

Annual Review

2017



Unlocking potential



Our Pillars are the foundation for everything we do.

Capital strength
Efficiency and effectiveness
Risk management

Our Principles are what we stand for as a firm.

Client focus
Excellence
Sustainable performance

Our Behaviors are what we stand for individually.

Integrity
Collaboration
Challenge

The framework for the Annual Review is set by the Annual Report, the Global Reporting Initiative and the Integrated Reporting Framework. This review is provided as a convenience to our investors, clients and other stakeholders who would like a brief overview of our business, strategy and performance in 2017. It should be read in conjunction with UBS's Annual Report 2017, which contains more detailed information and disclosure including management discussion and analysis and audited financial statements. Details about how to obtain the Annual Report 2017 and other publicly available information about UBS, including the Annual Report 2017 on Form 20-F for the year ended 31 December 2017, are set out on page 44 of this review. The information contained in this review is not to be construed as a solicitation of an offer to buy or sell any securities or other financial instruments in Switzerland, the United States or any other jurisdiction. No investment decision relating to securities, of or relating to UBS Group AG or its affiliates, should be made on the basis of this document. Unless otherwise indicated, figures are as of, or for the year ended, 31 December 2017.





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→ Our Annual Review and the Integrated Report complete with all the links, can also be found online: ubs.com/annualreview

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What we stand for...

Chairman of the Board of Directors
Axel A. Weber and Group CEO
Sergio P. Ermotti discuss some of
2017's highlights and long-term value
creation for UBS's stakeholders.



Axel A. Weber Chairman of the Board of Directors

What are the financial highlights
of the past year?

2017 was an excellent year for us, with profit before tax up 29% to CHF 5.3 billion. We also delivered on our CHF 2.1 billion net savings program. That said, at UBS performance is not just judged by annual financial results. One of our firm's three Principles – along with Client Focus and Excellence – is Sustainable Performance, which we define as focusing on the long term and providing consistent returns to our stakeholders.

Why was your net profit attributable
to shareholders far lower in 2017 than
it was in 2016?

Like many of our peers, we were affected by a net write-down of our US deferred tax assets, due to the new US tax law. We had been able to write up these deferred tax assets in the past few years, as a result of our strong profitability in the US, and they remain in place for future utilization. The write-down in 2017 had no impact on our fully applied CET1 capital and does not affect our ability to return capital. Excluding the effects of these US tax law changes, net profit was CHF 4 billion, up 22%.

Is UBS's capital position still a competitive
advantage?

Yes, definitely. Capital strength continues to be a key pillar of our strategy. Our fully applied CET1 ratios are comfortably above the 2020 requirements. Since 2012, we've substantially reduced risk and balance sheet exposures, while increasing our total loss-absorbing capacity by around CHF 50 billion to almost CHF 80 billion. Our progress and overall resilience is reflected in our valuation compared to peers, our credit ratings and, most importantly, the trust our clients place in us. At the same time, the greater visibility on future capital requirements provided by the Basel Committee at the end of 2017 enabled us to update our capital returns policy and plan more meaningfully for the future.

What are the details of your updated
capital returns policy?

Our aim is to further increase returns to shareholders while building on our strong capital position. Going forward, our priority is to pay an ordinary dividend, growing at mid-to-high single-digit percentage per annum, while considering supplementary returns, most likely in the form of share buybacks. For 2017, we intend to propose a dividend to UBS Group AG shareholders, for approval at our May 3rd Annual General Meeting (AGM), of CHF 0.65 per share, an 8% increase on the prior year. We'll also initiate a share repurchase program of up to CHF 2 billion over three years, including up to CHF 550 million in 2018.



Sergio P. Ermotti Group Chief Executive Officer

Did the UBS share price develop as you thought it would in 2017?

While we don't set specific absolute targets for our share price, our aim is that the unique value of our franchise – which is more than the sum of its parts – is properly reflected. A good measure is our valuation on a relative basis. From that perspective – looking at the ratio of our share price to our tangible book value – we've been trading at a ratio above one for the past six years and remain in a strong position compared to many peers. Relative share price performance is influenced by a number of factors including business models and geographic exposure. In 2017, peers with greater overall US presence and less influenced by low and negative interest rates in Europe and Switzerland were operating in a much more favorable macroeconomic setting. Combined with the changing regulatory environment in the US, this is reflected in relative transatlantic share price performance. Looking ahead, we've set ambitious return and efficiency targets for the next three years to drive further valuation growth.

Your strategy has remained the same for quite a while – is it time to change it?

While we continuously adjust and improve to adapt to a changing environment, our strategic focus on global wealth management and universal banking in Switzerland enhanced by focused and competitive Investment Bank and Asset Management businesses is right for UBS. Sustainable performance is only possible with a long-term strategy. We're the clear leader

in global wealth management and in Switzerland, with the most sophisticated capabilities. The global wealth management market is forecast to grow at twice GDP and as the firm with the most diversified geographic footprint, we are in the best position to benefit from this development. Now that we have more regulatory clarity on future capital and liquidity requirements, we are sharpening our focus on growth across our businesses and making further investments to continue increasing returns to shareholders.

Are your other businesses less important given your focus on wealth management?

No, the UBS franchise is unique and not just about wealth management. Our diversified business model also benefits from Personal & Corporate Banking, the Investment Bank and Asset Management. All are successful businesses in their own right. Together, they make a significant contribution to earnings, diversify revenues and generate high-quality returns. Without them, our Global Wealth Management business would not be what it is today, nor could it deliver on its aspirations. And our Swiss roots and UBS brand continue to be a huge advantage – both in our home market and in growth regions such as Asia Pacific.

... and where we are headed

“We are strongly committed to being – and remaining – a leader in the field of sustainability. Our cross-divisional organization UBS and Society focuses the firm on this direction.”

Where do you expect to grow and invest going forward?

From a geographic standpoint, we have a clear ambition to grow in the Americas and to reinforce our leadership in our home market Switzerland. And we are big believers in the Asia Pacific opportunity, especially China, where wealth creation continues to accelerate and we are in a very strong competitive position. In the Europe, Middle East and Africa region, we want to leverage our capabilities to grow our share in a market that is more and more likely to consolidate. To shape our digital future, we intend to keep investing at least 10% of the Group's revenues in technology, adding around CHF 1 billion in tech spend over the next three years. We'll focus these investments on enhancing and differentiating the client experience and product excellence UBS offers, while also accelerating effectiveness and efficiency.

Is your workforce prepared for these technology investments, which may automate many of their current tasks?

That's an existential question all companies are faced with when considering the fourth industrial revolution. On one hand, automation will be necessary, as from a demographic point of view more people will be retiring than entering the workforce. On the other hand, however, it's not just about technology, but about how we'll

work in the future. Companies that have succeeded in the past can't be complacent – they'll need to help their staff adapt. One way we do that at UBS is by providing learning and development opportunities to our employees. In 2017, they participated in approximately 765,500 training activities. And our own UBS University offers more than 2,400 e-learning and classroom-based trainings. It's our responsibility, but also that of our employees, to invest in their capabilities so that they stay agile and flexible.

Why have you not announced a new cost savings program?

We're no longer in restructuring mode, so efficiency has moved from being a program to how we run the bank day to day. And the fact that we just completed a cost savings program delivering CHF 2.1 billion in net savings does not mean efficiency is no longer on the agenda. We've set quite demanding internal targets for our business divisions and Corporate Center to drive positive operating leverage – so to increase revenues while reducing costs. We've also said that we're targeting a cost/income ratio of below 75% for the Group. What we've refrained from doing, however, is to go public with a big, aggregated savings number to be achieved in a number of years. While such an approach may attract headlines and please some in the analyst community, it can lead to behavior that runs contrary to our long-term approach and, for example, jeopardize client service and risk management, ultimately undermining sustainable performance.

“We have a clear ambition to grow in the Americas and to reinforce our leadership in our home market Switzerland. And we are big believers in the Asia Pacific opportunity, especially China.”

Who does UBS create value for?

Clients, shareholders and employees are the primary stakeholders we create value for. Our role as a bank is to finance economic growth by facilitating investment and credit. And we support people and businesses with the financial services they need to reach their goals. As a firm, we contribute by directly employing over 60,000 people, by consuming products and services and by paying taxes.

