

**Supplement No. 1 pursuant to the Financial Instruments Trading Act (SFS 1991:980) chapter 2 section 34**

Dated 16 December 2016 to the Base Prospectus of UBS AG, [London] [Jersey] [Branch], dated 27 September 2016,

in relation to Certificates, Notes or Warrants.

The Base Prospectus was approved and registered by the Swedish Financial Supervisory Authority ("SFSA"). Registration number at the SFSA is 16-12482. This Supplement is a part of the Base Prospectus and shall be read in conjunction with the Base Prospectus.

This Supplement No. 1 was approved by the SFSA on 16 December 2016. This Supplement was published by UBS AG on 16 December 2016. Registration number at the SFSA is 16-18523.

**This supplement serves as update to the Base Prospectus in connection to the following occurrence:**

Publication of the third quarter 2016 financial report as per 30 September 2016 of UBS Group AG on 28 October 2016 and UBS AG on 2 November 2016.

In the course of supplementing the Base Prospectus, as mentioned above, UBS AG has also taken the occasion to update in this Supplement certain updated information that has become available after the date of the Base Prospectus.

**The attention of the investors is in particular drawn to the following: Investors who have already agreed to purchase or subscribe for the Notes, Certificates, or Warrants, as the case may be, before this supplement is published have, pursuant to the Financial Instruments Trading Act (SFS 1991:980) chapter 2 section 34, the right, exercisable within a time limit of two working days after the publication of this supplement, to withdraw their acceptances, provided that the new circumstances or the incorrectness causing the supplement occurred before the closing of the public offering and before the delivery of the securities. This means that the last day to withdrawal is before close of business on 20 December 2016. A withdrawal, if any, of an order must be communicated in writing to the Issuer at its registered office specified in the address list hereof.**

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- 1) In relation to the Base Prospectus referred to above, the following adjustments have been made:

**In the section headed "D. RISK FACTORS" the following changes shall be made:**

**In the section headed "2. Security specific Risks", in the subsection entitled "6. UBS has announced its intention to make certain structural changes in light of regulatory trends and requirements and the Conditions of the Securities do not contain any restrictions on the Issuer's or UBS's ability to restructure its business" the seventh paragraph (starting with "In 2015, UBS has also established...") is moved up (becoming the sixth paragraph) and the second last paragraph (starting with "UBS continues to consider...") is completely replaced. Consequently, the entire subsection 6. reads as follows:**

**"6. UBS has announced its intention to make certain structural changes in light of regulatory trends and requirements and the Conditions of the Securities do not contain any restrictions on the Issuer's or UBS's ability to restructure its business**

Over the past two years, UBS has undertaken a series of measures to improve the resolvability of the Group in response to too big to fail requirements in Switzerland and other countries in which the Group operates.

In December 2014, UBS Group AG completed an exchange offer for the shares of UBS AG, becoming the holding company for the UBS Group. Subsequently, during 2015, UBS Group AG filed and completed a procedure under the Swiss Stock Exchange and Securities Trading Act to squeeze out minority shareholders of UBS AG, as a result of which UBS Group AG acquired all of the outstanding shares of UBS AG.

In June 2015, UBS AG transferred its Retail & Corporate (now Personal & Corporate Banking) and Wealth Management business booked in Switzerland to UBS Switzerland AG, a banking subsidiary of UBS AG in Switzerland.

In 2015, UBS also completed the implementation of a more self-sufficient business and operating model for UBS Limited, UBS's investment banking subsidiary in the UK, under which UBS Limited bears and retains a larger proportion of the risk and reward in its business activities.

In the third quarter of 2015, UBS established UBS Business Solutions AG as a direct subsidiary of UBS Group AG to act as the Group service company. UBS will transfer the ownership of the majority of its existing service subsidiaries to this entity. UBS expects that the transfer of shared service and support functions into the service company structure will be implemented in a staged approach through 2018. The purpose of the service company structure is to improve the resolvability of the Group by enabling UBS to maintain operational continuity of critical services should a recovery or resolution event occur.

