



## Total loss-absorbing capacity instrument

<b>Issuer</b>	UBS Group AG <sup>1</sup>
<b>Unique identifier</b>	CH0314209351
<b>Issue Date</b>	04.03.2016
<b>Currency</b>	EUR
<b>Nominal (million)</b>	750.0
<b>Interest Rate</b>	2.125%
<b>Maturity Date</b>	04.03.2024
<b>Issuer Call</b>	n/a

<sup>1</sup> Effective as of 11 October 2019, UBS has substituted UBS Group Funding (Switzerland) AG as issuer of this total loss-absorbing capacity instrument with UBS Group AG.

Conformed copy of the Terms and Conditions of the EUR 750,000,000 2.125% Senior Notes due March 2024 (ISIN: CH0314209351), reflecting the amendments thereto (i) effective on 22 May 2017 made pursuant to the Official Notice relating thereto dated 11 May 2017, and (ii) effective on 11 October 2019 made pursuant to the Official Notice relating thereto dated 30 September 2019.

## TERMS AND CONDITIONS OF THE NOTES

The terms and conditions of the EUR 750,000,000 2.125 per cent. Senior Notes due March 2024 issued by UBS Group AG are as follows:

### 1. DEFINITIONS

"**Additional Amounts**" has the meaning assigned to such term in subclause (b) of Condition 8 (*Taxation*).

"**Agent Insolvency Event**" has the meaning assigned to such term in subclause (c)(ii) of Condition 7 (*Payments; Agents*).

"**Agents**" means the Principal Paying Agent, the Registrar, if any, and any other agent from time to time appointed pursuant to the terms of the Paying Agency Agreement.

"**Authorized Signatories**" means any two authorised officers of the Issuer signing jointly.

"**Bank Restructuring Event**" means the opening of Bank Restructuring Proceedings by the Swiss Resolution Authority.

"**Bank Restructuring Proceedings**" means Restructuring Proceedings with respect to UBS AG.

"**Business Day**" means a TARGET Settlement Day and a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including, without limitation, dealing in foreign exchange and foreign currency deposits) in London and Zurich.

"**Calculation Amount**" means EUR 1,000.

"**Certificate**" means the Global Certificate and/or a Definitive Certificate, as the case may be.

"**Chairperson**" has the meaning assigned to such term in subclause (e) of Condition 14 (*Meetings of Holders*).

"**Current Issuer**" has the meaning assigned to such term in subclause (a) of Condition 16 (*Issuer Substitution*).

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest for any period, the number of days in the relevant period, from (and including) the first day in such period to (but excluding) the last day in such period, divided by the number of days in the Interest Period in which the relevant period falls.

"**Definitive Certificate**" has the meaning assigned to such term in subclause (b) of Condition 2 (*Amount and Denomination; Form and Transfer*).

"**Early Redemption Date**" has the meaning assigned to such term in subclause (d) of Condition 6 (*Redemption and Purchase*).

"**Early Redemption Notice**" has the meaning assigned to such term in subclause (d) of Condition 6 (*Redemption and Purchase*).

"**EUR**" means the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended.

"**EU Savings Tax Directive**" means the European Council Directive 2003/48/EC of 3 June 2003, on taxation of savings income, as amended.

"**Event of Default**" has the meaning assigned to such term in Condition 11 (*Events of Default*).

**"Extraordinary Resolution"** means any resolution to (a) postpone the maturity beyond the stated maturity of any Notes, (b) reduce the amount of principal payable on any Notes, (c) change the date of any interest payment on any Notes, (d) change the rate of interest or the method of computation of interest on any Notes, (e) change any provision for payment contained in these Terms and Conditions or the place or the currency of payment of the principal or interest on any Notes, (f) amend or modify or waive the whole or any parts of Condition 11 (*Events of Default*) or clauses (f), (g), (h), (i) or (k) of Condition 14 (*Meetings of Holders*), (g) convert any Notes into equity, (h) create unequal treatment between Holders or (i) change the choice of law and the jurisdiction clause contained in Condition 21 (*Governing Law and Jurisdiction*).

**"FINMA"** means the Swiss Financial Market Supervisory Authority FINMA and any successor thereto.

**"Global Certificate"** has the meaning assigned to such term in subclause (b) of Condition 2 (*Amount and Denomination; Form and Transfer*).

**"Group"** means UBS Group AG and its subsidiaries.

**"Holder"** means, with respect to any Note, (a) if such Note is held in the form of an Intermediated Security, (i) the Person, other than an intermediary (*Verwahrungsstelle*), holding such Note in a securities account (*Effektenkonto*) with an intermediary (*Verwahrungsstelle*), or (ii) the intermediary (*Verwahrungsstellen*) holding such Note for its own account, and (b) if Definitive Certificates have been printed, the Person in whose name the Definitive Certificate representing such Note is registered in the Register.

**"Holders' Meeting"** has the meaning assigned to such term in subclause (a) of Condition 14 (*Meetings of Holders*).

**"Interest Payment Date"** has the meaning assigned to such term in Condition 5 (*Interest*).

**"Interest Period"** means each period beginning on (and including) an Interest Payment Date (or, in the case of the first Interest Period, the Issue Date) and ending on (but excluding) the next Interest Payment Date.

**"Interest Rate"** means 2.125 per cent. per annum.

**"Intermediary"** has the meaning assigned to such term in subclause (b) of Condition 2 (*Amount and Denomination; Form and Transfer*).

**"Intermediated Securities"** has the meaning assigned to such term in subclause (b) of Condition 2 (*Amount and Denomination; Form and Transfer*).

**"Issue Date"** means 4 March 2016.

**"Issuer"** means UBS Group AG, in its capacity as issuer of the Notes.

**"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 16 (*Issuer Substitution*).

**"Maturity Date"** means 4 March 2024.

**"Notes"** means the 750,000,000 2.125 per cent. Senior Notes due March 2024.

**"Ordinary Resolution"** means any resolution that is not an Extraordinary Resolution.

**"Original Guarantee"** means the guarantee dated as of the Issue Date (as previously amended on 22 May 2017), 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 an unsubordinated basis corresponding *mutatis mutandis* to Condition 3 (*Status of the Notes*), 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.

**"Paying Agency Agreement"** means the Amended and Restated Paying Agency Agreement relating to the Notes, dated as of 27 September 2019 and effective as of 11 October 2019 (as may be amended, supplemented or otherwise modified from time to time), among the Issuer, the Principal Paying Agent and the other Agents from time to time party thereto, which agreement amended and restated the Paying Agency Agreement related to the Notes, dated as of 2 March 2016, as previously amended on 22 May 2017.

**"Paying Agent"** has the meaning assigned to such term in subclause (c)(i) of Condition 7 (*Payments; Agents*).

**"Person"** means any individual, corporation, bank, partnership, joint venture, association, joint-stock company, limited liability company, trust, unincorporated organization or government or any agency or political subdivision thereof.