Is UBS paying taxes again in Switzerland?

Yes, we're actually a top taxpayer in the country. UBS's corporate tax payments over the last 20 years add up to around CHF 13 billion, including CHF 3.5 billion post-crisis. But being a good corporate citizen is about far more than just paying taxes. It also means acting responsibly, and our stakeholders expect nothing less.

How else does UBS create positive value for society?

We are strongly committed to being – and remaining – a leader in the field of sustainability. Our cross-divisional organization UBS and Society focuses the firm on this direction. It covers our activities and capabilities related to sustainable investing and philanthropy with clients, our environmental and human rights policies governing client and supplier relationships, our environmental footprint and our community investments. And, we're happy to report that we're being recognized for our work across these areas. Among others, the Dow Jones Sustainability Indices, which are the most widely respected sustainability ratings, confirmed UBS as the industry leader for the third year running in 2017.

How do you make sure your corporate culture supports long-term value creation?

Over the past six years we've brought a more traditional banking mentality to UBS, really focused on our clients, sustainable performance and excellence in everything we do. We've incentivized behaviors that underline the importance not only of what is achieved, but also how it's achieved. And we've set targets that drive long-term success. To capture the opportunities ahead, we'll continue to do just that.

These were our highlights

2017 was an excellent year for UBS. The bank delivered stronger financial results and we met our net cost reduction target. Greater regulatory clarity means we can open a new chapter for UBS, allowing us to sharpen our focus on growth across our businesses, make further investments in technology and deliver attractive returns to shareholders.

Best Investment Bank

The Investment Bank was named Best Investment Bank for the second year running by *Global Finance* magazine, as well as Best Bank for M&A. (Read more on page 18.)

Some of the best financial advisors

Wealth Management Americas client advisors featured prominently among the latest lists of top US financial advisors. *Barron's* Top 1,200 Financial Advisors included 167 UBS advisors, with five named top advisor in their respective states.

January

February

March

In 2017, UBS launched new Environmental, Social and Governance projects and initiatives.



UBS commits to help mobilize private wealth for public good

In its white paper for the World Economic Forum Annual Meeting in Davos, UBS unveils a blueprint for channeling private wealth towards the United Nations Sustainable Development Goals (SDGs).



UBS announces its new public-private partnership with SwissSkills

The partnership was presented in the presence of Federal Council member and Minister of Economy Johann Schneider-Ammann.



The future of finance

UBS launched another Future of Finance Challenge, a competition among fintechs from across the globe which showcases innovations that transform the world of finance and banking. This year's edition focused on four challenges: Digital Ecosystem, RegTech and LegalTech, Investment Banking 4.0 and Wealth in the Digital Age.



Best universal bank in Switzerland

For the sixth year in a row the international business magazine *Euromoney* named UBS Best Bank in Switzerland. The award recognizes the successful collaboration across all divisions, our expertise, our client-centric approach, the capacity for innovation and the commitment in our home market.

China license for AM

Asset Management was authorized to provide onshore fixed income, equity, and multi-asset private funds to institutional and high net worth investors in China. It is the first Qualified Domestic Limited Partner license-holder to receive a Private Fund Management license. (Read more on page 26.)

April

First quarter adjusted profit before tax CHF 1,934 million

May

June



Launch of the Social Investment Toolkit

UBS and Ashoka have launched a Social Investment Toolkit to further develop the growing social investment market. The Toolkit presents a series of modules that guide social entrepreneurs along the path of raising social investment.

UBS hits milestone in mobilizing private wealth for public good

UBS has raised USD 325 million for The Rise Fund as part of a five-year plan to mobilize private wealth for public good. The sum raised represents the largest investment in the private equity impact investment vehicle. Its objectives are aligned with the UN SDGs.

UBS joins UN working group on TCFD implementation

Sixteen banks, including UBS, and the UN Environment Programme Finance Initiative (UNEP FI) partner to collaboratively develop analytical tools that will help banks disclose their exposures to climate-related risks and opportunities, as envisioned by the TCFD (Task Force on Climate-Related Financial Disclosures).



Innovation and technology

The rollout of the One Wealth Management Platform (One WMP) in Asia Pacific places around 80% of Wealth Management's global assets onto a single operational IT platform. One WMP provides UBS with efficiency, scalability and new capabilities.



Credit rating upgrades

UBS's success in executing its strategy and improving its capital strength and risk control, as well as its track record of resilient business performance, were recognized recently with ratings upgrades by the credit rating agencies Fitch Ratings and Scope Ratings. Both agencies upgraded UBS AG to "AA-" from "A+" and UBS Group AG to "A+" from "A".

Diversity at UBS

Consistent with the commitment to increase the ratio of women in senior management roles, UBS recruited, for its annual Career Comeback Program, professionals wanting to restart their careers after a break in the UK, Switzerland and the US.

July

Second quarter adjusted profit before tax CHF 1,675 million

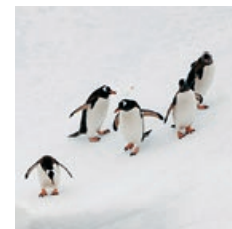
August

September



UBS confirmed as industry group leader in Dow Jones Sustainability Indices

UBS maintained its leadership position in the Diversified Financial Services and Capital Markets industry group of the Dow Jones Sustainability Indices, the most widely recognized sustainability rating, for the third year running.



Asset Management launches new Global Impact Equity Fund

The new open-ended, actively managed fund launched by Asset Management invests in long-term growth opportunities that aim to generate a positive impact on human well-being and environmental quality, alongside a consistent financial return.

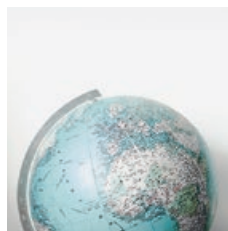


SwissSkills team wins 20 medals at WorldSkills

The SwissSkills team, sponsored by UBS, wins 11 vocational world champion titles and is the best European delegation at WorldSkills.

Delivering attractive capital returns

The Board of Directors intends to initiate a share repurchase program of up to CHF 2 billion over three years commencing in March 2018. Greater visibility on future capital requirements allows the bank to update the capital returns policy, with the aim to increase returns to shareholders while continuing to build on an already strong capital position.



The largest and only truly global wealth manager

After two years of alignment of Wealth Management and Wealth Management Americas, UBS is creating a unified business division, called Global Wealth Management (GWM). Effective 1 February 2018, GWM aims to enhance its superior client experience and product offering meeting the needs of an increasingly global client base.

October

Third quarter adjusted profit before tax CHF 1,506 million

November

December

Fourth quarter adjusted profit before tax CHF 1,221 million



New UBS DIB aims high

With the first Development Impact Bond (DIB) in the health sector, clients can let their money work and support mothers and children in India in the Maternal and Newborn Health DIB of the UBS Optimus Foundation. The innovative development aid by UBS secures the urgently needed sources of finance and achieves sustainable social returns.



UBS second in ShareAction ranking

UBS is ranked second in the comprehensive report Banking on a Low-Carbon Future by ShareAction. The ranking captures the current state of the 15 largest European banks' response to climate-related risk and the low-carbon transition. It follows UBS being recognized by CDP as a leader on climate action, with the firm positioned on the organization's Climate A List.

How we create and measure value

We are defined by people – but numbers help. As a financial institution, we understand the importance of numbers and are proud of how they reflect our continued focus on delivering business and financial results for our stakeholders.

