



## Issuer substitution in respect of SGD 700,000,000 5.875 per cent. Tier 1 Capital Notes issued by UBS Group Funding (Switzerland) AG and guaranteed by UBS Group AG

<b>ID</b> 235778	<b>Zeitraum</b> 30.09.2019
<b>Typ</b> Further notice	<b>Emittent</b> UBS AG
<b>ISIN</b> -	<b>Titel</b> Issuer substitution in respect of SGD 700,000,000 5.875 per cent. Tier 1 Capital Notes issued by UBS Group Funding (Switzerland) AG and guaranteed by UBS Group AG

Swiss Security Number: 44.735.370

ISIN: CH0447353704

Date: 30 September 2019

Issuer Substitution in respect of SGD 700,000,000 5.875 per cent. Tier 1 Capital Notes issued by UBS Group Funding (Switzerland) AG and guaranteed by UBS Group AG

As communicated in UBS Group AG's 2018 annual report, in December 2018, the Swiss Parliament approved changes to the tax treatment of too big to fail ("TBTF") instruments (including instruments qualifying as (i) additional tier 1 capital (Zusätzliches Kernkapital) ("AT1 Instruments") or (ii) debt instruments for loss absorbency in the course of insolvency measures (Schuldinstrumente zur Verlusttragung im Falle von Insolvenzmassnahmen) ("Bail-in Bonds"), in each case, under the Ordinance concerning Capital Adequacy and Risk Diversification for Banks and Securities Dealers, dated 1 June 2012, as amended) issued by the holding companies of Swiss systemically important banks, such as UBS Group AG. The related new law aims to eliminate the additional tax burden imposed on systemically important banks as a result of required issuances of TBTF instruments at the holding company level. In March 2019, the Federal Council determined that the new law would enter into force retroactively as of 1 January 2019. Consequently, since the Federal Council determination, UBS has issued all new AT1 Instruments and Bail-in Bonds directly out of UBS Group AG. In addition, in its 2018 annual report, UBS communicated its expectation that UBS Group AG would assume all outstanding AT1 Instruments and Bail-in Bonds

that are currently issued by UBS Group Funding (Switzerland) AG as a means of managing the aforementioned tax burden. UBS subsequently confirmed in its second quarter 2019 report that such AT1 Instruments and Bail-in Bonds would be so migrated to UBS Group AG during the second half of 2019. Accordingly, UBS now intends to substitute UBS Group AG for UBS Group Funding (Switzerland) AG as issuer under all the outstanding AT1 Instruments (including the Notes (as defined below)) and Bail-in Bonds currently issued by UBS Group Funding (Switzerland) AG. The substitution of UBS Group AG for UBS Group Funding (Switzerland) AG as issuer of the SGD 700,000,000 5.875 per cent. Tier 1 Capital Notes (the Notes) will be effected as of 11 October 2019 (the Effective Date). The issuer substitution will be carried out pursuant to and in accordance with the voluntary issuer substitution requirements set out in clause (a) of Condition 14 (Issuer Substitution) of the terms and conditions of the Notes (the Terms and Conditions). Upon completion of the issuer substitution, (i) the Notes will be issued by UBS Group AG and (ii) the guarantee issued by UBS Group AG on 28 November 2018 for the benefit of the holders of the Notes (the Guarantee) will, by operation of the Terms and Conditions, cease to exist.

For purposes of compliance with the listing rules of the SIX Swiss Exchange only, the following information is given:

Current issuer: UBS Group Funding (Switzerland) AG

Substitute issuer: UBS Group AG

Address: Bahnhofstrasse 45, 8001 Zurich, Switzerland

Tel. no.: +41 44 234 11 11

Email: antonio.bone@ubs.com

After giving effect to the issuer substitution and amendments to the Terms and Conditions described herein, the Ticker-Symbol, the ISIN, the Common Code and the Swiss Security Number for the Notes, as well as the web address and the auditors of UBS Group AG, will remain unchanged.

A. With effect from the Effective Date, (i) UBS Group AG is substituted for UBS Group Funding (Switzerland) AG as principal debtor under the Notes in accordance with clause (a) of Condition 14 (Issuer Substitution) of the Terms and Conditions, (ii) the Terms and Conditions are amended as set out below in accordance with clause (b) of Condition 12 (Substitution and Amendment) of the Terms and Conditions and (iii) such substitution and amendments are hereby notified to the holders of Notes in accordance with Condition 13 (Notices) of the Terms and Conditions:

1. Amendments to the title section and introductory paragraph to the Terms and Conditions

The title section and introductory paragraph to the Terms and Conditions are hereby deleted in their entirety and replaced with the following text:

"TERMS AND CONDITIONS OF THE NOTES

The terms and conditions of the Tier 1 Capital Notes issued by UBS Group AG are as follows:"

2. Amendments to Condition 1 of the Terms and Conditions

(a) Condition 1 of the Terms and Conditions is hereby amended by adding the

following definitions in the appropriate alphabetical order:

"Current Issuer" has the meaning assigned to such term in clause (a)(i) of Condition 14 (Issuer Substitution).

