

## UBS Group AG

### ANNOUNCEMENT REGARDING THE ISSUER SUBSTITUTION AND THE REMOVAL OF UBS GROUP FUNDING (SWITZERLAND) AG FROM THE PROGRAM

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 Swiss Federal Council (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 and Bail-in Bonds (including the Notes (as defined below)) currently issued by UBS Group Funding (Switzerland) AG.

Therefore we hereby inform that UBS Group Funding (Switzerland) AG as the Issuer of the JPY 150,000,000,000 notes issued on 9 November 2018 with ISIN CH0445624999 and CH0445624981 (the "**Notes**") will be substituted by UBS Group AG effective 11 October 2019. The issuer substitution will be carried out pursuant to and in accordance with the voluntary issuer substitution requirements set out in Condition 16(a) (the "**Voluntary 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 guarantees issued by UBS Group AG on 9 November 2018 for the benefit of the holders of the Notes will, by operation of the Terms and Conditions and Swiss law, cease to exist. In addition, UBS Group Funding (Switzerland) AG is removed from the Program Information dated 31 July 2019, UBS Group AG remaining as the sole issuer of notes in the Program Information dated 31 July 2019.

30 September 2019

UBS Group AG