

# Minutes of the Annual General Meeting of UBS Group AG

**2 May 2019, 10:30 a.m. at the St. Jakobshalle Basel**

Formalities

**Chair:** Axel A. Weber, Chairman of the Board of Directors  
**Minutes:** Markus Baumann, Group Company Secretary

**Scrutineer:** BDO AG, Solothurn

**Independent proxy** pursuant to Art. 689c of the Swiss Code of Obligations:  
ADB Altorfer Duss & Beilstein AG, Zurich.

Ernst & Young Ltd., the statutory auditors, was represented by Marie-Laure Delarue, Ira S. Fitlin and Bruno Patusi.

The invitation to the Annual General Meeting (AGM) was published in the Swiss Official Gazette of Commerce and on UBS's website on 1 April 2019. In addition, printed copies of the invitation were sent to all shareholders listed in the share register.

No requests for the inclusion of individual items on the agenda were submitted. Voting on agenda items was conducted electronically. The AGM was transmitted live on the Internet, in German and English.

**Presence:**

At 10:41 a.m. 1,254 shareholders were present, representing 2,174,560,674 votes (75.99% of shares eligible to vote),

of which,	
Independent proxy	2,144,622,800 votes
Shareholders present	29,937,874 votes

In his speech the Chairman first referred to the past year as not having been an easy year. He went on to say that, nevertheless, the difficult conditions during the year had shown that UBS's strategy worked effectively, and he pointed to the 16 percent increase to 4.5 billion dollars in net profit, the 13.1 percent increase in the return on CET1 capital and the additional capital generation of 4 billion dollars. The loss-absorbing capital amounted to a total of 84 billion dollars. He explained that this put UBS well ahead of its European competitors and on a par with American banks. From this perspective, the annual result should be viewed positively and was evidence of how sustainable the firm's strategy was. He stressed that a further increase in the dividend to 70 rappen per share would be proposed to the shareholders.

The Chairman went on to say that the share price was something which the Board of Directors was not satisfied with, even though more than 90 percent of all financial stocks in Europe had lost value in the last year. The share price was in striking contrast to the results achieved and reflected neither the long-term value of UBS nor its market position. The Board of Directors would do everything it could to ensure that UBS's earning power was correctly reflected in its stock market value.

The Chairman then moved on to the topic of remuneration and asked whether employee performance should be measured solely in terms of the stock market value of a company or measured by its operating result. UBS took both into account: The contrasting development between the operating result and the stock market valuation was also reflected in the performance-related pay. In total, these had decreased slightly compared to the previous year, both for the CEO and the Group Executive Board, as well as for the Group as a whole for last year – also because of the share price and despite improved operating results. The Chairman reminded the meeting about UBS's remuneration system: for high amounts of variable compensation, large parts were only paid out after a certain period of time; i.e. once the results had been confirmed as sustainable. This period may be up to five years. He further underlined that while UBS had its roots in Switzerland, it operated globally and competed with other banks. UBS bid to attract talent worldwide in order to remain successful in the long term. This was reflected in the levels

of pay. The basic salaries had remained unchanged. The total compensation for the Board of Directors and the Group Executive Board at UBS had been more than halved compared to the level before the financial crisis in 2006. The Chairman explained that the Board of Directors discussed the remuneration model every year. It was important to UBS that the model always remained appropriate in light of then-current developments and the situation of the firm's competitors. He mentioned that, including the share buyback program, shareholders had received 76 percent of net income, a total of 3.4 billion dollars, more than the sum of variable compensation of UBS's employees (3.1 billion dollars).

He then referred to the lawsuit against UBS in France: regrettably, an acceptable way to reach an out-of-court settlement had not been possible and UBS therefore had had no choice but to go to court, including in the interests of its shareholders. In UBS's opinion, the grounds for the ruling had in no way demonstrated that UBS had failed to comply with the regulations in force in Switzerland and France at that time, and it was therefore felt that UBS's arguments would prevail at the next appeal stage.