"Issuer Substitution Effective Date" means 11 October 2019, which is the date on which UBS Group Funding (Switzerland) AG substituted UBS Group AG for itself as principal debtor under the Notes pursuant to and in accordance with clause (a) of Condition 14 (Issuer Substitution).

"Original Guarantee" means the guarantee dated as of the Issue Date, issued by UBS Group AG for the benefit of the Holders and governed by Swiss law, pursuant to which UBS Group AG, among other things, irrevocably and unconditionally guaranteed to the Holders, pursuant to article 111 of the Swiss Code and on a subordinated basis corresponding mutatis mutandis to Condition 3 (Status and Subordination), the due and punctual payment of principal and interest and all other amounts due and payable under, or in respect of, the Notes upon receipt of the written request for payment of the relevant amount, and which guarantee ceased to exist upon the Issuer Substitution Effective Date.

(b) The definition of the term "Agency Agreement" in Condition 1 of the Terms and Conditions is hereby deleted in its entirety and replaced with the following text:

"Agency Agreement" means the Agency Agreement dated as of the Issue Date, as amended and restated on 27 September 2019 and effective as of 11 October 2019, among the Issuer, the Principal Paying Agent, the Calculation Agent and the other agents from time to time party thereto, as may be further amended, supplemented or otherwise modified from time to time.

(c) The definition of the term "Bankruptcy Event" in Condition 1 of the Terms and Conditions is hereby amended by deleting the text "or the Guarantor" appearing before subclause (i) thereof.

(d) The definition of the term "Compliant Securities" in Condition 1 of the Terms and Conditions is hereby amended by deleting clause (b) thereof in its entirety and replacing such clause with the following text:

"(b) where such securities are issued by a subsidiary of UBS Group AG, UBS Group AG has issued a guarantee for the benefit of the Holders on substantially the same terms as the Original Guarantee;"

(e) The definition of the term "Issuer" in Condition 1 of the Terms and Conditions is hereby amended by deleting the text "UBS Group Funding (Switzerland) AG" and replacing it with the text "UBS Group AG".

(f) Condition 1 of the Terms and Conditions is hereby amended by deleting the definitions of the terms "Automatic Issuer Substitution", "Automatic Issuer Substitution Effective Date", "Guarantee", "Guarantee Event", "Guarantor", "Guarantor Junior Obligations", "Guarantor Parity Obligations" and "Guarantor Senior Obligations" in their entirety.

### 3. Amendments to Condition 3 of the Terms and Conditions

Clause (b) of Condition 3 is hereby amended by (i) deleting the text "with respect to the Issuer" appearing immediately after the text "Bankruptcy Event" in subclause (i) thereof, and (ii) deleting the proviso to clause (b) that begins with "; provided, however, that" in its entirety.

#### 4. Amendments to Condition 4 of the Terms and Conditions

(a) The title of Condition 4 of the Terms and Conditions is hereby deleted in its entirety and replaced with the following text:

"4. [RESERVED]"

(b) Clauses (a) and (b) of Condition 4 of the Terms and Conditions are hereby deleted in their entirety.

#### 5. Amendments to Condition 5 of the Terms and Conditions

(a) Clause (g) of Condition 5 of the Terms and Conditions is hereby amended by deleting the text ", the Guarantor" appearing immediately after each reference to "the Issuer" in such clause.

(b) Clause (h) of Condition 5 of the Terms and Conditions is hereby amended by deleting the text "and the Guarantor" appearing immediately after each reference to "the Issuer" in such clause.