Value in

Human

- 294 apprentices hired in 2017
- 565 university graduates hired into one of our undergraduate or MBA graduate talent programs
- 576 interns

Financial

- We spend over 10% of revenues on technology to enhance our business and accelerate efficiency and effectiveness
- Common equity tier 1 (CET1) capital: CHF 30,044 million
- Since 2012, UBS has increased its total loss-absorbing capacity by around CHF 50 billion to almost CHF 80 billion

Relationships

- 3,794 client advisors in Wealth Management and a network of 6,822 financial advisors in Wealth Management Americas
(Wealth Management and Wealth Management Americas have been merged to Global Wealth Management effective 1 February 2018)
- UBS Switzerland has 4,343 front-facing employees



61,253
employees



39%
are women

34%

Americas

34%

Switzerland

18%

EMEA

14%

Asia Pacific



More than 150
languages spoken



61%
are men



134
nationalities



51
countries

→ For further information regarding the Integrated Report: [ubs.com/annualreview](https://www.ubs.com/annualreview)



We provide financial advice and solutions to wealthy private, institutional and corporate clients worldwide, as well as private clients in Switzerland. The operational structure of the Group is comprised of our Corporate Center and four business divisions: Global Wealth Management, Personal & Corporate Banking, Asset Management and the Investment Bank.

Value out

Human

- Our permanent employees participated in approximately 765,500 development activities, an average of 2.3 training days per employee
- 31% of the UBS employees volunteered 168,226 hours on various community projects

Relationships

- Value added to clients through products and services: UBS named *Euro-money's* Best Bank in Switzerland and voted Best Global Wealth Manager
- In our Swiss business, client satisfaction rose by more than 50% between 2009 and 2015

Environmental and social

- Sustainable investments increased to over CHF 1.1 trillion, representing nearly 35% of total invested assets
- 126,279 direct beneficiaries as a result of our community investment
- Leadership position in the Diversified Financials industry group of the Dow Jones Sustainability Indices

Financial



Operating income



Operating expenses



Invested assets



Operating profit before tax



Common equity tier 1 capital ratio (fully applied)



Dividends per share to be proposed at the AGM for FY 2017



Tom Naratil (left), Co-President Global Wealth Management and President UBS Americas, and **Brian Hull**, Head of Wealth Management USA, talk about the future of our US wealth management business.



Feel small, play big

Our wealth management business in the Americas achieves record profit after implementing a new operating model focused on clients, advisor retention and organic growth.

Since 2016, Wealth Management Americas (WMA) has been undergoing a reinvention of sorts – one designed to enhance focus on both clients and advisors. “Our clients’ need for personalized advice has never been greater,” said Tom Naratil, Co-President Global Wealth Management and President UBS Americas. “We must make the most of our unique opportunity to feel small and play big – to combine the agility of a boutique firm with the capabilities of the only global wealth manager.” After the multi-year turnaround led by Bob McCann (now Chairman UBS Americas), the business would now focus on bringing decision-making closer to clients and retaining key advisor talent rather than relying on recruiting to fuel growth.

“Our organic growth strategy depends on our ability to work with our existing advisors to help them be even more productive and go even deeper with our clients,” insisted Brian Hull, Head of Wealth Management USA. In 2017, WMA achieved a record of roughly USD 1.4 billion in profit before tax. Invested assets climbed to a record of more than USD 1.2 trillion. And our advisors continue to lead the industry in productivity. But the journey from idea to implementation to transformation has not been a simple one. The approach focused on four key pillars.

Tom Naratil and Brian Hull meet regularly with financial advisors and field leaders to discuss ways to continually enhance how we serve clients.



Identifying the priorities

WMA began to shift away from recruiting as its primary growth strategy and to instead focus more on retaining and supporting existing advisors. A commitment to a 40% reduction in recruiting meant more resources could be devoted to coaching advisors and delivering tools and solutions that drive organic growth. Additionally, a new, simpler compensation plan for advisors is more transparent and is based on rewarding productivity, growth and loyalty. In just 18 months, the cumulative result has been lower attrition, higher productivity and a renewed commitment to making UBS the best place for advisors to join, grow with and retire from.

Empowering the right people

The Executive Committee also de-layered management hierarchies and began pushing decision-making closer to clients. WMA restructured the Client Advisory Group into four divisions and 43 markets across the region. That change made it easier to shift the focus to empowering branch managers with the authority and accountability to make important decisions and to be more responsive to our clients and advisors.

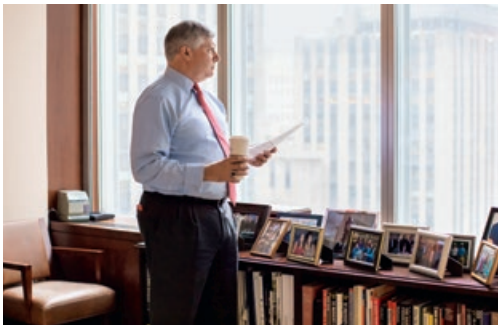
Leveraging the best tools

WMA made a commitment to increase its investment in next-generation technology, both on the front and the back end. For example, in 2016 UBS formed a strategic alliance with SigFig, a leading wealth management technology company, in order to create customized digital tools that will help advisors provide advice on assets more efficiently. And, because we want our clients and advisors to more easily access our full capabilities, we introduced more banking, planning and technology support in the field.



“We must make the most of our unique opportunity to feel small and play big – to combine the agility of a boutique firm with the capabilities of the only global wealth manager.”

Tom Naratil



Seeing the bigger picture

Two years ago, we began to more closely align Wealth Management and Wealth Management Americas. On 1 February 2018, the businesses merged into a unified Global Wealth Management division, under the leadership of Co-Presidents Tom Naratil and Martin Blessing. The result is a wealth manager that today is better equipped to serve clients with global perspectives, better able to leverage the strength of its CHF 2.3 trillion invested asset base and poised to realize greater synergies across the business.

It's been a busy two years for the wealth management business in the Americas. However, the changes are paying off – transforming it into a more client-focused and advisor-centric operation with a small-firm feel, even as we move forward on a bigger, global stage.



“These families have the drive and ability but often don't know where to begin or how to forge collaborative partnerships. That's where we come in, bringing people with shared passions together.” – Bill Sutton, senior strategist, Family and Philanthropy Advisory Americas

Bringing people together

UBS helps clients to advance their philanthropic projects by compounding the power of capital with organized, purposeful collaboration.

Since early 2015, UBS has been bringing together families that have the means and the passion for effecting change in the autism community with a network of entrepreneurs, experts and organizations that share this goal. Fueled by the commitment of UBS clients Billy and Jennifer Frist, this initiative has progressed – growing to include a community of over 20 philanthropic families across the globe and involving organizations that support people affected by autism in different ways, from scientific research to employment programs.

Capital is not always enough

In 2017, the success of this philanthropic community continued to grow. Together with the Frists, Vanderbilt University and The Precisionists, we launched The Nashville Model, a program designed to improve employment opportunities for individuals on the autism spectrum. There was also significant support for autism research, including the Frists' USD 20 million investment in Curemark, a biopharmaceutical company investigating methods of reducing the symptoms of autism. Additionally, we hosted the third annual UBS Global Autism Innovation Roundtable in Jupiter, Florida, at the Els Center of Excellence, established by professional golfer Ernie Els and the Els for Autism Foundation. As a financial institution, we, of course, know the importance of capital. However, we also understand that, when it comes to effecting change, capital is not always enough. To be most effective, philanthropy requires collaboration – and to that end, we have worked to connect like-minded people and organizations for the best possible results.

→ Learn more about our projects:
ubs.com/philanthropy

Slow and steady to the top

Investment Bank's research unit has been named Top Global Equity Research Firm of 2017 taking the top spot in the ranking of the renowned financial US magazine *Institutional Investor*.

Just four years ago, the UBS Evidence Lab was at number seven in the *Institutional Investor's* ranking. But a change in the way they approach research has resulted in climbing steadily year on year, and today they are number one and the world's largest sell-side team of experienced primary research experts.

The ranking, based on votes by buy-side analysts and portfolio managers, is an important distinction for sell-side analysts and research teams. Clients voted for their preferred research analysts and teams in each region. Collectively, this resulted in UBS holding 162 leading positions across the world, ahead of more than 270 other sell-side firms competing in the polls.