The Chairman went on to say that sustainability was the order of the day. The future growth of the economy and thus of the Bank would only be possible by treating nature, people and society in a responsible manner; UBS had been committed to this for years. UBS was committed to the climate goals of the Paris Treaty and believed that the future of the business was in the area of sustainability. The firm had been promoting sustainable investment for years, with lots of energy and commitment. UBS was ranked among the top banks, and more than a third of all customer investments followed sustainable criteria. At the same time, it was withdrawing from environmentally harmful businesses. UBS had defined clear criteria as to which types of businesses it would finance in the future. He stressed that a dialogue with companies should be maintained in order to support them in their efforts to become even more sustainable.

At the end of his speech, the Chairman summed up: UBS was well placed to continue to be very successful in the future; the strategy was right; UBS had competent and highly motivated management teams, and highly qualified employees; it was at the forefront of technology; and its thinking and actions were geared towards sustainability. This was all to the benefit of shareholders. Finally, the Chairman thanked the Group CEO and the Group Executive Board for successfully managing the bank, the employees for their great effort, the clients for their faith in UBS and the shareholders for their backing.

The full speech by Axel A. Weber can be found on UBS's website, at [www.ubs.com/agm](http://www.ubs.com/agm).

Sergio P. Ermotti, Group CEO, opened his speech by saying that the glass was three quarters full. He said that the strategy worked, in good times as well as in bad: The net profit had increased by 16 percent year-over-year, to 4.5 billion dollars. The firm had become more efficient: UBS had managed to increase revenues and reduce costs at the same time. And with a return of 13.1 percent on its core capital, UBS was among the best banks in the world. Mr. Ermotti noted that the cost/income ratio was often regarded as the sole measure of efficiency, but UBS was focused on return on hard core capital and wanted to increase earnings, but at the lowest possible cost and with the best possible use of capital. A balance between those three metrics had to be struck. Even though the stock markets had recovered again, the turbulent environment had left deep marks on clients and investors, which UBS was still feeling. UBS had produced solid results, despite the difficult economic environment: in its core business, global wealth management, UBS had made a profit of more than 3.2 billion dollars in its first year of consolidation; the Swiss business had returned a profit in excess of 1.7 billion Swiss francs; the Asset Management unit had made more than 420 million dollars; and the Investment Bank had had a very good year, with a profit in excess of 1.4 billion.

Mr. Ermotti noted that over the past five years UBS had made a profit of 19 billion dollars without a capital increase, built up 9 billion in additional capital and paid almost 6 billion dollars to deal with legacy issues. Fourteen billion dollars had been returned to shareholders in the form of dividends and share buybacks. The return on shares was 42 percent, taking into account the payment of the dividend. The loss-absorbing capital cushion had been increased by more than 40 billion. UBS had absorbed additional costs of 3.5 billion for the implementation of regulations and had also redesigned the legal structure of the firm. Just as important was the manner in which UBS had worked together within the firm, which had continued to improve.

Mr. Ermotti stressed that further challenges would come along, such as negative interest rates and regulations, which would make growth increasingly difficult and expensive. Switzerland remained important for UBS. With the same number of employees as in Switzerland, the USA had become a second home market and Asia a third. After some words about regulation, Mr. Ermotti spoke about innovation and competitiveness. He underlined that, as the number 1 universal bank in Switzerland, UBS was the clear leader in digital banking for private and corporate customers. Digital customers were attractive customers: UBS generated 80 percent more business with them than with customers in traditional channels. UBS was analyzing large volumes of data in the Evidence Lab using artificial intelligence, which enabled it to help its customers to make quick decisions in a complex market environment. This approach was being rolled out to the whole firm. UBS was well placed to grow in the medium and long term. UBS

saw great potential in the USA and Asia/Pacific and had become the first foreign bank in China to acquire a majority stake in a securities joint venture. The Group CEO summed up by saying that UBS had a solid strategy that delivered strong returns year after year. And UBS expected to generate almost as much capital for shareholders in the next three years as it had done in the previous six. He thanked the Board of Directors and, in particular, the Chairman of the Board of Directors, Axel Weber, for their excellent and trustworthy collaboration. He said that UBS was on the right path.