**"Principal Paying Agent"** means UBS AG, in its capacity as principal paying agent for the Notes, and includes any successor Principal Paying Agent appointed in accordance with the Paying Agency Agreement.

**"Protective Measures"** means any protective measures that the Swiss Resolution Authority may order pursuant to any statutory power set forth in article 26 of the Swiss Banking Act, or in any successor Swiss law or regulation or analogous Swiss law or regulation applicable to bank holding companies incorporated under the laws of Switzerland such as UBS Group AG, including, without limitation, (a) giving instructions to the governing bodies of the relevant entity, (b) appointing an investigator, (c) stripping governing bodies of their power to legally represent the relevant entity or remove them from office, (d) removing the regulatory or company-law audit firm from office, (e) limiting the respective entity's business activities, (f) forbidding the respective entity to make or accept payments or undertake security trades, (g) closing down the respective entity, or (h) except for with respect to mortgage-secured receivables of central mortgage bond institutions, ordering a moratorium or deferral of payments.

**"Record Date"** means, with respect to any Scheduled Due Date, the last Relevant Banking Day immediately preceding such Scheduled Due Date.

**"Register"** has the meaning assigned to such term in subclause (b) of Condition 2 (*Amount and Denomination; Form and Transfer*).

**"Registrar"** has the meaning assigned to such term in subclause (b) of Condition 2 (*Amount and Denomination; Form and Transfer*).

**"Relevant Banking Day"** means, with respect to any Definitive Certificate, a day other than a Saturday or a Sunday, on which banks are open for business in the place of the Specified Office of the Registrar and the Principal Paying Agent.

**"Relevant Date"** means, with respect to any payment, (a) the date on which such payment first becomes due under the Notes (the "**Scheduled Due Date**"), or (b) if the full amount of the money payable on the Scheduled Due Date has not been received by the Principal Paying Agent on or before the Scheduled Due Date, the date on which the full amount of the money due on the Scheduled Due Date has been received by the Principal Paying Agent.

**"Replacement Notes"** has the meaning assigned to such term in subclause (c)(iii) of Condition 6 (*Redemption and Purchase*).

**"Replacement Notes Issuer"** has the meaning assigned to such term in subclause (c)(iii) of Condition 6 (*Redemption and Purchase*).

**"Restoration Event"** has the meaning assigned to such term in Condition 6 (*Redemption and Purchase*).

**"Restructuring Deferral Period"** has the meaning assigned to such term in subclause (e) of Condition 7 (*Payments; Agents*).

**"Restructuring Event"** means a Bank Restructuring Event or a UBS Group Restructuring Event, as applicable.

**"Restructuring Proceedings"** means restructuring proceedings within the meaning of article 28 et seq. of the Swiss Banking Act or any successor Swiss law or regulation or analogous Swiss law or regulation applicable to banks or bank holding companies incorporated under the laws of Switzerland such as UBS Group AG.

**"Restructuring Protective Measures"** means any Protective Measures ordered by the Swiss Resolution Authority with respect to UBS Group AG that are ordered or confirmed upon the opening of or during any UBS Group Restructuring Proceedings.

**"Scheduled Due Date"** has the meaning assigned to such term in the definition of the term "Relevant Date".

**"SIX Swiss Exchange"** means the SIX Swiss Exchange Ltd.

**"Specified Office"** means (a) in the case of UBS AG, as Principal Paying Agent, Bahnhofstrasse 45, CH-8001 Zurich, Switzerland, and (b) in the case of any other Agent, such office as is notified by the Issuer to the Holders in writing in accordance with Condition 13 (*Notices*) as soon as practicable after the appointment of such Agent, in the case of each of clauses (a) and (b), or such other office as the relevant Agent may designate from time to time by providing notice to the Issuer and the Holders in writing in accordance with Condition 13 (*Notices*).

**"Substitute Issuer"** has the meaning assigned to such term in subclause (a) of Condition 16 (*Issuer Substitution*).

**"Substitution Documents"** has the meaning assigned to such term in subclause (a)(v) of Condition 16 (*Issuer Substitution*).

**"Swiss Banking Act"** means the Swiss Federal Banking Act of 8 November 1934, as may be amended from time to time.

**"Swiss Banking Insolvency Ordinance"** means the Ordinance of 30 August 2012 of FINMA on the Insolvency of Banks and Securities Dealers, as may be amended from time to time.

**"Swiss Code"** means the Swiss Code of Obligations, as may be amended from time to time.

**"Swiss Resolution Authority"** means FINMA or any other authority in Switzerland that is competent under Swiss law to exercise a Swiss Resolution Power or to order Protective Measures at the relevant time.

**"Swiss Resolution Power"** means any statutory power of the Swiss Resolution Authority that it may exercise during Restructuring Proceedings as set forth in article 28 et seq. of the Swiss Banking Act and article 40 et seq. of the Swiss Banking Insolvency Ordinance, or in any successor Swiss law or regulation or analogous Swiss law or regulation applicable to bank holding companies incorporated under the laws of Switzerland such as UBS Group AG, including, without limitation, the power to (a) transfer the assets of the entity subject to such Restructuring Proceedings, or portions thereof, together with such entity's debt, other liabilities and contracts, or portions thereof, to another entity, (b) stay (for a maximum of two business days) the termination of, or the exercise of (w) rights to terminate, (x) netting rights, (y) rights to enforce or dispose of certain types of collateral or (z) rights to transfer claims, liabilities or certain collateral under, contracts to which the entity subject to such Restructuring Proceedings is a party, (c) convert the debt of the entity subject to such Restructuring Proceedings into equity, and/or (d) partially or fully write-down the obligations of the entity subject to such Restructuring Proceedings.

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilizes a single shared platform and which was launched on 19 November 2007.

"**TARGET Settlement Day**" means any day on which TARGET2 is open for settlement of payment in euro.

"**Tax Event**" has the meaning assigned to such term in subclause (b)(ii) of Condition 6 (*Redemption and Purchase*).

"**Tax Jurisdiction**" means Jersey and/or Switzerland.

"**Taxes**" has the meaning assigned to such term in Condition 8 (*Taxation*).

"**UBS Group Restructuring Event**" means the opening of UBS Group Restructuring Proceedings by the Swiss Resolution Authority.

"**UBS Group Restructuring Proceedings**" means Restructuring Proceedings with respect to UBS Group AG.

"**US Investment Company Act**" means the US Investment Company Act of 1940, as amended.

"**US Securities Act**" means the US Securities Act of 1933, as amended.

"**Voluntary Issuer Substitution**" has the meaning assigned to such term in Condition 16 (*Issuer Substitution*).

## 2. **AMOUNT AND DENOMINATION; FORM AND TRANSFER**

### (a) **Amount and denomination**

The initial aggregate principal amount of the Notes is EUR 750,000,000. The Notes are issued to Holders in minimum denominations of EUR 200,000 and integral multiples of EUR 1,000 in excess thereof.