(c) Subclause (ii) of clause (j) of Condition 5 of the Terms and Conditions is hereby amended by deleting subsection (A) thereof in its entirety and replacing such subsection with the following text:

"(A) the amount of Distributable Items as at such Interest Payment Date is less than the sum of (1) the amount of such interest payment, plus (2) all other payments (other than redemption payments) made by the Issuer on or in respect of the Notes or any Parity Obligations or Junior Obligations since the balance sheet date of the Relevant Accounts and prior to such Interest Payment Date, plus (3) all payments (other than redemption payments) payable by the Issuer on such Interest Payment Date on or in respect of any Parity Obligations or Junior Obligations, in the case of each of clauses (1), (2) and (3), excluding any portion of such payments already accounted for in determining the amount of such Distributable Items; and/or"

(c) Subclause (iii) of clause (j) of Condition 5 of the Terms and Conditions is hereby amended by deleting the text "the Issuer shall procure that".

#### 6. Amendments to Condition 6 of the Terms and Conditions

Clause (c) of Condition 6 of the Terms and Conditions is hereby amended by deleting subclause (ii) thereof in its entirety and replacing it with the following text:

"(ii) A "Tax Event" will have occurred if the Issuer in making any payments on the Notes (A) has paid, or will or would on the next payment date be required to pay, Additional Amounts, or (B) has paid, or will or would be required to pay, any additional Tax in respect of the Notes, in the case of each of clauses (A) and (B), under the laws or regulations of a Tax Jurisdiction or any political subdivision thereof or any authority of or in a Tax Jurisdiction or any political subdivision thereof having the power to impose, levy, collect, withhold or assess Taxes, including, without limitation, any treaty to which a Tax Jurisdiction is a party, or any generally published application or interpretation of such laws (including, without limitation, a decision of any court or tribunal, any generally published application or interpretation of such laws by any relevant tax authority or any generally published pronouncement by any relevant tax authority), and the Issuer cannot avoid the foregoing by taking measures

reasonably available to it."

#### 7. Amendments to Condition 7 of the Terms and Conditions

(a) Clause (a) of Condition 7 of the Terms and Conditions is hereby amended by deleting the text "or the Guarantor" that appears immediately after the text "the Issuer" in subclause (ii) of such clause.

(b) Clause (b) of Condition 7 of the Terms and Conditions is hereby amended by deleting the text "or the Guarantor" that appears immediately after the text "the Issuer" in subclause (i) of such clause.

(c) Clause (b) of Condition 7 of the Terms and Conditions is hereby amended by deleting subclause (iii) of such clause in its entirety and replacing such subclause with the following text:

"(iii) If (A) a Trigger Event Write-down Notice is required to be given pursuant to subclause (b)(i) of this Condition 7 in relation to an Ordinary Publication Date, and (B) prior to the earlier of the Ordinary Trigger Event Notice Date and the Trigger Breach Determination Date, the FINMA, upon the request of UBS Group AG, has agreed in writing that a Contingent Write-down is not required as a result of actions taken by the Group or circumstances or events, in each case, that have had, or imminently will have, the effect of restoring the CET1 Ratio as of the Balance Sheet Date relating to the relevant Ordinary Publication Date, after giving pro forma effect to such actions, circumstances or events, to a level above the Write-down Threshold that the FINMA and UBS Group AG deem, in their sole discretion, to be adequate at such time, (x) the Issuer shall not give such Trigger Event Write-down Notice pursuant to subclause (b)(i) of this Condition 7 in relation to the relevant Ordinary Publication Date, and (y) the Issuer shall give notice to the Holders on or prior to the Trigger Breach Determination Date in accordance with Condition 13 (Notices), which notice shall state that no Contingent Write-down will occur in relation to the relevant Ordinary Publication Date."

(d) Clause (c) of Condition 7 of the Terms and Conditions is hereby amended by deleting the text "or the Guarantor" appearing immediately after the text "the Issuer" in subclause (i) of such clause.

(e) Clause (d) of Condition 7 of the Terms and Conditions is hereby amended by deleting the text "or the Guarantor" appearing immediately after the first reference to "the Issuer" therein.

(f) Clause (f) of Condition 7 of the Terms and Conditions is hereby amended by deleting the text "or the Guarantor" appearing immediately after the reference to "the Issuer" therein.

#### 8. Amendments to Condition 8 of the Terms and Conditions

Condition 8 of the Terms and Conditions is hereby amended by (i) deleting the text "The Issuer and the Guarantor reserve" in clause (b) thereof and replacing it with the text "The Issuer reserves", and (ii) deleting the text "and the Guarantor" after the reference to "the Issuer" in the proviso to clause (b) thereof.

#### 9. Amendments to Condition 9 of the Terms and Conditions

Clauses (a) and (b) of Condition 9 of the Terms and Conditions are hereby amended by deleting the text "(including, for the avoidance of doubt,

amounts paid by the Guarantor under the Guarantee and payments by a Paying Agent)" in each such clause and replacing it with the text "(including for the avoidance of doubt, payments by a Paying Agent)".