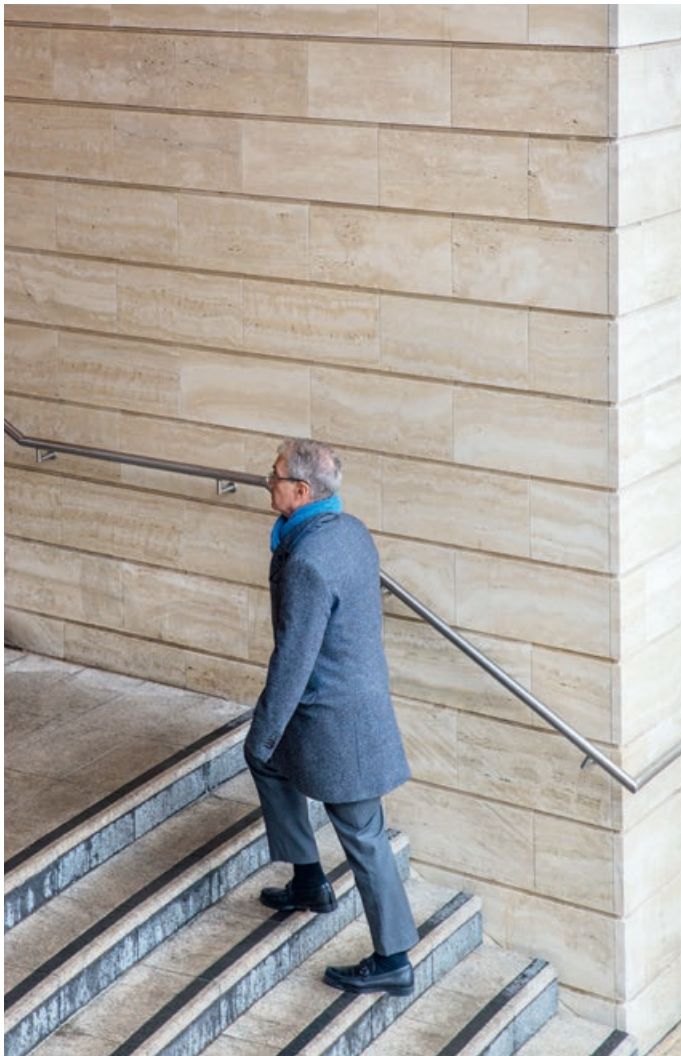
What caused this success? "While others cut back, we've continued to invest in research," says Juan-Luis Perez, Global Head of Research, adding that the results of the survey "underline the progress we continue to make and the strength of UBS's global equity research franchise, our analysts and differentiated research platform." One thing is certain, having top-ranked analysts globally is key because they are in the best position to identify the research questions that matter the most to investors.

Collaboration, innovation and determination

The mission of UBS Research is to provide question-driven, evidence-based research to leading institutional investors globally. UBS Research analysts now work together with primary research experts from the UBS Evidence Lab to uncover new evidence that helps validate their views. To address the questions that matter most to our clients, the UBS Evidence Lab team applies the appropriate research methods from their toolkit of quantitative market research, digital footprint analysis, geospatial analysis, data science and statistical modeling. Whatever the question, they find a method to tackle it – even if it means tearing down an electric car, as they recently did to assist a group of over 30 UBS Research analysts.

Juan-Luis Perez, Global Head of Research, aims to provide our institutional clients with evidence-powered answers to pivotal questions through a structured framework that connects the dots across sectors, regions and asset classes.





“While others cut back, we’ve continued to invest in research.”

Juan-Luis Perez

In practice, this means that UBS Research analysts, economists and strategists have adapted the traditional scientific method in their coverage of almost 3,000 stocks as well as other asset classes and economies around the globe. More than 2,000 of the reports published by the UBS Research every year now include evidence from UBS Evidence Lab. They aim to give our institutional clients new ideas based on new evidence – and a structured framework to connect the dots across sectors, regions and asset classes.

It’s all about new ways of thinking

For this reason the success of the Investment Bank’s research unit is born out of the division’s clear, concise and focused strategy based on delivering excellence and working in partnership. What the UBS Evidence Lab has also successfully done is marry the classical analyst-driven security evaluation with innovations in investment research. “We are trying to develop a new culture where both types of research are respected,” says Barry Hurewitz, Global Chief Operating Officer of Research, hinting at how challenging it is to innovate something as long established as research. “The secret is not data, it’s not even the analysts. It’s creating new ways of thinking,” Barry Hurewitz explains.





In the industry-recognized poll, UBS holds 162 leading positions across the world, ahead of more than 270 other sell-side firms.



Marième Jamme's movement aims to train one million female programmers by the year 2030.

A million female programmers

"Creating a shared future in a fractured world," the theme at the 2018 World Economic Forum, could also be the title for Marième Jamme's life story.

As one of UBS's Global Visionaries and founder of the inspirational project "iamtheCODE," Marième puts her energy, charisma and experience into mobilizing governments, businesses and investors to train girls and young women in STEAMD subjects (science, technology, engineering, applied mathematics and design). Her goal is for a million female programmers to have been trained by the year 2030. "If we want to bridge the digital divide and create the next generation of digital leaders, we urgently need a new and bold vision for access to education for girls," says Marième, referring to the over 65 million girls who are prevented from going to school.

How UBS supports the movement

Her plan is driven by her own traumatic experiences as a girl. Growing up in rural Senegal, she was given away at an early age and spent several years in care before being trafficked to Paris. She didn't go to school until she was 16. "iamtheCODE" is her latest project building on the UN's Sustainable Development Goals (SDGs).

This is where UBS comes in. UBS is supporting Marième and other inspiring thought leaders through its Global Visionaries program, launched in 2016. "UBS puts its staff and business experience at the service of the Global Visionaries in the form of mentoring, social media campaigns, contacts with ultra high net worth clients and media partnerships, in order to publicize their stories and support the UN's Sustainable Development Goals," says Simon Smiles, CIO Ultra High Net Worth Clients, UBS Wealth Management.

→ Find out more about Marième and other Global Visionaries: ubs.com/globalvisionaries



On the high art of service

In the domestic market, our Corporate & Institutional Clients (CIC) business area looks after 95% of the 200 biggest Swiss companies and more than half of all small and medium-sized enterprises (SMEs). One of those is the Fribourg-based company Cash Hôtel. CIC provides them with greater planning security and helps them to expand.

Yvo Biemann acquired his passion for the perfect dining culture virtually in the cradle, because his parents ran a restaurant. In 1993, he set up his own company: Cash Hôtel, which has been equipping and supplying the kitchens and dining rooms of hotels, restaurants and hospitals ever since. When, in 2007, Yvo Biemann wanted to build larger company headquarters in the Fribourg town of Givisiez, he asked UBS for funding. Over the last ten years, Cash Hôtel has grown to become the market leader in the haute cuisine segment in French-speaking Switzerland – and he is still hungry for more. “We believe that our slightly different approach will go down well in German-speaking Switzerland, too,” says Yvo Biemann, explaining his plans to expand into neighboring regions.

Growth needs an experienced partner

Like many other Swiss SMEs, Cash Hôtel has established close international trading relationships. The result of this is that fluctuating exchange rates have an ever greater effect on the company's financial situation and make calculating profit margins more and more difficult. “When we did a cash flow analysis for Cash Hôtel, we could see that the exchange rate risk was growing, putting margins at risk and making financial planning difficult,” recalls Biemann's corporate client advisor Claude-Michel Nein. “That's why we advised Yvo Biemann to protect his company's foreign currency positions against exchange rate losses, so that he could concentrate on implementing Cash Hôtel's strategy for growth.” Currency forward contracts proved to be the most efficient way of stabilizing margins. “Depending on the client's requirements, there is a range of other, bespoke ways of optimizing the situation,” adds Stéphane Mathey. The Head of the CIC business area in French-speaking Switzerland and his team use their expertise to support businessmen like Yvo Biemann.

Corporate client advisor
Claude-Michel Nein
on his way to the headquarters of Cash Hôtel, a client he has known and supported with his team's expertise for years.



“We believe that our slightly different approach will go down well in German-speaking Switzerland, too.”

Yvo Biemann, founder and CEO of Cash Hôtel

Getting better every day

As Switzerland's leading bank for corporate clients, UBS offers a full range of financial products and services and has a well-collateralized and conservatively managed credit portfolio. The CIC business area is a central pillar of UBS in Switzerland and it works closely with the firm's Wealth Management, Investment Bank and Asset Management divisions. This allows products and solutions to be tailored to meet the specific financial needs of every individual client. In 2017, UBS was named Best Domestic Cash Manager Switzerland for its first-class service for the seventh year in succession, on the basis of a customer survey carried out by the international finance magazine *Euromoney*.