### (b) **Form and transfer**

The Notes will be initially represented by a permanent bearer global certificate (the "**Global Certificate**"), without interest coupons, which will be deposited with SIX SIS Ltd or any other intermediary in Switzerland recognised for such purposes by SIX Swiss Exchange (SIX SIS Ltd or any such other intermediary, the "**Intermediary**"). Once the Global Certificate is deposited with the Intermediary and entered into the accounts of one or more participants of the Intermediary, the Notes will constitute intermediated securities (*Bucheffekten*) ("**Intermediated Securities**") within the meaning of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*).

For so long as the Global Certificate remains deposited with the Intermediary, the Notes may only be transferred by the entry of the transferred Notes in a securities account of the transferee, as set out in the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*) regarding the transfer of Intermediated Securities. The records of the Intermediary will determine the number of Notes held through each participant in that Intermediary.

Neither the Issuer nor any Holder will at any time have the right to effect or demand the conversion of the Global Certificate into, or the delivery of, uncertificated Notes (*Wertrechte*) or definitive Notes (*Wertpapiere*).

Definitive Notes (*Wertpapiere*) in registered form (each, a "**Definitive Certificate**") will be issued, and the Global Certificate will be exchanged, in whole, but not in part, for Definitive Certificates, if (and only if) the Principal Paying Agent determines, in its sole discretion, that the printing of Definitive Certificates is necessary or useful. Should the Principal Paying Agent so determine, it will provide for the printing of the Definitive Certificates without interest coupons

and without cost to the Holders. Upon delivery of the Definitive Certificates, the Global Certificate will immediately be cancelled by the Principal Paying Agent and the Definitive Certificates will be delivered to the Holders against cancellation of the Notes in the Holders' securities accounts. Definitive Certificates will not be included in the records of the Intermediary and, therefore, will not constitute Intermediated Securities.

If the Global Certificate is to be exchanged for Definitive Certificates pursuant to this Condition 2(b), the Issuer, after consultation with the Principal Paying Agent, will appoint a registrar (the "**Registrar**") to establish and maintain a noteholders' register for the Notes (the "**Register**") on the Issuer's behalf. The Issuer shall notify the Holders of any such appointment in accordance with Condition 13 (*Notices*). The Register will be established and maintained in a manner to ensure that the Notes are treated as issued in registered form for US tax purposes.

Title to Definitive Certificates will pass on transfer by assignment (*Zession*) and due registration in the Register. If and when Definitive Certificates have been issued pursuant to this Condition 2(b), one or more Notes may be transferred only upon the surrender (at the Specified Office of the Registrar or the Principal Paying Agent) of the Definitive Certificate representing such Notes to be transferred, together with the form of transfer attached to such Definitive Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Principal Paying Agent and the Registrar may reasonably require. A new Definitive Certificate shall be issued to the transferee in respect of the Notes that are the subject of the relevant transfer and, in the case of a transfer of part only of a holding of Notes represented by one Definitive Certificate, a new Definitive Certificate in respect of the balance of the Notes not transferred shall be issued to the transferor. In the case of a transfer of Notes to a Person who is already a Holder, a new Definitive Certificate representing the enlarged holding may be issued but only against surrender of the Definitive Certificate representing the existing holding of such Person.

Payments of principal, interest or any other amount in respect of Definitive Certificates will be made only to the Person shown on the Register as the registered holder of such Definitive Certificate (i.e., the Holder) at close of business on the relevant Record Date.

3. **STATUS OF THE NOTES**

The Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* and without any preference among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer, except for such obligations that are preferred in accordance with applicable law at the relevant time.

4. **[RESERVED]**

5. **INTEREST**

(a) **Interest Payment Dates**

The Notes will bear interest on their principal amount at the Interest Rate from (and including) the Issue Date to (but excluding) (i) if the Notes are early redeemed pursuant to clause (b) or (c) of Condition 6 (*Redemption and Purchase*), the applicable Early Redemption Date, or (ii) otherwise, the Maturity Date; *provided, however*, that if (upon due presentation thereof where presentation is required) payment with respect to any Note is improperly withheld or refused on such Early Redemption Date or the Maturity Date, as the case may be, interest will continue to accrue on the principal amount of such Note (both before and after judgment) at the Interest Rate to (but excluding) the Relevant Date.

Interest on the Notes will be payable in arrear on 4 March of each year (each, an "**Interest Payment Date**"), commencing on 4 March 2017.

(b) **Calculation of amount of interest per Calculation Amount**

(i) The amount of interest payable on each Interest Payment Date in respect of the Notes will be EUR 21.25 per Calculation Amount.

- (ii) If interest is required to be paid in respect of a Note on any other date, the amount of interest payable per Calculation Amount will be calculated by:
  - (A) applying the Interest Rate to the Calculation Amount;
  - (B) multiplying the product thereof by the Day Count Fraction; and
  - (C) rounding the resulting figure to the nearest EUR 0.01 (with half a cent being rounded upwards).

(c) **Calculation of amount of interest per Note**

The amount of interest payable in respect of a Note will be the product of:

- (i) the amount of interest per Calculation Amount; and
- (ii) the number by which the Calculation Amount is required to be multiplied to equal the principal amount of such Note.

6. **REDEMPTION AND PURCHASE**

(a) **Final redemption**

Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed on the Maturity Date at their aggregate principal amount, together with accrued and unpaid interest thereon to (but excluding) the Maturity Date, if any.

(b) **Early redemption due to a Tax Event**

- (i) Subject to clause (d) of this Condition 6, upon the occurrence of a Tax Event at any time after the Issue Date, the Issuer may elect, in its sole discretion, to redeem the Notes, in whole but not in part, on the relevant Early Redemption Date at their aggregate principal amount, together with any accrued and unpaid interest thereon to (but excluding) such Early Redemption Date.
- (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 subclauses (A) and (B) of this clause (ii), as a result of any changes in, or amendment to, 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.

(c) **Early redemption due to a Restoration Event**

- (i) Subject to clause (d) of this Condition 6, upon the occurrence of a Restoration Event, if the Notes have not been fully written-down and/or converted into equity of UBS Group AG, the Issuer may elect, in its sole discretion, to redeem the Notes, in whole but not in part, on the relevant Early Redemption Date by
  - (A) subject to subclause (ii) of this Condition 6(c), delivering to the Holders, in lieu of cash, one Replacement Note per Note held (in the case of Notes represented by Definitive Certificates, against presentation and surrender of the relevant Definitive Certificate); and



- (B) paying to the Holders in cash any accrued and unpaid interest on the Notes to (but excluding) the relevant Early Redemption Date (but only to the extent that such interest has not been written-down and cancelled or converted into equity of UBS Group AG in connection with the relevant UBS Group Restructuring Proceedings),

in each case on the relevant Early Redemption Date.