In 2015, UBS has also established a new subsidiary of UBS AG, UBS Asset Management AG, into which UBS expects to transfer the majority of the operating subsidiaries of Asset Management during 2016. UBS continues to consider further changes to the legal entities used by Asset Management, including the transfer of operations conducted by UBS AG in Switzerland into a subsidiary of UBS Asset Management AG.

In the second quarter of 2016, UBS Americas Holding LLC, a subsidiary of UBS AG, has been designated as the intermediate holding company for UBS's US subsidiaries as required under the enhanced prudential standards regulations pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank"). UBS Americas Holding LLC holds all of UBS's US subsidiaries and is subject to US capital requirements, governance requirements and other prudential regulation.

UBS continues to consider further changes to the Group's legal structure in response to capital and other regulatory requirements, and in order to obtain any rebate in total loss-absorbing capacity requirements for which the Group may be eligible. Such changes may include the transfer of operating subsidiaries of UBS AG to become direct subsidiaries of UBS

Group AG, consolidation of operating subsidiaries in the European Union, and adjustments to the booking entity or location of products and services. These structural changes are being discussed on an ongoing basis with FINMA and other regulatory authorities, and remain subject to a number of uncertainties that may affect their feasibility, scope or timing.

The Conditions of the Securities contain no restrictions on change of control events or structural changes, such as consolidations or mergers or demergers of the Issuer or the sale, assignment, spin-off, contribution, distribution, transfer or other disposal of all or any portion of the Issuer's or its subsidiaries' properties or assets in connection with the announced changes to its legal structure or otherwise and no event of default, requirement to repurchase the Securities or other event will be triggered under the Conditions of the Securities as a result of such changes. There can be no assurance that such changes, should they occur, would not adversely affect the credit rating of the Issuer and/or increase the likelihood of the occurrence of an event of default. Such changes, should they occur, may adversely affect the Issuer's ability to redeem or pay interest on the Securities and/or lead to circumstances in which the Issuer may elect to cancel such interest (if applicable)."

**In the section headed "J. INFORMATION ABOUT UBS AG" the following changes are made:**

**In section "1. General Information on UBS AG" the second and the third paragraph are completely replaced by the following text:**

"On 30 September 2016, UBS Group AG (consolidated) common equity tier 1 ("CET1") capital ratio<sup>1</sup> was 14.0% on a fully applied basis and 16.9% on a phase-in basis, invested assets stood at CHF 2,747 billion, equity attributable to UBS Group AG shareholders was CHF 53,300 million and market capitalization was CHF 50,941 million. On the same date, UBS employed 59,946 people<sup>2</sup>.

On 30 September 2016, UBS AG (consolidated) CET1 capital ratio<sup>1</sup> was 14.8% on a fully applied basis and 17.7% on a phase-in basis, invested assets stood at CHF 2,747 billion and equity attributable to UBS AG shareholders was CHF 53,556 million. On the same date, UBS AG Group employed 57,012 people<sup>2</sup>."

**In section "1. General Information on UBS AG" in the subsection entitled "Corporate Information" the third paragraph is completely replaced by the following text:**

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

**In section "2. Business Overview" the subsection entitled "Recent Developments" is completely replaced by the following text:**

**"Recent Developments**

*UBS AG (consolidated) key figures*

UBS AG derived the selected consolidated financial information included in the table below for the years ended 31 December 2015, 2014 and 2013, except where indicated, from the

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<sup>1</sup> Based on the Basel III framework as applicable to Swiss systemically relevant banks. The common equity tier 1 capital ratio is the ratio of common equity tier 1 capital to risk-weighted assets. The Basel III framework includes prudential filters for the calculation of capital. As these filters are being phased in between 2014 and 2018, their effects are gradually factored into the calculations capital, RWA and capital ratios of UBS AG (consolidated) on a phase-in basis and are entirely reflected in the capital, RWA and capital ratios on a fully applied basis. For information as to how common equity tier 1 capital is calculated, refer to the table "Reconciliation IFRS equity to Swiss SRB common equity tier 1 capital" in the section "Capital management" of the UBS Group third quarter 2016 report and the UBS AG third quarter 2016 report, respectively.

