows us to open legal procedures on demanding a special audit”, he added but stressed Ethos would rather not go to court.

As for the capital increase, Herbert Brändli, head of Profond, told IPE the fund will demand a further capital increase at the ordinary general meeting scheduled for April 23 this time with the help of all shareholders.

“We think that more money will be needed as we expect more writedowns,” he noted.

Brändli added an additional capital increase was discussed at the EGM yesterday and the UBS management said they “will look into it”.

Brändli said he hopes the CHF13bn capital increase which will now come from Asian investors means “the money is not put in to come out again at the end” but is used for reducing risks.

“This includes changing faces,” he stressed.

UBS announced yesterday board member Sergio Marchionne will be named part-time vice president to support chairman of the board Marcel Ospel.

“My hope is Marchionne will take over running the bank leaving Ospel as a useful figurehead which brings in the contacts,” Brändli said.

Ospel noted at the EGM he wants to stay on as chairman to help the bank out of these difficult times.

If you have any comments you would like to add to this or any other story, contact Julie Henderson on + 44 (0)20 7261 4602 or email julie.henderson@ipe.com

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