Upon such delivery and payment, the Issuer's obligations in respect of the Notes will be discharged (and, in the case of Notes represented by Definitive Certificates, no further payment will be made on, and the Issuer will have no further obligations in respect of, such Notes, pending their presentation and surrender in accordance with this Condition 6(c)).

- (ii) No fractions of Replacement Notes will be delivered to the Holders pursuant to subclause (i)(A) of this Condition 6(c). Instead, the aggregate amount of Replacement Notes to be delivered to any Holder will be rounded down to the nearest EUR 1,000 and the Issuer will pay a cash amount in EUR to such Holder equal to the fractional amount of the principal amount of such Replacement Notes so rounded down, *provided* that, if the relevant amount in EUR is not an integral multiple of EUR 1.00, it will be rounded to the nearest whole or multiple of EUR 1.00 (with half a cent being rounded upwards).
- (iii) "**Replacement Notes**" means securities (A) to be issued by any subsidiary of UBS Group AG of which at least 95 per cent. of such subsidiary's capital and voting rights are held, directly or indirectly, by UBS Group AG (such subsidiary, the "**Replacement Notes Issuer**"), with the benefit of a guarantee issued by UBS Group AG on substantially similar terms as the Original Guarantee, (B) otherwise having the same terms as the Notes (including, without limitation, the same denomination per Note) at the time of the relevant Early Redemption Date, (C) having an aggregate principal amount equal to the aggregate principal amount of the Notes outstanding on the relevant Early Redemption Date and (D) on which interest will begin to accrue from (and including) the relevant Early Redemption Date (*i.e.*, the issue date of the Replacement Notes); *provided, however*, that, if the Replacement Notes Issuer is organized under the laws of, or a resident for tax purposes in, a jurisdiction other than a Tax Jurisdiction, the terms of the Replacement Notes contain such provisions as may be necessary to ensure that each Holder has the benefit of an undertaking on terms corresponding to the provisions of Condition 8 (*Taxation*) with respect to such jurisdiction in relation to the payment of all amounts due and payable under, or in respect of, the Replacement Notes and in relation to the guarantee thereof.
- (iv) A "**Restoration Event**" will have occurred if, following a Restructuring Event, the Swiss Resolution Authority publishes a notice stating that the UBS Group Restructuring Proceedings have been lifted or completed; *provided, however*, that if the Restructuring Event occurred as a result of Bank Restructuring Proceedings only, and no UBS Group Restructuring Event has since occurred, then a "**Restoration Event**" is deemed to have occurred if, following a Restructuring Event, the Swiss Resolution Authority publishes a notice stating that the Bank Restructuring Proceedings have been lifted or completed.

(d) **Conditions for early redemption**

- (i) If the Issuer elects to redeem the Notes pursuant to clause (b) or (c) of this Condition 6, the Issuer shall give the Holders not less than 30 and not more than 60 days' prior notice in accordance with Condition 13 (*Notices*) (an "**Early Redemption Notice**"), which notice will, subject to clause (v) of this Condition 6(d), be irrevocable and must specify (x) the clause of this Condition 6 pursuant to which the redemption is to be made, (y) if any Definitive Certificates have been issued, the method by which Notes to be redeemed will be tendered, and (z) the date (which shall be a Business Day) on which the Issuer will redeem the Notes pursuant to such clause of this Condition 6 (such specified date, the "**Early Redemption Date**").

- (ii) The Issuer may only redeem the Notes pursuant to clause (b) or (c) of this Condition 6 if FINMA has approved such redemption on or prior to the relevant Early Redemption Date, if such approval is then required under applicable Swiss laws and regulations.
- (iii) If the Issuer elects to redeem the Notes pursuant to clause (b) of this Condition 6, then prior to the publication of the relevant Early Redemption Notice pursuant to clause (i) of this Condition 6(d), the Issuer shall deliver to the Principal Paying Agent a certificate signed by two Authorised Signatories stating that the relevant requirement or circumstance giving rise to the right to redeem under clause (b) of this Condition 6 is satisfied and the reasons therefor and such certificate will be conclusive and binding on the Holders.
- (iv) The Issuer may only redeem the Notes pursuant to clause (c) of this Condition 6 if (A) an exemption exists from the requirement to register the Replacement Notes Issuer as an investment company under the US Investment Company Act and the requirement to register the Replacement Notes under the US Securities Act, (B) the Issuer has made all such filings and obtained all necessary governmental and other approvals and consents for such redemption and issuance of the guarantee in relation to the Replacement Notes, and the Replacement Notes Issuer has made all such filings and obtained all necessary governmental and other approvals and consents for issuance of the Replacement Notes and the performance of its obligations thereunder, (C) the Issuer has obtained legal opinions containing no untoward qualifications from independent legal advisors in Switzerland and the country in which the Replacement Notes Issuer is incorporated to the effect that the obligations of the Replacement Notes Issuer and the Issuer under the Replacement Notes and the guarantee thereof, respectively, are its legal, valid and binding obligations, and that all consents and approvals described in subclause (B) of this clause (iv) have been obtained, (D) if the Replacement Notes Issuer is not organised under the laws of Switzerland, the Replacement Notes Issuer has appointed a process agent as its agent in Switzerland to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Replacement Notes, and (E) no Voluntary Issuer Substitution has occurred since the relevant Restoration Event.
- (v) Notwithstanding the foregoing, if the Issuer has delivered an Early Redemption Notice pursuant to this Condition 6, but, prior to the payment of the redemption amount with respect to such redemption, a Restructuring Event occurs, then such Early Redemption Notice will be automatically rescinded and will be of no force and effect, such redemption will be cancelled, payment of the redemption amount in respect of such Early Redemption Notice will no longer be due and payable and no such redemption of the Notes will take place.

(e) **Purchases**

The Issuer or any other member of the Group or any of their respective affiliates may at any time purchase Notes at any price in the open market or otherwise, *provided* that, other than in the case of purchases made in connection with stabilisation measures in compliance with applicable law or in connection with any market making in the Notes, FINMA has approved such purchase (if such approval is then required under applicable Swiss laws and regulations) on or prior to the date of such purchase. Any Notes so purchased may, at the option of the Issuer, be held, reissued, resold or surrendered to the Principal Paying Agent for cancellation.

(f) **Cancellation**

All Notes redeemed in accordance with this Condition 6 will be cancelled and may not be reissued or resold. All Notes purchased and surrendered to the Principal Paying Agent pursuant to clause (e) of this Condition 6 shall be immediately cancelled upon surrender and may not be reissued or sold.