<sup>2</sup> Full-time equivalents.

Annual Report 2015, which contains the audited consolidated financial statements of UBS AG, as well as additional unaudited consolidated financial information, for the year ended 31 December 2015 and comparative figures for the years ended 31 December 2014 and 2013. The selected consolidated financial information included in the table below for the nine months ended 30 September 2016 and 30 September 2015 was derived from the UBS AG third quarter 2016 report, which contains the unaudited consolidated financial statements of UBS AG, as well as additional unaudited consolidated financial information, for the nine months ended 30 September 2016 and comparative figures for the nine months ended 30 September 2015. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**") and are stated in Swiss francs ("**CHF**"). Information for the years ended 31 December 2015, 2014 and 2013 which is indicated as being unaudited in the table below was included in the Annual Report 2015 but has not been audited on the basis that the respective disclosures are not required under IFRS, and therefore are not part of the audited financial statements. The Annual Report 2015 and the third quarter 2016 report of UBS AG are incorporated by reference herein. Prospective investors should read the whole of this Prospectus and the documents incorporated by reference herein and should not rely solely on the summarized information set out below:

CHF million, except where indicated	As of or for the nine months ended		As of or for the year ended		
	30.9.16	30.9.15	31.12.15	31.12.14	31.12.13
	<i>unaudited</i>		<i>audited, except where indicated</i>		
<b>Results</b>					
Operating income	21,303	23,834	30,605	28,026	27,732
Operating expenses	17,979	18,655	25,198	25,557	24,461
Operating profit / (loss) before tax	3,324	5,179	5,407	2,469	3,272
Net profit / (loss) attributable to shareholders	2,568	5,285	6,235	3,502	3,172
<b>Key performance indicators</b>					
<b>Profitability</b>					
Return on tangible equity (%) <sup>1</sup>	7.3	15.4	13.5*	8.2*	8.0*
Return on assets, gross (%) <sup>2</sup>	2.9	3.2	3.1*	2.8*	2.5*
Cost / income ratio (%) <sup>3</sup>	84.3	78.1	82.0*	90.9*	88.0*
<b>Growth</b>					
Net profit growth (%) <sup>4</sup>	(51.4)	102.6	78.0*	10.4*	-
Net new money growth for combined wealth management businesses (%) <sup>5</sup>	3.2	2.0	2.2*	2.5*	3.4*
<b>Resources</b>					
Common equity tier 1 capital ratio (fully applied, %) <sup>6,7</sup>	14.8	15.3	15.4*	14.2*	12.8*
Going concern leverage ratio (phase-in, %) <sup>8,9</sup>	5.7				
<b>Additional information</b>					
<b>Profitability</b>					
Return on equity (RoE) (%)	6.3	13.3	11.7*	7.0*	6.7*
Return on risk-weighted assets, gross (%) <sup>10</sup>	13.3	14.8	14.3*	12.6*	11.6*
<b>Resources</b>					
Total assets	935,683	981,891	943,256	1,062,327	1,013,355
Equity attributable to shareholders	53,556	54,126	55,248	52,108	48,002
Common equity tier 1 capital (fully applied) <sup>7</sup>	32,110	33,183	32,042	30,805	28,908
Common equity tier 1 capital (phase-in) <sup>7</sup>	38,994	40,581	41,516	44,090	42,179

Risk-weighted assets (fully applied) <sup>7</sup>	217,297	217,472	208,186*	217,158*	225,153*
Common equity tier 1 capital ratio (phase-in, %) <sup>6,7</sup>	17.7	18.3	19.5*	19.9*	18.5*
Going concern capital ratio (fully applied, %) <sup>9</sup>	16.5				
Going concern capital ratio (phase-in, %) <sup>9</sup>	23.0				
Common equity tier 1 leverage ratio (fully applied, %) <sup>11</sup>	3.7	3.5	3.6*	3.1*	2.8*
Going concern leverage ratio (fully applied, %) <sup>8,9</sup>	4.1				
Leverage ratio denominator (fully applied) <sup>11</sup>	877,926	949,548	898,251*	999,124*	1,015,306*
<b>Other</b>					
Invested assets (CHF billion) <sup>12</sup>	2,747	2,577	2,689	2,734	2,390
Personnel (full-time equivalents)	57,012	58,502	58,131*	60,155*	60,205*