The full speech by Sergio P. Ermotti can be found on UBS's website, at [www.ubs.com/agm](http://www.ubs.com/agm).

The Chairman then proceeded to item 1 on the agenda.

### Item 1

#### Approval of UBS Group AG management report and consolidated and standalone financial statements for the financial year 2018

The Board of Directors proposed that the UBS Group AG management report and consolidated and standalone financial statements for 2018 be approved.

The Chairman reported that Ernst & Young Ltd., Basel, as auditors, recommended that UBS Group AG consolidated and standalone financial statements should be approved. The corresponding reports did not contain any reservations. In the subsequent extensive discussion under item 1, 14 shareholders voiced their opinions. Statements by shareholders and the Chairman pertaining to the topics of sustainability, the lawsuit in France, the renovation of the UBS headquarters in Zurich, the UBS share price and on compensation were made. The AGM approved the UBS Group AG management report and consolidated and standalone financial statements for 2018, with the following voting result:

Yes	2,134,262,767	99.01%
No	15,884,916	0.74%
Abstentions	5,494,939	0.25%

### Item 2

#### Advisory vote on the UBS Group AG Compensation Report 2018

The Board of Directors proposed that the UBS Group AG Compensation Report 2018 be ratified in a non-binding advisory vote. In a brief overview, the Chairman outlined the remuneration concept for 2018. In the subsequent discussion, two shareholders voiced their opinions.

The AGM endorsed the UBS Group AG Compensation Report 2018, with the following voting result:

Yes	1,711,194,137	79.38%
No	438,560,450	20.35%
Abstentions	5,812,244	0.27%

### Item 3

#### Appropriation of total profit and distribution of ordinary dividend out of capital contribution reserve

##### 3.1. Appropriation of total profit

On a standalone basis, UBS Group AG recorded a net profit of USD 3,171 million (CHF 3,111 million) for 2018. The Board of Directors proposed to fully appropriate that to the voluntary earnings reserve.

##### 3.2. Distribution of ordinary dividend out of capital contribution reserve

The Board of Directors proposed an ordinary dividend distribution of CHF 0.70 in cash per share out of the capital contribution reserve.

No one wished to speak on items 3.1. or 3.2.

The Board of Directors proposed, that the net profit for UBS Group AG recorded for 2018 of USD 3,171 million (CHF 3,111 million) be fully appropriated to the voluntary earnings reserve. In addition, the Board of Directors proposed an ordinary dividend distribution of CHF 0.70 in cash per share of CHF 0.10 par value payable out of the capital contribution reserve.

The AGM approved both proposals of the Board of Directors, with the following voting results:

**Vote 3.1.**

Yes	2,148,572,925	99.67%
No	4,236,233	0.20%
Abstentions	2,784,154	0.13%

**Vote 3.2.**

Yes	2,149,936,308	99.74%
No	3,681,022	0.17%
Abstentions	1,973,130	0.09%

**Item 4**

**Discharge of the members of the Board of Directors and the Group Executive Board for the financial year 2018**

In the financial year 2018 the following persons were members of the Board of Directors of UBS Group AG: Axel A. Weber, Michel Demaré, David Sidwell, Jeremy Anderson, Reto Francioni, Ann F. Godbehere, Fred Hu, William G. Parrett, Julie G. Richardson, Isabelle Romy, Robert W. Scully, Beatrice Weder di Mauro and Dieter Wemmer. In the financial year 2018 the following persons were member of the Group Executive Board of UBS Group AG: Sergio P. Ermotti, Martin Blessing, Christian Bluhm, Markus U. Diethelm, Kirt Gardner, Robert Karofsky, Sabine Keller-Busse, Ulrich Körner, Axel P. Lehmann, Tom Naratil, Piero Novelli, Andrea Orcel, Markus Ronner and Kathryn Shih. The Board of Directors proposed that discharge be granted to the members of the Board of Directors and the Group Executive Board for the 2018 financial year. In the subsequent discussion, one shareholder voiced an opinion.