7. **PAYMENTS; AGENTS**

- (a) All payments required to be made under the Notes will be made available in good time in freely disposable EUR, which will be placed at the free disposal of the Principal Paying Agent on behalf of the Holders. If the Scheduled Due Date for any payment (whether in respect of principal, interest or otherwise) in respect of the Notes is not a Business Day, then the Holders will not be entitled to payment thereof until the first Business Day immediately following the Scheduled Due Date, and the Holders will not be entitled to any additional sum in relation to such payment. All payments required to be made under the Notes (including, without limitation, any Additional Amounts) shall be made to the Holders in EUR without collection costs, without any restrictions and whatever the circumstances may be, irrespective of nationality, domicile or residence of the relevant Holder and without certification, affidavit or the fulfilment of any other formality; *provided, however*, that, in the case of Definitive Certificates, such Notes must be presented and, in the case of redemption, surrendered at the Specified Office of the relevant Paying Agent as a condition to receipt of any such payment.
- (b) The receipt by the Principal Paying Agent of the due and punctual payment of funds in EUR will release the Issuer from its obligations under the Notes to the extent of such payment.
- (c) Subject to clause (d) of this Condition 7:
- (i) the Issuer reserves the right to terminate the appointment of any Agent, as well as to appoint or, after any such appointment, to terminate the appointment of, one or more other paying agents to carry out any payment, calculation or other functions in respect of the Notes (each, a "**Paying Agent**"), *provided* that (A) so long as any Note is outstanding, there will at all times be a Principal Paying Agent and (B) for so long as the Notes are listed on the SIX Swiss Exchange, the Issuer shall maintain a Paying Agent in Switzerland, which agent shall have an office in Switzerland and be a bank or securities dealer subject to supervision by FINMA, to perform the functions of a Swiss paying agent; and
- (ii) if at any time the Principal Paying Agent (or any Paying Agent, if such Paying Agent is the only Paying Agent located in a place where the Issuer is required to maintain a Paying Agent under these Terms and Conditions) or the Registrar (x) becomes incapable of acting, or (y) is adjudged bankrupt or insolvent, or files a voluntary petition in bankruptcy, or makes an assignment for the benefit of its creditors, or consents to the appointment of a receiver of all or any substantial part of its property, or admits in writing its inability to pay or meet its debts as they mature, or if an order of any court is entered approving any petition filed by or against it under the provisions of any applicable bankruptcy or insolvency law, or if a receiver of it or of all or any substantial part of its property is appointed, or if any public officer takes charge or control of it or of its property or affairs for the purpose of rehabilitation, conservation or liquidation (any such event, an "**Agent Insolvency Event**"), then the Issuer will terminate the appointment of such Agent in accordance with the Paying Agency Agreement and appoint a successor Agent.
- (d) Any appointment or termination of appointment of, or any resignation by, any Agent may only take effect not more than 45 and not less than 30 days after the Issuer has notified the Holders of such appointment, termination or resignation pursuant to Condition 13 (*Notices*); *provided*, however, that, in the case of the termination of an Agent with respect to which an Agent Insolvency Event has occurred, such termination may take effect prior the expiry of such 30-day notice period, so long as a successor Agent has been appointed to the extent required by the immediately succeeding sentence. Notwithstanding the foregoing, any termination of the appointment of, or resignation by, the Principal Paying Agent (or any Paying Agent, if such Paying Agent is the only Paying Agent located in a place where the Issuer is required to maintain a Paying Agent under these Terms and Conditions) or Registrar may not take effect until the Issuer has appointed a successor Principal Paying Agent (or Paying Agent) or Registrar, as applicable; *provided*, however, that, if no such successor has been appointed within 30 days of the scheduled effectiveness of such termination or resignation, any Holder (on behalf of itself and all others similarly situated) or, pursuant to and in accordance with the Paying Agency Agreement, the Principal Paying Agent (or Paying Agent) or Registrar, as the case may be, may

petition any court of competent jurisdiction for the appointment of a successor, at the expense of the Issuer.

- (e) Should the Swiss Resolution Authority order any Restructuring Protective Measures that result in the deferment of any payments of principal of, and/or interest on, the Notes when otherwise due and payable, such payments will be deferred for the period for which the Swiss Resolution Authority requires any such deferment (with respect to any such payment, the "**Restructuring Deferral Period**"), and the Holders will not be entitled to any additional sum in relation to such deferred payment. Any payment of principal of, and/or interest on, the Notes that was due or became due, or which would otherwise have become due, but was not paid in accordance with the immediately preceding sentence will be payable (only to the extent such principal and/or interest was not subsequently fully or partially written-down and cancelled and/or converted into equity of UBS Group AG during the relevant UBS Group Restructuring Proceedings) on the later of (i) the first Interest Payment Date immediately following the relevant Restructuring Deferral Period and (ii) the date that is 30 days after the date on which the relevant Restructuring Deferral Period ended. If the Swiss Resolution Authority orders any Restructuring Protective Measures that result in the deferment of any payments of principal of, and/or interest on, the Notes when otherwise due and payable, the Issuer will provide written notice to the Principal Paying Agent and the Holders of such order and deferral in accordance with Condition 13 (*Notices*) as soon as practicable thereafter.

## 8. **TAXATION**

- (a) All payments to be made by or on behalf of the Issuer in respect of the Notes (including, for the avoidance of doubt, payments by a Paying Agent) shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or other government charges of any nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or on behalf of any 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, unless withholding, deduction or accounting for such Taxes is required by law.
- (b) In the event that any payment to be made by or on behalf of the Issuer in respect of the Notes (including, for the avoidance of doubt, payments by a Paying Agent) is subject to any withholding or deduction for, or on account of, any Taxes by requirement of law in a Tax Jurisdiction, the Issuer shall pay such additional amounts as will result in the Holders receiving the amounts that they would have received in respect of the Notes if no such withholding or deduction had been required ("**Additional Amounts**").
- (c) No Additional Amounts will be payable by the Issuer pursuant to clause (b) of this Condition 8 in relation to any Note:
  - (i) if the relevant Holder is liable for such Taxes on such Note as a result of having some connection with the relevant Tax Jurisdiction other than its mere ownership or possession of such Note or the receipt of principal or interest in respect thereof; or
  - (ii) if such Taxes are a result of such Note having been presented for payment (where presentment is required) more than 30 days after the Relevant Date, except to the extent that the Holder would have been entitled to receive the Additional Amounts if it had presented such Note for payment on the last day of the 30-day period; or
  - (iii) where such withholding or deduction is required to be made pursuant to the EU Savings Tax Directive, or any law implementing or complying with, or introduced in order to conform to, the EU Savings Tax Directive or pursuant to any agreements between the European Community and any other country or territory, or any law implementing or complying with such agreements, providing for measures equivalent to those laid down in the EU Savings Tax Directive; or
  - (iv) if the relevant Holder would have been able to avoid such withholding or deduction by arranging to receive payment through, or presenting such Note (where presentment is

required) to, another Paying Agent (if more than one is appointed) in another Member State of the European Union; or