To build on this leading position, in 2017 we introduced a number of product and service innovations such as the Remote Expert, a video conference tool that gives corporate clients direct access to product specialists. Two more innovations are the improved account opening app and the Liquidity Cockpit, which enables corporate clients to see all of their companies' cash flows at a glance and control them easily. UBS has also introduced the multibank-enabled KeyPort portal for medium-sized and large companies, which allows them to handle all their payment processes via a single channel. UBS Atrium was another innovation in 2017. On this new networking platform, mortgage seekers can meet Swiss institutional investors in search of reliable, long-term financing opportunities in Swiss real estate.



Ten years ago, business founder Yvo Biemann entrusted UBS with financing the construction of the new headquarters. Today we provide him with advice in expanding his business.



Founder and CEO of Cash Hôtel Yvo Biemann not only discusses business strategies with UBS's Claude-Michel Nein but also likes to show him his selected range of professional hotel equipment.



"By consolidating its property portfolio and implementing energy efficiency measures, UBS recorded the lowest energy consumption in the bank's history in 2017," says Simon Heller, Head Environmental Management.

Lowest electricity consumption ever

In 2017, Asset Management defended the bank's lead position in international sustainability rankings for property funds. UBS properties, too, are meeting strict environmental standards.

As a corporation, we are consistently reducing our environmental footprint. Simon Heller is in charge of internal environmental management: "We have been setting quantitative targets for reducing UBS's environmental impact for years, and we operate a comprehensive environmental program. The bank is also involved in various global and national initiatives: for example, we support RE100 and we are committed to obtaining 100% of our electricity from renewable energy sources by 2020." This resulted in the lowest electricity consumption since the merger that created today's UBS in 1998.

Increasing energy efficiency

In Switzerland alone, UBS has increased its energy efficiency by more than 35% since 2000, resulting in energy savings of over 14 million francs a year. As a founding member of the Zurich Energy Model, which has been setting targets for increasing energy efficiency and reducing CO₂ emissions for 30 years, we regularly share experience with other major companies. Furthermore, UBS has also entered into a voluntary agreement on objectives with the national and cantonal governments, under which it is committed to becoming 2% more energy efficient every year.

One current project is the complete renovation of the historic UBS headquarters in Zurich. While taking account of strict heritage preservation requirements, the neoclassical building will also comply with the latest energy and environmental standards.

→ For further information:
ubs.com/environment





Shaping the future

Asset Management (AM) receives Private Fund Management license in China allowing it to enhance the range of services to onshore and global clients.

For the last three decades, China has implemented wide-ranging economic reform that has helped open the financial sector. The country is determined to move on from reliance on state-directed loan financing to a system based on more diversified and disciplined credit channels that allows foreign capital to play a greater role in developing its infrastructure and boosting the domestic economy. However, to date, most attempts by international financial services firms to establish a bridgehead in the lucrative Chinese market have come to nothing. Notwithstanding the challenging regulatory environment, UBS is one of only a handful of international firms to turn a profit in China.

Potential too great to ignore

Rob Stewart, Head Communications Asia Pacific, describes the development of UBS's offering in China as a "learning process," but with USD 3 trillion in foreign reserves, a steadily rising GDP, and an asset management industry estimated to expand to USD 17 trillion by 2030, the potential of China is too great to ignore.

In 2017, AM was granted a Private Fund Management (PFM) license by the Asset Management Association of China (AMAC) enabling it to offer onshore investment products to institutional and high net worth investors in China via its wholly foreign-owned enterprise (WFOE) UBS Asset Management (Shanghai) Limited.

Kathryn Shih, President UBS Asia Pacific, and **René Bühlmann**, Head Asia Pacific at Asset Management, are based in Hong Kong and very aware of China's business potential.



In November 2017, AM launched the first domestic Equity Private Fund provided by a foreign asset manager in China. This is in addition to the range of products AM already offers through its joint venture UBS SDIC, which has served retail clients in China since 2005. “Securing the license expands the breadth and depth of our domestic offering, complements our offshore capabilities and, importantly, demonstrates our continued support of China in its efforts to open its capital markets to the world,” explains René Bühlmann, Group Managing Director, Head Asia Pacific at Asset Management.

“Asset Management has been serving China investors since the 1990s. With the addition of the PFM license, augmented by our other platforms in China, we can provide services to onshore and global clients. It also allows us to work more closely with subsidiaries of global firms in China to meet their domestic investment needs.”

A key market

UBS is the first international asset manager to hold both a PFM license and a Qualified Domestic Limited Partner (QDLP) scheme quota and, since the launch of the QDLP offering in 2016, AM has helped domestic clients invest in alternative assets offshore. At the same time, the firm has built a foundation on which to further grow its business in China through an ambitious hiring program and the establishment of three UBS University campuses as well as Business Solutions Centers in Shanghai, Wuxi and Beijing. UBS has long identified China as a key market with a business potential too great to be ignored.

“This is a mark of our continued support of China in its efforts to open its capital markets to the world.”

René Bühlmann





Asset Management has been serving China investors since the 1990s. Today, UBS provides services to onshore and global clients.



With the UBS Optimus Foundation's help, we built a model of vision care for rural communities.

Sharing a vision

Together with our donors we are working to ensure that every child receives quality education, healthcare and the right to childhood.

When it comes to education and development, nothing brings the future into focus like having the right resources. Correcting eyesight can boost student learning by the equivalent of an entire extra year of school. However, Stanford University's Rural Education Action Program (REAP) has found that, for instance, within rural China, only about one in seven children who need glasses actually has them.

UBS covers all administrative costs

Together with donors, our UBS Optimus Foundation supports REAP in their effort to develop a more efficient vision care model throughout China – working to enhance the capabilities of local organizations and incorporate vision care into local governments' healthcare agendas. And this collaboration has proved successful. We were able to support six vision centers that in turn helped about 15,000 children get the care they needed. In the future, we will continue to work closely with REAP to provide reliable and continuous funding to support services such as screening for more complex disorders and building telemedicine platforms for diagnosis and treatment.

We strive to help our donors see the bigger picture – so they can find the right programs and partners as well as manage their efforts in a transparent way with all administrative costs covered by UBS. Together we bring transformative, sustainable and scalable benefits to those who need them most.

→ For more inspiring stories like Sharing a vision, please visit: ubs.com/optimus



Learn more, be more

For UBS to stay agile in a changing world, we launched UBS University, a comprehensive platform for employees to take their growth and development into their own hands.

In a world where change is constant and where artificial intelligence is becoming increasingly sophisticated, knowledge is what sets us apart and keeps us flexible and competitive as a firm and as individuals. A workforce that adapts and regularly builds its knowledge keeps its employer ahead of the competition too. "Learning plays a key role in organizational success. That is why we want to create an environment at UBS where our employees can accelerate their growth," Stefan Seiler, Group Head Human Resources, says. In his previous role as Head Talent and Recruiting, he transformed internal learning and development at UBS by launching UBS University and elevating talent topics across the firm.

The launch of UBS University

We launched UBS University in 2017 as a one-stop resource for employees' continued professional growth, building on our existing learning and development platforms. In total, we offer more than 2,400 trainings – ranging from leadership and advisory training to skill development and specialist product training. Courses are available on demand and delivered in a variety of methods including classroom training, e-learning, videos and webinars. The offering is constantly evolving.

In 2017, two new UBS University campuses opened in China, one located in Beijing and the other in Wuxi. They complement campuses that already exist in the Asia Pacific region, located in Hong Kong, Singapore and India. This expansion exemplifies UBS's commitment to the development of local talent in the region.

Stefan Seiler, Group Head Human Resources, and **Siobhan McDonagh**, Head HR Investment Bank, keep UBS employees ahead of the competition by making sure they have opportunities to develop and grow.