The AGM declined to grant discharge to the members of the Board of Directors and Group Executive Board with regard to financial year 2018, with the following voting result:

Yes	895,039,192	41.67%
No	894,210,667	41.64%
Abstentions	358,396,393	16.69%

**Item 5**

**Re-election of members of the Board of Directors**

Before proceeding to the first election agenda item, the Chairman said farewell to Ann F. Godbehere and Michel Demaré, who had both been members of the Board of Directors since April 2009 and stepped down at this year's AGM.

The Chairman briefly introduced the members of the Board of Directors whose re-election was proposed.

**Item 6**

**Election of new members to the Board of Directors**

The Chairman then proceeded to the election of William C. Dudley and Jeanette Wong. Their curriculum vitae were briefly presented.

**Item 7**

### Election of members of the Compensation Committee

The Board of Directors proposed that Julie G. Richardson and Dieter Wemmer be re-elected and Reto Francioni and Fred Hu be elected for a one-year term of office as members of the Compensation Committee. In its constitutional meeting, the Board of Directors appointed Julie G. Richardson as Chairperson of the Compensation Committee.

No one wished to speak on items 5., 6. or 7.

### Re-elections 5.1. to 5.10.

The Board of Directors proposed that Axel A. Weber as Chairman, David Sidwell, Jeremy Anderson, Reto Francioni, Fred Hu, Julie G. Richardson, Isabelle Romy, Robert W. Scully, Beatrice Weder di Mauro and Dieter Wemmer, each of whose term of office expired at the 2019 AGM, be re-elected for a one-year term of office.

The AGM approved the election of the Board of Directors, with the following voting results:

#### Axel A. Weber as Chairman of the Board of Directors

Yes	1,988,281,090	92.24%
No	160,268,150	7.44%
Abstentions	6,833,644	0.32%

#### David Sidwell

Yes	2,078,739,334	96.45%
No	68,427,310	3.17%
Abstentions	8,245,867	0.38%

#### Jeremy Anderson

Yes	2,123,732,252	98.53%
No	21,937,028	1.02%
Abstentions	9,737,473	0.45%

#### Reto Francioni

Yes	2,068,644,541	95.98%
No	76,589,454	3.55%
Abstentions	10,041,311	0.47%

#### Fred Hu

Yes	2,065,421,104	95.83%
No	80,642,220	3.74%
Abstentions	9,294,520	0.43%

#### Julie G. Richardson

Yes	2,065,224,371	95.81%
No	81,165,540	3.77%
Abstentions	8,958,937	0.42%

#### Isabelle Romy

Yes	2,130,883,120	98.87%
No	15,300,330	0.71%
Abstentions	9,127,450	0.42%

#### Robert W. Scully

Yes	2,071,549,368	96.11%
No	74,048,959	3.44%
Abstentions	9,743,697	0.45%

#### Beatrice Weder di Mauro

Yes	2,131,734,975	98.91%
No	14,918,837	0.69%
Abstentions	8,667,996	0.40%

**Dieter Wemmer**

Yes	2,116,983,881	98.22%
No	28,924,457	1.34%
Abstentions	9,381,156	0.44%

The Chairman announced that all re-elected members of the Board of Directors had stated in advance of the AGM that they would accept their election in the event of a positive voting result.

**Elections 6.1. to 6.2.**

The Board of Directors proposed that William C. Dudley and Jeanette Wong be elected as independent members of the Board of Directors for a one-year term of office.

The AGM elected the new members of the Board of Directors, with the following voting results:

**William C. Dudley**

Yes	2,126,490,429	98.67%
No	19,071,320	0.88%
Abstentions	9,767,644	0.45%

**Jeanette Wong**

Yes	2,134,032,725	99.01%
No	10,590,980	0.49%
Abstentions	10,708,039	0.50%

The Chairman announced that the newly elected members of the Board of Directors, William C. Dudley and Jeanette Wong, had stated in advance of the AGM that they would accept their election in the event of a positive voting result.

**Elections 7.1. to 7.4.**

The Board of Directors proposed that Julie G. Richardson and Dieter Wemmer be re-elected and Reto Francioni and Fred Hu be elected for a one-year term of office as members of the Compensation Committee.