- (v) with respect to any Tax collected pursuant to Sections 1471 through 1474 of the US Internal Revenue Code, as amended (the "**Code**"), the regulations promulgated thereunder, or applicable inter-governmental agreements or agreements with the United States Internal Revenue Service entered into in connection with the implementation of such sections of the Code, or legislation enacted by a non-United States jurisdiction in connection with the implementation of such sections of the Code ("**FATCA**"); or
  - (vi) where such withholding or deduction is required to be made pursuant to an agreement between Switzerland and another country or countries on final withholding taxes levied by Swiss paying agents in respect of Persons resident in the other country or countries on income of such Person on Notes booked or deposited with a Swiss paying agent (*Abgeltungssteuer*); or
  - (vii) where such withholding or deduction is required to be made pursuant to laws enacted by Switzerland providing for the taxation of payments according to principles similar to those laid down in the draft legislation of the Swiss Federal Council of 17 December 2014, or otherwise changing the Swiss federal withholding tax system from an issuer-based system to a paying agent-based system pursuant to which a Person other than the issuer is required to withhold tax on any interest payments; or
  - (viii) if a Restoration Event has occurred and (A) the Issuer has exercised its right to early redeem the Notes pursuant to clause (c) of Condition 6 (*Redemption and Purchase*), and (B) the relevant Early Redemption Date is no more than 115 Business Days after the date on which such Restoration Event occurred, where such withholding or deduction is imposed on any payment to the Holders of any accrued and unpaid interest on the Notes up to (but excluding) the relevant Early Redemption Date; or
  - (ix) to the extent any combination of clauses (i) through (viii) above applies.
- (d) Any reference in these Terms and Conditions to amounts payable by the Issuer in respect of the Notes includes (i) any Additional Amount payable pursuant to this Condition 8 and (ii) any sum payable pursuant to an obligation taken in addition to or in substitution for the obligation in this Condition 8.

## 9. **STATUTE OF LIMITATIONS**

In accordance with Swiss law, (a) claims for interest payments under the Notes will become time-barred after the five-year period and (b) claims for the repayment or redemption of Notes will become time-barred after the ten-year period, in each case, commencing on the date on which such payments, repayment or redemption become due and payable.

## 10. **CONSOLIDATION, MERGER OR SALE**

The Issuer will not consolidate with, merge with or into, or sell, convey, transfer or otherwise dispose of all or substantially all of its property and assets (as an entirety or substantially as an entirety in one transaction or a series of related transactions) to, any Person (other than with, into or to UBS Group AG or any Person of which at least 95 per cent. of such Person's capital and voting rights are held, directly or indirectly, by UBS Group AG) or permit any Person to merge with or into the Issuer unless (a) the Issuer will be the continuing Person, or (b) the Person formed by such consolidation or into which the Issuer is merged or that acquired such property and assets of the Issuer expressly assumes in writing (or, in the case of an acquisition of property and assets, guarantees) all of the obligations of the Issuer under the Notes.

## 11. **EVENTS OF DEFAULT**

Each of the following events will constitute an "**Event of Default**":

- (a) the Issuer fails to pay the principal amount of, or any interest on, any Note if and when the same becomes due and payable under the Notes, and such failure continues unremedied by the Issuer for a period of 30 days; or
- (b) 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
- (c) any order is made by any competent court or other authority or resolution passed by the Issuer for the dissolution or winding-up of the Issuer, or for the appointment of a liquidator, receiver, administrator or manager of the Issuer or of all or a substantial part of its assets, or anything analogous occurs, in any jurisdiction, to the Issuer, other than in connection with a solvent reorganisation, reconstruction, amalgamation or merger; or
- (d) the Issuer stops payment or is unable to, or admits to creditors generally its inability to, pay its debts as they fall due, or is adjudicated or found bankrupt or insolvent, or enters into any composition or other arrangements with its creditors generally;

*provided, however,* that neither (i) a UBS Group Restructuring Event, nor (ii) the exercise of any Swiss Resolution Power with respect to UBS Group AG that requires or results in any write-down and cancellation and/or conversion into equity of UBS Group AG of the entire, or a portion of, the principal of, and/or accrued interest on, the Notes, nor (iii) the ordering of any Restructuring Protective Measures that require or result in the deferment of payment of principal and/or interest in respect of the Notes nor (iv) any consequences resulting from any of the foregoing will constitute a default or an Event of Default. For the avoidance of doubt, any consequences resulting from any Protective Measures ordered by the Swiss Resolution Authority with respect to UBS Group AG that are ordered outside of and independently of any UBS Group Restructuring Proceedings that would otherwise constitute a default or an Event of Default will constitute a default or an Event of Default, as applicable.

If an Event of Default has occurred and is continuing, the Holders of at least 25 per cent. in aggregate principal amount of the outstanding Notes may, by notice in writing given to the Principal Paying Agent at its Specified Office, declare all the Notes to be immediately due and payable, whereupon they will become immediately due and payable at their principal amount together with accrued interest (if any) thereon to the date of repayment without further formality unless such Event of Default has been remedied prior to the receipt of such notice by the Principal Paying Agent, and the Principal Paying Agent has actual knowledge of such remedy.

## 12. **REPLACEMENT**

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar (or if Definitive Certificates have not been printed, of the Principal Paying Agent) upon payment by the claimant of the fees, costs and expenses incurred by the Registrar (or Principal Paying Agent, as applicable) and the Issuer in connection therewith and on such terms as to evidence, security and indemnity (which may provide, among other things, that if the Certificate allegedly or actually lost, stolen or destroyed is subsequently presented for payment, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Certificate subsequently presented) as the Issuer or the Principal Paying Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

## 13. **NOTICES**

So long as the Notes are listed on the SIX Swiss Exchange, notices to Holders shall be given by the Issuer (a) by means of electronic publication on the internet website of the SIX Swiss Exchange ([www.six-swiss-exchange.com](http://www.six-swiss-exchange.com)), where notices are currently published under the address [www.six-swiss-exchange.com/news/official\\_notices/search\\_en.html](http://www.six-swiss-exchange.com/news/official_notices/search_en.html), or (b) otherwise in accordance with the regulations of the SIX Swiss Exchange. Any notice will be deemed to be

validly given on the date of such publication or, if published more than once, on the date of the first such publication.

If the Notes are for any reason no longer listed on the SIX Swiss Exchange, (a) if Definitive Certificates have not been printed, notices to Holders shall be given by communication through the Principal Paying Agent to SIX SIS Ltd (or such other Intermediary) for forwarding to the Holders, which notice will be deemed to be validly given on the date of communication to SIX SIS Ltd (or such Intermediary), and (b) if Definitive Certificates have been printed, notices to Holders will be sent by first class mail to the Holders at their respective addresses as recorded in the Register, which notice will be deemed to be validly given on the fourth Business Day after the date of such mailing.