#### 10. Amendments to Condition 11 of the Terms and Conditions

Condition 11 of the Terms and Conditions is hereby amended by deleting subsections (i), (ii), (iii) and (iv) of subclause (a) in their entirety and replacing them with the following text:

"(i) the Issuer fails to pay the principal amount of any Note if and when the same becomes due and payable under these Terms and Conditions, and such failure continues unremedied by the Issuer for a period of 30 days; or  
(ii) the Issuer fails to pay any interest on the Notes if and when the same becomes due and payable under these Terms and Conditions, and such failure continues unremedied by the Issuer for a period of 30 days; or  
(iii) the Issuer fails to observe or perform any other covenant, condition, or agreement contained in these Terms and Conditions, and such failure continues unremedied for a period of 60 days after written notice thereof from any Holder to the Issuer; or  
(iv) a Bankruptcy Event."

#### 11. Amendments to Condition 12 of the Terms and Conditions

Clause (a) of Condition 12 of the Terms and Conditions is hereby amended by deleting the penultimate paragraph thereof in its entirety and replacing it with the following text:

"In connection with any substitution or amendment in accordance with this clause (a) of this Condition 12, the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading."

#### 12. Amendments to Condition 13 of the Terms and Conditions

Condition 13 of the Terms and Conditions is hereby amended by deleting the text "or, if applicable, by the Guarantor" appearing after each reference to "the Issuer" therein.

#### 13. Amendments to Condition 14 of the Terms and Conditions

(a) Clause (a) of Condition 14 of the Terms and Conditions is hereby amended by deleting subsection (C) of subclause (i) thereof in its entirety and replacing such subsection with the following text:

"(C) if the Current Issuer is UBS Group AG, UBS Group AG has issued a guarantee for the benefit of the Holders on substantially the same terms as the Original Guarantee;"

(b) Clause (a) of Condition 14 of the Terms and Conditions is hereby amended by deleting subclauses (ii) and (iii) thereof in their entirety and replacing such subclauses with the following text:

"(ii) Upon any substitution pursuant to subclause (a)(i) of this Condition 14, (A) the Substitute Issuer will succeed to, and be substituted for, and may exercise every right and power of, the Current Issuer under the Notes with the same effect as if the Substitute Issuer had been named as Issuer in these Terms and Conditions, and (B) the Current Issuer will be released from its obligations under the Notes.

(iii) After giving effect to any substitution pursuant to subclause (a)(i)

of this Condition 14, (A) references to the "Issuer" in the Notes and these Terms and Conditions will be references to the Substitute Issuer, and (B) references to the "Tax Jurisdiction" in the Notes and these Terms and Conditions will be read and construed as including the jurisdiction of establishment of the Substitute Issuer and, if different, the jurisdiction in which the Substitute Issuer is resident for tax purposes instead of or in addition to (as the case may be) references to the jurisdiction of establishment of the Issuer and Switzerland.

(c) The title of clause (b) of Condition 14 of the Terms and Conditions is hereby deleted in its entirety and replaced with:

"(b) [Reserved]"

(d) Clause (b) of Condition 14 of the Terms and Conditions is hereby amended by deleting subclauses (i) through (v) thereof in their entirety.

#### 14. Amendments to Condition 17 of the Terms and Conditions

Condition 17 of the Terms and Conditions is hereby amended by (i) deleting the text "or the Guarantor" appearing immediately after the text "the Issuer", and (ii) deleting "or the Guarantee" appearing immediately before the period at the end of such Condition.

#### 15. Amendments to Condition 18 of the Terms and Conditions

Condition 18 of the Terms and Conditions is hereby amended by deleting the text "or the Guarantor" appearing immediately after the text "the Issuer".

B. With effect from the Effective Date, the Guarantee will, by operation of the Terms and Conditions, cease to exist.

Copies of the amended Terms and Conditions and a blackline illustrating the amendments thereto being made pursuant to this Official Notice are available at UBS AG, Investment Bank, Swiss Prospectus Switzerland, P.O. Box, 8098 Zurich, Switzerland (voicemail: +41 44 239 47 03, fax +41 44 239 69 14, email: [swiss-prospectus@ubs.com](mailto:swiss-prospectus@ubs.com)).

Date: 30 September 2019

Name: Kathy Meyer

Bank: UBS AG

Telephone: +41 44 239 49 68

Email: [kathy.meyer@ubs.com](mailto:kathy.meyer@ubs.com)

UBS AG