The AGM approved the election of the members of the Compensation Committee, with the following voting results:

**Julie G. Richardson**

Yes	1,981,786,562	91.94%
No	163,278,501	7.58%
Abstentions	10,261,877	0.48%

**Dieter Wemmer**

Yes	2,035,966,734	94.46%
No	108,957,563	5.06%
Abstentions	10,411,616	0.48%

**Reto Francioni**

Yes	2,056,439,699	95.41%
No	87,894,683	4.08%
Abstentions	10,984,164	0.51%

**Fred Hu**

Yes	2,054,525,678	95.32%
No	89,396,788	4.15%

Abstentions	11,352,211	0.53%
-------------	------------	-------

The Chairman announced that the elected members of the Compensation Committee had stated in advance of the AGM that they would accept their election in the event of a positive voting result.

## Item 8

### 8.1. Approval of the maximum aggregate amount of compensation for the members of the Board of Directors from the 2019 Annual General Meeting to the 2020 Annual General Meeting

The Board of Directors explained the proposed maximum aggregate amount of compensation of CHF 14,500,000 for the members of the Board of Directors for the period from the 2019 AGM to the 2020.

### 8.2. Approval of the aggregate amount of variable compensation for the members of the Group Executive Board for the financial year 2018

The Board of Directors explained the proposed aggregate amount of variable compensation of CHF 73,300,000 for the members of the Group Executive Board for the financial year 2018.

### 8.3. Approval of the maximum aggregate amount of fixed compensation for the members of the Group Executive Board for the financial year 2020

The Board of Directors explained the proposed maximum aggregate amount of fixed compensation of CHF 33,000,000 for the members of the Group Executive Board for the financial year 2020.

No one wished to speak on item 8.1., 8.2. and 8.3.

#### Vote 8.1.

The Board of Directors proposed that the maximum aggregate amount of compensation of CHF 14,500,000 for the members of the Board of Directors for the period from the 2019 AGM to the 2020 AGM be approved.

The AGM approved the proposal of the Board of Directors, with the following voting result:

Yes	1,852,102,479	85.93%
No	295,205,446	13.70%
Abstentions	8,030,899	0.37%

#### Vote 8.2.

The Board of Directors proposed that the aggregate amount of variable compensation of CHF 73,300,000 for the members of the Group Executive Board for the financial year 2018 be approved.

The AGM approved the proposal of the Board of Directors, with the following voting result:

Yes	1,755,430,524	81.44%
No	359,681,199	16.69%
Abstentions	40,234,255	1.87%

#### Vote 8.3.

The Board of Directors proposed that the maximum aggregate amount of fixed compensation of CHF 33,000,000 for the members of the Group Executive Board for the financial year 2020 be approved.

The AGM approved the proposal of the Board of Directors, with the following voting result:

Yes	1,869,081,908	86.72%
No	246,003,558	11.41%

Abstentions	40,253,078	1.87%
-------------	------------	-------

**Item 9****Re-election of the independent proxy, ADB Altorfer Duss & Beilstein AG, Zurich**

The Board of Directors proposed that ADB Altorfer Duss & Beilstein AG, Zurich be elected as the Independent Proxy for a one-year term of office expiring after completion of the AGM in 2020. No one wished to speak on item 9.

The AGM elected ADB Altorfer Duss & Beilstein AG, Zurich as the independent proxy for a one-year term of office, with the following voting result:

Yes	2,148,273,129	99.68%
No	3,576,128	0.17%
Abstentions	3,243,347	0.15%

**Item 10****Re-election of the auditors, Ernst & Young Ltd, Basel**

The Board of Directors proposed that Ernst & Young Ltd, Basel be re-elected for a one-year term of office as auditors. No one wished to speak on item 10.

The AGM re-elected Ernst & Young Ltd, Basel as auditors, with the following voting result:

Yes	2,043,489,704	94.83%
No	107,736,012	5.00%
Abstentions	3,611,570	0.17%

The AGM ended at 14:42 p.m.

Zurich, 14 May 2019

UBS Group AG

Axel A. Weber  
Chairman of the Board of Directors

Markus Baumann  
Group Company Secretary