#### 14. MEETINGS OF HOLDERS

- (a) A meeting of the Holders (a "**Holders' Meeting**") (i) may be convened at any time by the Issuer and (ii) shall be convened by the Issuer if required in writing by Holders who (x) hold not less than 10 per cent. of the aggregate principal amount of the Notes then outstanding and (y) are entitled to participate and vote at a Holders' Meeting pursuant to clauses (f) and (h) of this Condition 14. In the case of subclause (ii) of this Condition 14(a), upon receipt of written notice from such Holders that a Holders' Meeting is required, the Issuer shall convene such a meeting as soon as commercially possible.
- (b) The costs for any Holders' Meeting will be borne by the Issuer, unless the Issuer was required to convene such Holders' Meeting by Holders, in which case, the Holders that required the convening of such meeting will bear the costs therefor (with each such Holder bearing the same percentage of such costs as the percentage it held of the aggregate principal amount of the Notes held by all Holders requesting such meeting at the time of such request).
- (c) A Holders' Meeting may consider any matter affecting the interests of the Holders, including, without limitation, any modification of, or arrangement in respect of, these Terms and Conditions or the Notes.
- (d) Notice convening a Holders' Meeting shall be given at least 20 calendar days prior to the proposed date thereof. Such notice must (i) be given in accordance with Condition 13 (*Notices*), (ii) state generally the nature of the business to be transacted at such Holders' Meeting, (iii) if an Extraordinary Resolution is being proposed, contain the wording of the proposed resolution or resolutions, and (iv) specify the date, time and location of such Holders' Meeting and the formal requirements described in clause (f) of this Condition 14. The Issuer (at its head office) and the Principal Paying Agent (at its Specified Office) will make a copy of any such notice available for inspection by the Holders during normal business hours upon written request by the relevant Holder.
- (e) All Holders' Meetings will be held in Zurich, Switzerland. The chairperson to lead and preside over any Holders' Meeting (the "**Chairperson**") may be nominated by the Issuer in writing. If no Person has been so nominated or if the nominated Person is not present at the Holders' Meeting within 30 minutes after the time fixed for such Holders' Meeting, the Holders present shall choose the Chairperson.

It will be the Chairperson's duty to determine the presence of Persons entitled to vote at the Holders' Meeting and whether a quorum is present in accordance with clause (g) of this Condition 14. The Chairperson will instruct the Holders as to the procedure of the Holders' Meeting and the resolutions to be considered. In the case of a tie vote, the Chairperson will have the deciding vote.

A declaration by the Chairperson that a quorum is present in accordance with clause (g) of this Condition 14 or that a resolution has been supported or not been supported by the percentage of votes cast required by clause (i) of this Condition 14 will be conclusive and binding.

- (f) Each Person who produces a Note or a certificate by a bank relating to the relevant Holders' Meeting is entitled to attend and to vote on the resolutions proposed at such Holders' Meeting. Any such certificate must (i) be dated before the date of the relevant Holders' Meeting,

(ii) confirm that the relevant Notes are deposited in a securities account (*Effektenkonto*) with the certifying bank and will remain so deposited with such bank until and including the date of such Holders' Meeting and (iii) confirm such bank has not issued any other such certificate with respect to such Notes.

- (g) The presence quorum (*Präsenzquorum*) necessary in order to vote on resolutions proposed at a Holders' Meeting will be Persons (or the representative of Persons) entitled to vote pursuant to clauses (f) and (h) of this Condition 14 who in the aggregate hold at least (i) in the case of an Ordinary Resolution, 25 per cent., and (ii) in the case of an Extraordinary Resolution, two-thirds of the aggregate principal amount of the Notes outstanding at the time of such Holders' Meeting.

If within 30 minutes after the time fixed for any Holders' Meeting a quorum determined in accordance with this clause (g) is not present, the Holders' Meeting will be dissolved.

- (h) Holders' voting rights will be determined according to the principal amount of outstanding Notes held. Subject to the requirements of clause (f) of this Condition 14, each EUR 1,000 of Notes entitles the Holder thereof to one vote.

Notwithstanding the foregoing, Notes held at the time of any Holders' Meeting by or on behalf of the Issuer or any other Person

- (i) that directly or indirectly owns or controls more than 50 per cent. of the equity share capital of the Issuer; or
- (ii) of which more than 50 per cent. of the equity share capital is controlled by the Issuer directly or indirectly; or
- (iii) with respect to which the Issuer is in a position to exercise, directly or indirectly, control over the decisions or actions of such Person or representative thereof, irrespective of whether or not such Person is affiliated with the Issuer,

will not entitle their Holder or any other Person to vote at such Holders' Meeting.

- (i) An Ordinary Resolution and an Extraordinary Resolution will be validly passed if approved by 51 per cent. and two-thirds, respectively, of votes cast at a duly convened Holders' Meeting held in accordance with this Condition 14.
- (j) Any resolution approved at a Holders' Meeting held in accordance with this Condition 14 will be conclusive and binding on the Issuer and on all present or future Holders, whether present or not at the Holders' Meeting, and regardless of whether such Holders have approved such resolution. The Holders will not be entitled to any improvement of their position vis-à-vis the Issuer pursuant to a resolution approved at a Holders' Meeting without prior written approval of the Issuer. Any resolution approved at a Holders' Meeting that increases the obligations of the Issuer under these Terms and Conditions or the Notes will become effective only after written approval of the Issuer.
- (k) Notwithstanding this Condition 14, no Ordinary Resolution or Extraordinary Resolution will be required to be approved and no other form of Holder consent will be required (i) in relation to or as a result of the exercise of Swiss Resolution Power and/or the ordering or Restructuring Protective Measures, including, without limitation, in the case of any amendment to these Terms and Conditions or the Notes that is made pursuant to the agreement with respect to the exercise of Swiss Resolution Power and Restructuring Protective Measures set forth in Condition 17 (Swiss Resolution Power and Restructuring Protective Measures), or (ii) in the case of any amendment to these Terms and Conditions or the Notes made in accordance with Condition 15 (Amendment).

## 15. **AMENDMENT**

The Issuer may, without the consent of the Holders, make any amendment to these Terms and Conditions or the Notes that it considers to be (a) necessary or desirable to give effect to the provisions of Condition 16 (*Issuer Substitution*), or (b) formal, minor or technical in nature, or



(c) necessary to correct a manifest error or (d) not materially prejudicial to the interests of the Holders.

The Issuer shall notify the Holders of any amendments made pursuant to this Condition 15 in accordance with Condition 13 (*Notices*), which notice shall state the date on which such amendment will be effective. Any amendment made pursuant to this Condition 15 will be binding on the Holders in accordance with its terms.