Learning for today and tomorrow

All our employees can benefit from learning and development opportunities that support them in enhancing their knowledge and skills at all ages and career stages. In 2017, our permanent employees participated in approximately 765,500 development activities, including mandatory training on compliance, business and other topics. This was an average of 12.2 training sessions, or 2.3 training days, per employee.

Global demographic changes mean that many people are working longer in life, and doing so in a rapidly changing environment. This makes ongoing training and personal development more important than ever. We have a number of classes, events and initiatives that target experienced employees across the firm. One example is a suite of lifelong learning programs for age 45+ employees in Switzerland – including specialized learning, personal career planning sessions and training in information and communication technologies, networking, languages, social media and multi-generational collaboration.

Empowering leaders and developing careers

We expect our leaders at all levels to support our strategy and be role models for behaviors that further strengthen our culture. We develop current and future leaders through a leadership program suite that spans from first-level line managers to senior executive levels. Programs like our Senior Leadership Experience for our most senior executives and the Senior Leadership Program for managing directors help define our expectations for leadership excellence and build confidence in our strategy and culture. All employees and managers are asked to consider development activities and career planning in regular, two-way discussions. And line managers are expected to actively support both development and internal mobility for employees, as these are key factors for professional growth, engagement and retention.

By encouraging our employees to actively work on their development and design their own individual learning journeys, UBS fosters an inspiring work and learning environment. “It means that we take full ownership of our own lifelong learning,” says Stefan Seiler, “and develop our capabilities to stand out as a winner, today and tomorrow.”

“Learning plays a key role in organizational success. That is why we want to create an environment at UBS where our employees can accelerate their growth.”

Stefan Seiler





Stefan Seiler and Siobhan McDonagh are convinced that lifelong learning is critically important.



“Our partnership with the Bridge exemplifies how UBS behaves and operates – it is a long-term relationship built on collaboration, determination and a passion to excel,” explains Andrea Orcel, CEO of UBS AG London Branch and UBS Limited.

A school's decade of success

UBS celebrates a milestone achievement in its support of The Bridge Academy, a secondary school that provides excellent and inclusive education to the local community.

The academic year 2017/18 marks the 10-year anniversary of our flagship Community Affairs education partnership with The Bridge Academy. “What I’m most proud of is how far we go back, and how long people have worked together to bring sustainable success to students,” said Andrea Orcel, CEO of UBS AG London Branch and UBS Limited. The Bridge Academy is a secondary school (11- to 18-year-olds) in Hackney, London. Co-founded by UBS (the first financial services firm to do so) and a private client, it is in the top 5% of the most disadvantaged schools nationally. Despite this challenging context, in 2017, the Academy was placed in the top 10% nationally for student progress in exit exams. The school also achieved its best exam results and placements to date, with 91% of graduating students accepting university places – of these, 71% are the first in their family to do so.

Support of younger children planned

Since 2003, UBS employee volunteers have contributed more than 61,000 hours across a range of activities, including final-year and subject mentoring, career and enterprise workshops, reading and maths breakfast clubs, work placements and interview practice. The partnership gives students the opportunity to gain exposure to the business world and provides external expertise and support that might not otherwise be available. There are plans underway to build partnerships to support children from an earlier age and raise the level of employee engagement even further.

→ Find out more about The Bridge Academy:
www.bridgeacademy.hackney.sch.uk

Preserving the world and value

UBS addresses climate change with a comprehensive strategy. Rahel Wendelspiess of the environmental and social risk unit ensures we meet our commitment to a low-carbon economy.

Rahel Wendelspiess has been in UBS's environmental and social risk team for almost seven years. They oversee UBS's climate change strategy and monitor emerging risks in this area. The team members are based in offices in Asia, Europe and North America, so that client requests can be met around the clock. She enjoys the broad mandate of the team: "We identify and manage the risks related to environmental and human rights issues and we make sure that UBS complies with standards of responsible banking." The mandate also resonates with her values. "I am interested in environmental and societal issues and believe that, in this job, I can contribute to relevant ethical considerations when doing business."

Many of the world's key environmental and social challenges – such as population growth, energy security, loss of biodiversity, and access to drinking water and food – are closely intertwined with climate change. UBS's comprehensive climate change strategy thus focuses on the many ways we can support the transition to a low-carbon economy.

Rahel Wendelspiess has been in UBS's environmental and social risk team for almost seven years. The team oversees UBS's climate change strategy and monitors emerging risks in this area.





Reducing investment in coal...

For example, we limit our engagement in the coal sector. Coal-fired power plants are no longer financed in some countries and in the others, they are subject to restrictions aimed at reducing emissions and overall a strategy to reduce coal dependency. Also, capital raising and lending to the coal mining sector is severely restricted and mountaintop removal operations are not supported at all.

We will also not engage in certain activities that contribute to deforestation, which is second only to the energy sector as a source of global greenhouse gas emissions. Nor will we do business if there is a risk of hindering the protection of wetlands or the conservation of forests, nor if forest clearing by fire or illegal logging is involved.

...and our own ecological footprint

Besides managing these risks, we also offer innovative products and services that make a positive contribution to climate change mitigation or adaptation. Our portfolio managers can show the carbon footprint of portfolios. We provide our clients with research capacity on climate change issues and an innovative, climate-aware, rules-based fund. And we support renewable energy and clean tech transactions worldwide. We also launched an engagement strategy around climate-related topics.

Also, by providing capital-raising and strategic advisory services to companies whose products make a positive contribution to climate change mitigation or adaptation, we mobilize capital for the transition to a low-carbon world economy. Finally, UBS continues to reduce its own environmental impact and will increase the firm's share in renewable energy to 100% by 2020. This is a reduction of our greenhouse gas footprint by 75%, compared to 2004 levels.



The environmental and social risk team is based in offices in Asia, Europe and North America, so that client requests can be met around the clock.



“I am interested in environmental and societal issues and believe that, in this job, I can contribute to relevant ethical considerations when doing business.”

Rahel Wendelspiess



“We have a solid framework with multiple layers of independent controls in place,” Christian Bluhm, Group Chief Risk Officer, says.

Risk-taking today and in the future

Christian Bluhm, Group Chief Risk Officer, foresees more investments in cyber and financial crime prevention.

What major risks does UBS currently face?

As a bank, risk-taking is a fundamental part of what we do, but of course there are always risks that have the potential to harm our business. The ones that continue to keep us busy are cyber and financial crime risks.

How do you manage these risks?

As you’d expect, we have a solid framework with multiple layers of independent controls in place. This covers the entire client relationship lifecycle and factors in external events and evolving regulations. And we continue to invest substantial resources in data protection and infrastructure security. We believe that effective cyber security as well as managing risks arising in the area of financial crime relies on people, process and technology controls – that’s why we’re committed to providing education to both our employees and current and potential clients. To further develop our intelligence and capabilities, we liaise with our peers, the broader industry and law enforcement agencies.

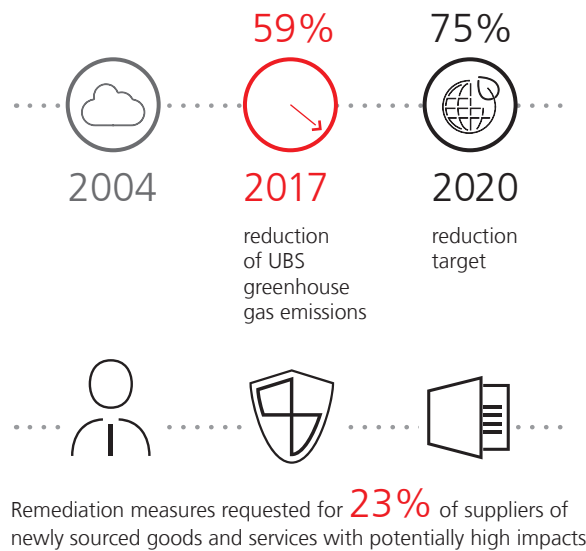
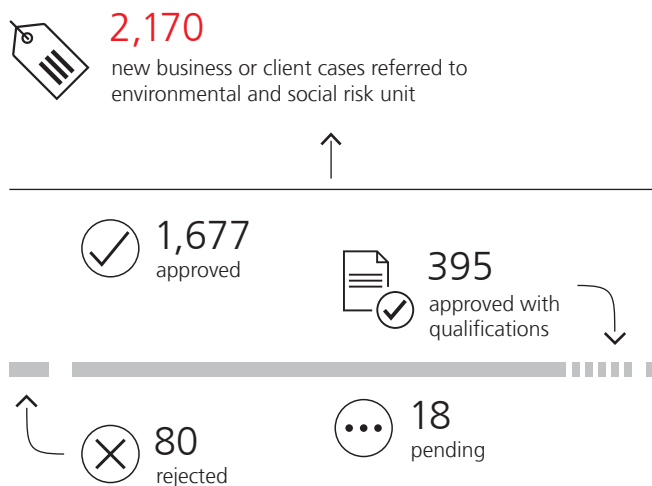
What future risks do you anticipate and how do you plan to tackle these?