\* unaudited

<sup>1</sup> Net profit attributable to shareholders before amortization and impairment of goodwill and intangible assets (annualized as applicable) / average equity attributable to shareholders less average goodwill and intangible assets. <sup>2</sup> Operating income before credit loss (expense) or recovery (annualized as applicable) / average total assets. <sup>3</sup> Operating expenses / operating income before credit loss (expense) or recovery. <sup>4</sup> Change in net profit attributable to shareholders from continuing operations between current and comparison periods / net profit attributable to shareholders from continuing operations of comparison period. Not meaningful and not included if either the reporting period or the comparison period is a loss period. <sup>5</sup> Net new money growth for combined wealth management businesses is calculated as the aggregate of the net new money for the period (annualized as applicable) of the business divisions Wealth Management and Wealth Management Americas / aggregate invested assets at the beginning of the period of the business divisions Wealth Management and Wealth Management Americas. Net new money and invested assets are each derived from the "Wealth Management" and "Wealth Management Americas" sections of the management report contained in the UBS Group Third Quarter 2016 Report, under "UBS business divisions and Corporate Center", and in the Annual Report 2015, under "Financial and operating performance", respectively. Net new money growth for combined wealth management businesses is based on adjusted net new money, which excludes the negative effect on net new money (third quarter 2015: CHF 3.3 billion; second quarter of 2015: CHF 6.6 billion) in Wealth Management from UBS's balance sheet and capital optimization program. <sup>6</sup> Common equity tier 1 capital / risk-weighted assets. <sup>7</sup> Based on the Basel III framework as applicable to Swiss systemically relevant banks. <sup>8</sup> Going concern capital / leverage ratio denominator. <sup>9</sup> Based on the revised Swiss SRB framework that became applicable on 1 July 2016. Figures for prior periods are not available. <sup>10</sup> Based on fully-applied risk-weighted assets for all periods presented. This unaudited consolidated financial information was derived from the UBS AG Third Quarter 2016 Report and UBS AG Group's accounting records. Figures as of and for the years ended 31 December 2015, 31 December 2014 and 31 December 2013 do not correspond to the figures contained in the Annual Report 2015 or the Annual Report 2014, which were based on phase-in risk-weighted assets. <sup>11</sup> Calculated in accordance with Swiss SRB rules. From 31 December 2015 onward, the leverage ratio denominator calculation is aligned with the Basel III rules. Figures for periods prior to 31 December 2015 are calculated in accordance with former Swiss SRB rules and are therefore not fully comparable. <sup>12</sup> Includes invested assets for Personal & Corporate Banking.

**In section "3. Organisational Structure of the Issuer" the eighth paragraph (starting with "In 2015, UBS also established...") is moved up (becoming the seventh paragraph) and the ninth paragraph (starting with "UBS continues to consider...") is completely replaced. Consequently, section 3. reads as follows:**

### **"3. Organisational Structure of the Issuer**

UBS AG is a Swiss bank and the parent company of the UBS AG Group. It is 100% owned by UBS Group AG, which is the holding company of the UBS Group. UBS Group operates as a group with five business divisions (Wealth Management, Wealth Management Americas, Personal & Corporate Banking, Asset Management and the Investment Bank) and a Corporate Center.

Over the past two years, UBS has undertaken a series of measures to improve the resolvability of the Group in response to too big to fail ("TBTF") requirements in Switzerland and other countries in which the Group operates.

In December 2014, UBS Group AG completed an exchange offer for the shares of UBS AG, becoming the holding company for the UBS Group. Subsequently, during 2015, UBS Group AG filed and completed a procedure under the Swiss Stock Exchange and Securities Trading Act to squeeze out minority shareholders of UBS AG, as a result of which UBS Group AG acquired all of the outstanding shares of UBS AG.