16. **ISSUER SUBSTITUTION**

(a) *Voluntary Issuer Substitution*

The Issuer (for purposes of this Condition 16, the "**Current Issuer**") may, without the consent of the Holders, substitute any entity (whether or not such entity is organised under the laws of Switzerland) (such substitute entity, the "**Substitute Issuer**") for itself as principal debtor under the Notes (such substitution, a "**Voluntary Issuer Substitution**") at any time upon giving no more than 30 and no less than 10 days' notice to the Holders in accordance with Condition 13 (*Notices*), *provided that*:

- (i) at the time the Current Issuer sends notice of such Voluntary Issuer Substitution to the Holders,
  - (A) if the Substitute Issuer is UBS Group AG, interest on the Notes on the next payment date under the Notes would be payable without the deduction by the Substitute Issuer of Swiss withholding tax after giving effect to such Voluntary Issuer Substitution; and
  - (B) if the Substitute Issuer is not UBS Group AG, neither the Substitute Issuer nor UBS Group AG would on the next payment due under the Notes be required to pay any Additional Amounts under the Notes or under the guarantee described in subclause (iii) of this clause (a), respectively, after giving effect to such Voluntary Issuer Substitution that they would not have been required to pay if such Voluntary Issuer Substitution were not to occur;
- (ii) if the Substitute Issuer is not UBS Group AG, the Current Issuer is not in default in respect of any amount payable under the Notes at the time of such substitution;
- (iii) 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;
- (iv) if the Substitute Issuer is not UBS Group AG, (A) an exemption exists from the requirement to register the Substitute Issuer as an investment company under the US Investment Company Act, and (B) at least 95 per cent. of the Substitute Issuer's capital and voting rights are held, directly or indirectly, by UBS Group AG;
- (v) the Current Issuer and the Substitute Issuer (A) have entered into such documents (the "**Substitution Documents**") as are necessary to give effect to such substitution and pursuant to which (x) the Substitute Issuer assumes the obligations of the Current Issuer under the Notes and the Paying Agency Agreement and (y) the Current Issuer and the Substitute Issuer agree to indemnify each Holder against any tax, duty, fee or governmental charge imposed on or relating to such act of assumption, and any costs or expenses of such act of assumption, and (B) procure that all action, conditions and things required to be taken, fulfilled and done (including, without limitation, the obtaining of any necessary consents) to ensure that the Substitution Documents represent valid, legally binding and enforceable obligations of the Substitute Issuer have been taken, fulfilled and done and are in full force and effect;
- (vi) the Current Issuer shall have obtained legal opinions containing no untoward qualifications from independent legal advisors in the respective countries in which the Substitute Issuer and the Current Issuer are incorporated, and (if different) in Switzerland, to the effect that (A) the obligations of the Substitute Issuer are its legal, valid and binding obligations, (B) if the Substitute Issuer is not UBS Group AG, the

obligations of UBS Group AG under the guarantee described in subclause (iii) of this clause (a) are its legal, valid and binding obligations, and (C) all approvals and consents referred to in subclause (x) of this clause (a) have been obtained;

- (vii) each competent listing authority and/or stock exchange, on or by which the Notes are admitted to listing and/or trading shall have confirmed that, following the proposed substitution of the Substitute Issuer, the Notes will continue to be admitted to listing and/or trading by the relevant competent listing authority and/or stock exchange;
- (viii) if the Substitute Issuer is not organised under the laws of Switzerland, the Substitute Issuer has appointed a process agent as its agent in Switzerland to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Notes;
- (ix) if the Substitute Issuer is not UBS Group AG, FINMA has approved such substitution (if such approval is then required under applicable Swiss laws and regulations); and
- (x) the Current Issuer and the Substitute Issuer have obtained all necessary governmental and other approvals and consents for such substitution and for the performance by the Substitute Issuer of its obligations under the Substitution Documents.

Upon any Voluntary Issuer Substitution, the Current Issuer will be released from all its obligations under the Notes and, if the Substitute Issuer is UBS Group AG, the guarantee described in subclause (iii) of this clause (a) will cease to exist, except to the extent described therein.

After giving effect to any Voluntary Issuer Substitution (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.

- (b) *[Reserved]*

## 17. **SWISS RESOLUTION POWER AND RESTRUCTURING PROTECTIVE MEASURES**

Each Holder, by acceptance of any interest in a Note, acknowledges, agrees to be bound by and consents to the exercise of any Swiss Resolution Power with respect to UBS Group AG that results in the write-down and cancellation and/or conversion into equity of UBS Group AG of the entire, or a portion of the, principal amount of, and/or accrued interest on, the Notes, irrespective of whether such amounts have already become due and payable prior to such action. In addition, each Holder, by acceptance of any interest in a Note, acknowledges, agrees to be bound by and consents to the ordering of any Restructuring Protective Measures that results in the deferment of payment of principal of, and/or interest on, the Notes. Each Holder, by acceptance of any interest in a Note, further acknowledges, agrees and consents that its rights are subject to, and if necessary, will be altered without such Holder's consent, including, without limitation, by means of an amendment or modification to the Notes and these Terms and Conditions so as to give effect to any such exercise of any Swiss Resolution Power or any such ordering of Restructuring Protective Measures.

## 18. **FURTHER ISSUES**

The Issuer may from time to time without the consent of the Holders issue further notes and, *provided* that such notes have the same terms and conditions as the Notes in all respects, (or in all respects except for the issue date and/or first date on which interest is paid), such further notes will be consolidated and form a single series with the Notes. If the Issuer issues any such further notes pursuant to this Condition 18, references in these Terms and Conditions to "Notes" will include such further notes, unless the context otherwise requires.

19. **CURRENCY INDEMNITY**

Any amount received or recovered by any Holder in a currency other than EUR (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) under the Notes will only constitute a discharge of the Issuer to the extent of the amount in EUR that such Holder is able to purchase with the amount so received or recovered in such other currency on the date of such receipt or recovery (or, if it is not practicable to purchase EUR with such amount on such date, on the first date on which it is practicable to do so). If the amount of EUR that such Holder is able to purchase is less than the amount owed by the Issuer to such Holder under the Notes, the Issuer shall indemnify such Holder against any loss sustained by it as a result. In addition, the Issuer shall indemnify such Holder for the costs of making such purchase. For purposes of this Condition 19, it is sufficient for the relevant Holder to demonstrate that it would have suffered a loss had an actual purchase been made. The indemnities under this Condition 19 will (a) constitute a separate and independent obligation from the Issuer's other obligations hereunder, (b) give rise to a separate and independent cause of action, (c) apply irrespective of any indulgence granted by any Holder and (d) continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any amount due under the Notes or any other judgment or order.

20. **NO SET-OFF BY HOLDERS**

Subject to applicable law, each Holder, by acceptance of any interest in a Note, agrees that it will not, and waives its right to, exercise, claim or plead any right of set-off, compensation or retention with respect to any amount owed to it by the Issuer in respect of, or arising in connection with, the Notes.

21. **GOVERNING LAW AND JURISDICTION**

- (a) The Notes and these Terms and Conditions are governed by and shall be construed in accordance with the laws of Switzerland.
- (b) The courts of the Canton of Zurich (venue being the City of Zurich) have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes.