



Buyback of own shares for the purpose of a capital reduction Trading on a separate line on SIX Swiss Exchange

Legal basis

On 22 January 2018, UBS Group Inc., Bahnhofstrasse 45, 8001 Zurich («**UBS**»), with registered office in Zurich, announced its intention to buy back its own registered shares over the coming three years starting from March 2018, amounting to a maximum of CHF 2 billion (the «**Share Repurchase**»). Based on the closing price of the UBS registered share on the SIX Swiss Exchange on 8 March, this corresponds to some 114,351,000 registered shares or around 2.97% of the equity capital of UBS. No more than 10% of the equity capital will be bought back by UBS as part of the Share Repurchase.

The equity capital of UBS as recorded in the Commercial Register is currently CHF 385,076,638.90, divided into 3,850,766,389 registered shares, each with a par value of CHF 0.10.

The UBS registered shares for repurchase will be acquired on a separate trading line after deduction of Swiss federal withholding tax and will be canceled by means of a capital reduction, to be proposed at future annual general meetings.

Trading on a separate line on SIX Swiss Exchange

As part of the share repurchase program announced on 22 January 2018, a separate trading line for UBS registered shares will be set up in accordance with the International Reporting Standard of SIX Swiss Exchange. Only UBS can act as a buyer on this separate trading line (security number 40.222.755) and acquire its own registered shares via the bank that has been mandated with the share repurchase program. The trading of UBS registered shares on the ordinary trading line (security number 24.476.758) is not affected and will continue as normal. Any UBS shareholder who is willing to sell can choose to sell the registered share on the ordinary trading line or to offer it to UBS on the separate trading line.

UBS is not obliged to buy its own registered shares on the separate trading line at any time; it will act as a buyer according to market conditions. The conditions set out in the TOB circular no. 1: Buyback Programmes of 27 June 2013 (as of 1 January 2016) will be observed.

The maximum repurchase volume per day in accordance with Article 123 (1) (c) FMIO, can be found on the UBS website at:

https://www.ubs.com/global/en/about_ubs/investor_relations/share_information/ubs_share_repurchase_program.html

Buyback price

The buyback prices, or the prices on the separate trading line, are based on the prices for UBS registered shares traded on the ordinary trading lines.

Payment of the net price and delivery of the securities

Transactions on the separate trading line constitute regular stock exchange transactions. Hence, the net price (buyback price less Swiss federal withholding tax on the difference between the buyback price and par value) will be paid, and the registered shares delivered, as customary, on the second trading day after the transaction date.

Mandated bank

UBS has given UBS AG the mandate to execute this Share Repurchase. UBS AG will, as a sole member of the stock exchange, offer bid prices for registered shares on behalf of UBS on the separate trading line.

Delegation agreement

In accordance with Art. 124 (2) (a) and (3) FMIO, UBS and UBS AG have a delegation agreement, according to which UBS AG makes repurchases independently within the defined parameters. However, UBS may terminate this delegation agreement at any time without cause or modify the parameters in accordance with Art. 124 (3) FMIO.

Duration of the repurchase program

The separate trading line on the SIX Swiss Exchange will be opened on 26 March 2018 and is planned to remain open until 25 March 2021.

Duty to trade on the exchange

In accordance with the regulations of the SIX Swiss Exchange, off-exchange transactions are not permitted in the case of share repurchases on a separate trading line.

Disclosure of transactions

UBS will publish the transactions made as part of the Share Repurchase on the following website:
https://www.ubs.com/global/en/about_ubs/investor_relations/share_information/ubs_share_repurchase_program.html

Own holdings

As of 8 March 2018, UBS directly and indirectly held 94,988,459 of its own registered shares. This corresponds to 2.47% of voting rights and of the equity capital recorded in the Commercial Register.

Major shareholders

According to reports submitted to UBS or published by 8 March 2018, the following beneficial owners hold more than 3% of voting rights at UBS:

- | | | |
|---|----------|------------------------------|
| - BlackRock, Inc., New York, NY (USA) | 4.94% *) | reported on 6 March 2018 |
| - Norges Bank (the Central Bank of Norway), Oslo (Norway) | 3.3% *) | reported on 10 December 2014 |
| - MFS Investment Management, Boston MA (USA) | 3.05% *) | reported on 10 February 2016 |

*) based on equity capital and voting rights at the time of the report

UBS has no information on the abovementioned shareholders' intentions with respect to the sale of registered shares as part of the Share Repurchase.

Information from UBS

In accordance with the applicable provisions, UBS confirms that it does not currently possess any non-public information that is classified as price-sensitive under the rules of SIX Swiss Exchange governing ad hoc publicity and therefore requires disclosure.

Taxes and deductions

A company's buyback of its own registered shares for the purpose of reducing capital is treated, for the purposes of both Swiss federal withholding tax and of direct taxes, as the partial liquidation of the company in question. Specifically, this has the following tax implications for the selling shareholders:

1. Withholding tax

Swiss federal withholding tax amounts to 35% on the difference between the buyback price and the par value of the registered shares. The repurchasing company deducts the tax from the buyback price on behalf of the Swiss Federal Tax Administration.

Persons domiciled in Switzerland are entitled to a refund of the withholding tax provided they had equitable ownership of the shares at the time of redemption, have properly declared/recognized the income from the repurchase and no tax evasion has been committed (Art. 21 of the Swiss Withholding Tax Act). Persons domiciled outside Switzerland may reclaim part of the withholding tax subject to the provisions of any relevant double taxation agreement.

2. Direct taxes

The following explanations relate to the levying of direct federal taxes. As a rule, the same practice applies to cantonal and municipal taxes as to direct federal taxes.

a) *Privately held as private assets:*

In the case of a direct return of registered shares to the company, the difference between the buyback price and the par value of the registered share constitutes taxable income.

b) *Registered shares held as business assets:*

In the case of a direct return of registered shares to the company, the difference between the buyback price and the profit/income tax value of the registered share constitutes taxable income.

Shareholders domiciled outside Switzerland for tax purposes will pay tax in accordance with the laws of the country in which they are domiciled.

3. Fees and deductions

The repurchase of own shares for the purpose of a capital reduction is exempt from stamp duty for the selling shareholder. However, the SIX Swiss Exchange's fees still have to be paid.

Applicable law / place of jurisdiction

Swiss law / Zurich is the exclusive place of jurisdiction.

Security numbers, ISINs and ticker symbols

Registered share of UBS Group Inc. (ordinary trading line) of CHF 0.10 par value	24.476.758	CH0244767585	UBSG
Registered share of UBS Group Inc. (separate trading line) of CHF 0.10 par value	40.222.755	CH0402227554	UBSGE

Place and date

Zurich, 23 March 2018

This advertisement is not an issuing prospectus in the sense of Art. 652a and 1156 of the Swiss Code of Obligations.