Cyber and financial crime risks will continue to be a reality in our business, so continued commitment to make further investments in these areas is required. And we’ll further develop our partnership with regulatory and enforcement authorities and other banks to continuously improve our detection and monitoring capabilities to protect UBS against those risks.

Weighing our impact

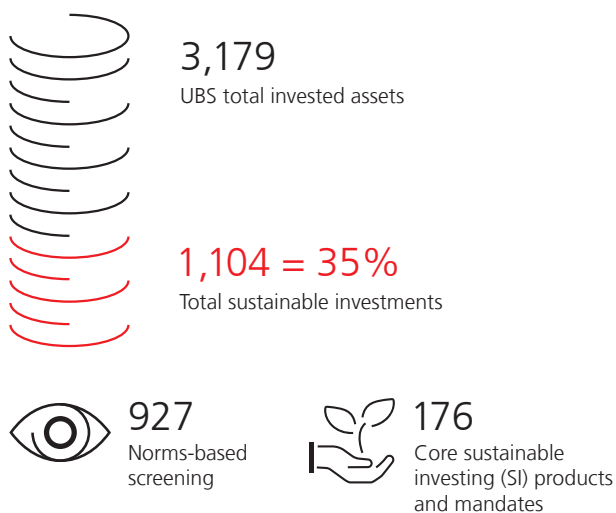
We consider responsible, forward-looking strategy an integral part of overall business success. Our interactions with our clients, communities and world are thus underpinned by sustainable thinking.

How we do business

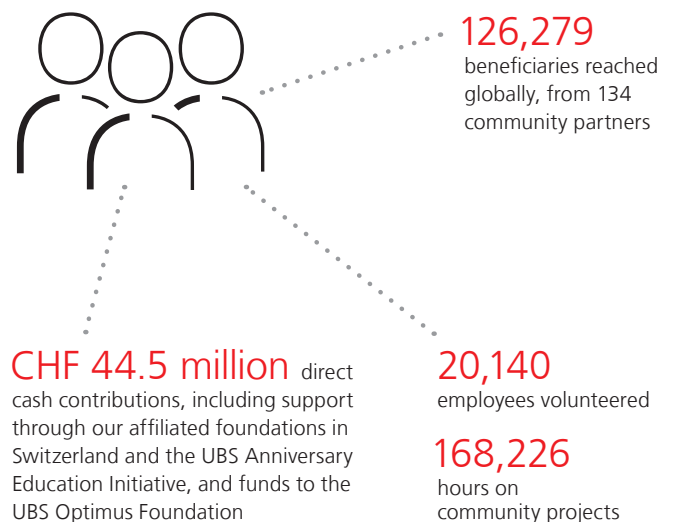


How we support our clients

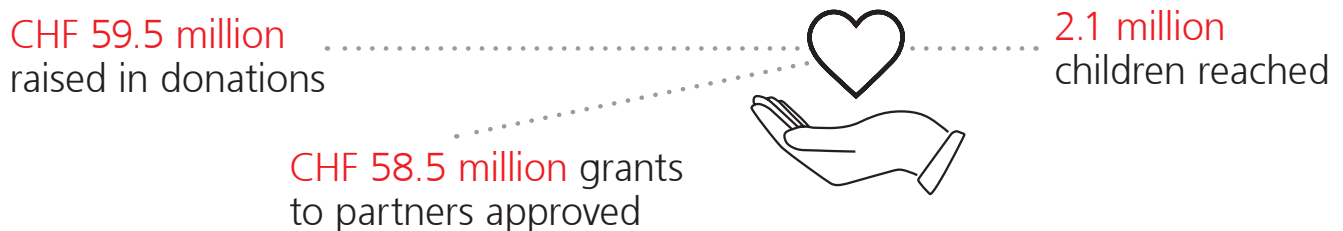
in CHF billion



How we support our communities



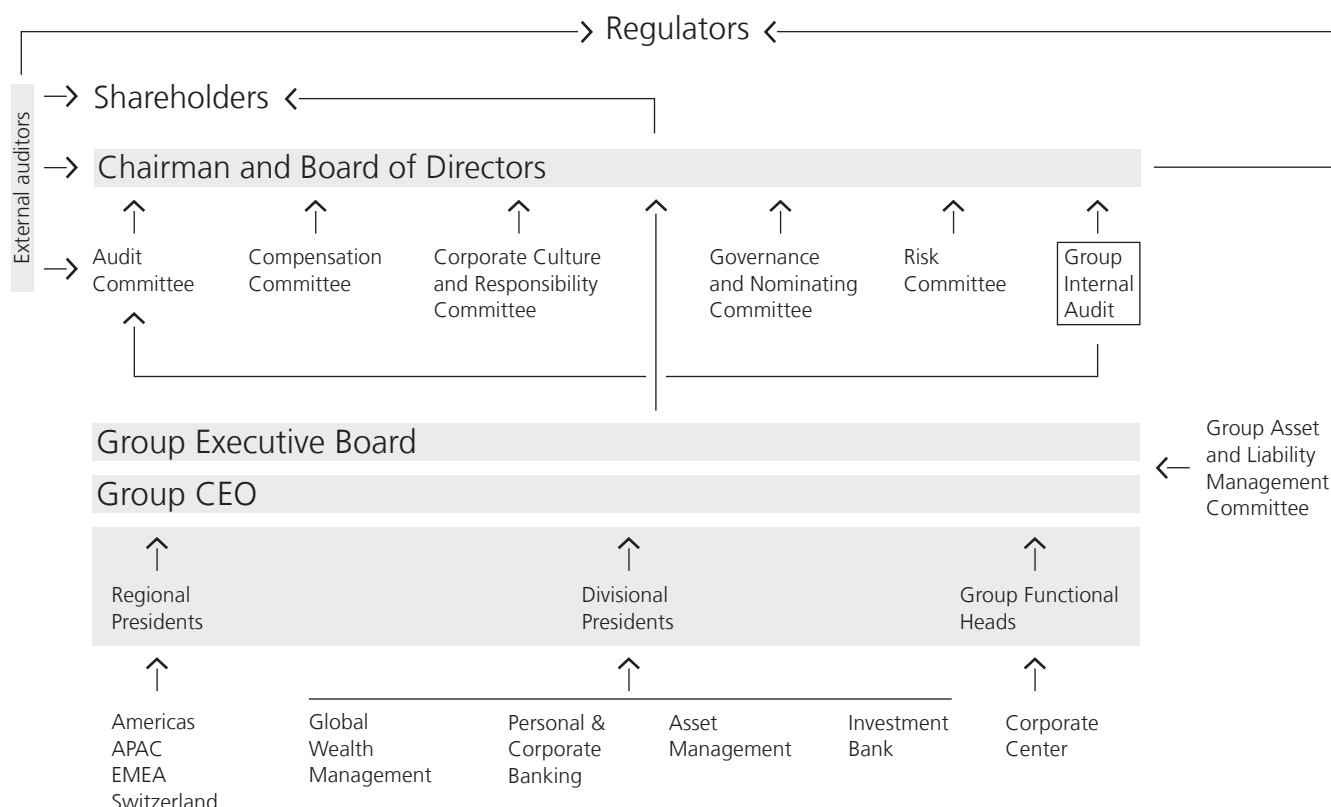
UBS Optimus Foundation



→ For further information regarding the Integrated Report: [ubs.com/annualreview](https://www.ubs.com/annualreview)

How we manage the firm

Our governance framework supports the creation of long-term value by linking to our strategic objectives and the performance of the individuals delivering on these objectives.



Shareholders

The general meeting of shareholders is the supreme corporate body of UBS. All shareholders registered with voting rights are invited to general meetings of shareholders.

Chairman and Board of Directors

Under the leadership of the Chairman, the Board of Directors (BoD) decides on the strategy of the Group, upon recommendation by the Group CEO, exercises ultimate supervision over management and appoints all Group Executive Board (GEB) members. The Chairman of the Board presides over all general meetings of shareholders and works with the committee chairpersons to coordinate the work of all BoD committees. The committees shown in the graphic assist the BoD in the performance of its responsibilities. These committees and their charters are described in the Organization Regulations, published at ubs.com/governance.

Checks and balances – Board of Directors and Group Executive Board

The BoD decides on the strategy of the Group upon recommendations by the Group CEO and exercises ultimate supervision over management, whereas the GEB, headed by the Group CEO, has executive management responsibility. The functions of Chairman of the BoD and Group CEO are assigned to two different people, ensuring a separation of power. The BoD delegates the management of the business to the GEB.

Group CEO and Group Executive Board

Under the leadership of the Group CEO, the GEB has executive management responsibility for the steering of the Group and its business. It assumes overall responsibility for developing the Group and business division strategies and the implementation of approved strategies.

→ For further information:
ubs.com/governance

Our Board of Directors



Axel A. Weber

Chairman of the Board of Directors/Chairperson of the Corporate Culture and Responsibility Committee/Chairperson of the Governance and Nominating Committee



Michel Demaré

Independent Vice Chairman/member of the Audit Committee/member of the Compensation Committee/member of the Governance and Nominating Committee



Ann F. Godbehere

Chairperson of the Compensation Committee/member of the Audit Committee



William G. Parrett

Chairperson of the Audit Committee/member of the Compensation Committee/member of the Corporate Culture and Responsibility Committee



Robert W. Scully

Member of the Risk Committee



Beatrice Weder di Mauro

Member of the Audit Committee/member of the Corporate Culture and Responsibility Committee

The Board of Directors (BoD) of UBS Group AG, under the leadership of the Chairman, consists of six to twelve members as per our Articles of Association. The BoD decides on the strategy of the Group upon recommendation of the Group Chief Executive Officer (Group CEO) and is responsible for the overall direction, supervision and control of the Group and its management as well as for supervising compliance with applicable laws, rules and regulations. The BoD exercises oversight over UBS Group AG and its subsidiaries and is responsible for establishing a clear Group governance framework to provide effective steering and supervision of the Group, taking into account the material risks to which UBS Group AG and its subsidiaries are exposed. The BoD has ultimate responsibility for the success of the Group and for delivering sustainable shareholder value within a framework of prudent and effective controls, approves all financial statements for issue and appoints and removes all Group Executive Board (GEB) members.



David Sidwell

Senior Independent Director/Chairperson of the Risk Committee/
member of the Governance and Nominating Committee



Reto Francioni

Member of the Compensation Committee/member of the
Corporate Culture and Responsibility Committee/member
of the Risk Committee



Isabelle Romy

Member of the Audit Committee/member of the
Governance and Nominating Committee



Julie G. Richardson

Member of the Risk Committee



Dieter Wemmer

Member of the Risk Committee

Our Group Executive Board



Sergio P. Ermotti
Group Chief Executive Officer



Martin Blessing
Co-President Global Wealth Management



Kirt Gardner
Group Chief Financial Officer



Sabine Keller-Busse
Group Chief Operating Officer



Tom Naratil
Co-President Global Wealth Management and President UBS Americas



Andrea Orcel
President Investment Bank

UBS Group AG operates under a strict dual board structure, as mandated by Swiss banking law, and therefore the BoD delegates the management of the business to the GEB. Under the leadership of the Group CEO, the GEB has executive management responsibility for the steering of the Group and its business. It assumes overall responsibility for developing the Group and business division strategies and the implementation of approved strategies.

→ **To read the full biographies of our BoD and GEB members,** visit ubs.com/bod or ubs.com/geb or refer to “Board of Directors” or “Group Executive Board” in the “Corporate governance” section of the Annual Report 2017.



Christian Bluhm
Group Chief Risk Officer



Markus U. Diethelm
Group General Counsel



Ulrich Körner
President Asset Management and President UBS Europe,
Middle East and Africa



Axel P. Lehmann
President Personal & Corporate Banking and President UBS Switzerland



Kathryn Shih
President UBS Asia Pacific

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Do you have any questions?

Switchboards

For all general queries

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Corporate calendar

23 April 2018

First quarter 2018 results

3 May 2018

Annual General Meeting

24 July 2018

Second quarter 2018 results

23 October 2018

Third quarter 2018 results

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UBS's Shareholder Services team is responsible for the registration of UBS Group AG registered shares.

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TDD foreign shareholders +1-201-680 6610

Corporate information

UBS Group AG is incorporated and domiciled in Switzerland and operates under the Swiss Code of Obligations as an Aktiengesellschaft, a corporation limited by shares.

Its registered office is at Bahnhofstrasse 45, CH-8001 Zurich, Switzerland, phone +41-44-234 1111, and its corporate identification number is CHE-395.345.924.

UBS Group AG was incorporated on 10 June 2014 and was established in 2014 as the holding company of the UBS Group.

UBS Group AG shares are listed on the SIX Swiss Exchange and on the New York Stock Exchange (ISIN: CH0244767585; CUSIP: H42097107).

Cautionary Statement Regarding Forward-Looking Statements | This report 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' expectations. These factors include, but are 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, liquidity coverage ratio and other financial resources, and the degree to which UBS is successful in implementing changes to its wealth management businesses to meet changing market, regulatory and other conditions; (ii) continuing low or negative interest rate environment, developments 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 on the financial position or creditworthiness of UBS's clients and counterparties as well as on client sentiment and levels of activity; (iii) 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); (iv) changes in or the implementation of financial legislation and regulation in Switzerland, the US, the UK and other financial centers that may impose, or result in, more stringent capital, TLAC, leverage ratio, liquidity and funding 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 would have on UBS's business activities; (v) uncertainty as to when and to what degree the Swiss Financial Market Supervisory Authority (FINMA) will approve, or confirm, limited reductions of gone concern requirements due to measures to reduce resolvability risk; (vi) the degree to which UBS is successful in implementing further changes to its legal structure to improve its resolvability and meet related regulatory requirements, including changes in legal structure and reporting required to implement US enhanced prudential standards, completing the implementation of a service company model, 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 relating to capital requirements, resolvability requirements and proposals in Switzerland and other jurisdictions for mandatory structural reform of banks or systemically important institutions and the extent to which such changes will have the intended effects; (vii) the uncertainty arising from the timing and nature of the UK exit from the EU and the potential need to make changes in UBS's legal structure and operations as a result of it; (viii) 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; (ix) changes in the standards of conduct applicable to our businesses that may result from new regulation 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; (x) 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 or 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; (xi) 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; (xii) 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 including differences in compensation practices; (xiii) 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; (xiv) limitations on the effectiveness of UBS's internal processes for risk management, risk control, measurement and modeling, and of financial models generally; (xv) whether UBS will be successful in keeping pace with competitors in updating its technology, including by developing digital channels and tools and in our trading businesses; (xvi) the occurrence of operational failures, such as fraud, misconduct, unauthorized trading, financial crime, cyberattacks, and systems failures; (xvii) 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; (xviii) the degree to which changes in regulation, capital or legal structure, financial results or other factors, including methodology, assumptions and stress scenarios, may affect UBS's ability to maintain its stated capital return objective; and (xix) 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 2017. 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.

Adjusted results | Please refer to the "Group performance" section of our Annual Report 2017 for more information on adjusted results.

Rounding | Numbers presented throughout this document may not add up precisely to the totals provided in the tables and text. Percentages and percent changes are calculated based on rounded figures displayed in the tables and text and may not precisely reflect the percentages and percent changes that would be derived based on figures that are not rounded.

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.

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