In June 2015, UBS AG transferred its Retail & Corporate (now Personal & Corporate Banking) and Wealth Management business booked in Switzerland to UBS Switzerland AG, a banking subsidiary of UBS AG in Switzerland.

In 2015, UBS also completed the implementation of a more self-sufficient business and operating model for UBS Limited, UBS's investment banking subsidiary in the UK, under which UBS Limited bears and retains a larger proportion of the risk and reward in its business activities.

In the third quarter of 2015, UBS established UBS Business Solutions AG as a direct subsidiary of UBS Group AG to act as the Group service company. UBS will transfer the ownership of the majority of its existing service subsidiaries to this entity. UBS expects that the transfer of shared service and support functions into the service company structure will be implemented in a staged approach through 2018. The purpose of the service company structure is to improve the resolvability of the Group by enabling UBS to maintain operational continuity of critical services should a recovery or resolution event occur.

In 2015, UBS also established a new subsidiary of UBS AG, UBS Asset Management AG, into which it expects to transfer the majority of the operating subsidiaries of Asset Management during 2016. UBS continues to consider further changes to the legal entities used by Asset Management, including the transfer of operations conducted by UBS AG in Switzerland into a subsidiary of UBS Asset Management AG.

In the second quarter of 2016, UBS Americas Holding LLC, a subsidiary of UBS AG, has been designated as the intermediate holding company for UBS's US subsidiaries as required under the enhanced prudential standards regulations pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act ("**Dodd-Frank**"). UBS Americas Holding LLC holds all of UBS's US subsidiaries and is subject to US capital requirements, governance requirements and other prudential regulation.

UBS continues to consider further changes to the Group's legal structure in response to capital and other regulatory requirements, and in order to obtain any rebate in total loss-absorbing capacity requirements for which the Group may be eligible. Such changes may include the transfer of operating subsidiaries of UBS AG to become direct subsidiaries of UBS Group AG, consolidation of operating subsidiaries in the European Union, and adjustments to the booking entity or location of products and services. These structural changes are being discussed on an ongoing basis with the Swiss Financial Market Supervisory Authority FINMA ("**FINMA**") and other regulatory authorities, and remain subject to a number of uncertainties that may affect their feasibility, scope or timing.

UBS Group AG's interests in subsidiaries and other entities as of 31 December 2015, including interests in significant subsidiaries, are discussed in the UBS Group AG and UBS AG Annual Report 2015, in English, published on 18 March 2016 (the "**Annual Report 2015**"), on pages 540-549 (inclusive).

UBS AG's interests in subsidiaries and other entities as of 31 December 2015, including interests in significant subsidiaries, are discussed in the Annual Report 2015, on pages 707-716 (inclusive)."

**Section "4. Trend Information" is completely replaced by the following text:**

#### **"4. Trend Information**

As indicated in the UBS Group AG third quarter 2016 report published on 28 October 2016 ("**UBS Group Third Quarter 2016 Report**"), underlying macroeconomic uncertainty and geopolitical tensions continued to contribute to client risk aversion and generally low transaction volumes. Lower than anticipated and negative interest rates still present considerable headwinds. These conditions are unlikely to change in the foreseeable future. Implementing Switzerland's new bank capital standards and the proposed further changes to the international regulatory framework for banks will result in increasing capital requirements and costs. UBS is well positioned to deal with these challenges and to benefit

from even a moderate improvement in market conditions. UBS remains committed to executing its strategy with discipline.”

**In section “5. Administrative, Management and Supervisory Bodies of UBS AG” in the subsection headed “Members of the Board of Directors” the table rows relating to the Board of Directors’ members Axel A. Weber, Michel Demaré, David Sidwell, Ann F. Godbehere, Robert W. Scully, Beatrice Weder di Mauro, Dieter Wemmer and Joseph Yam are completely replaced as follows:**

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<p>Axel A. Weber</p> <p>UBS AG, Bahnhofstrasse 45, CH-8001 Zurich</p>	<p>Chairman</p>	<p>2017</p>	<p>Chairman of the Board of Directors of UBS Group AG. Member of the board of the Swiss Bankers Association, of the Board of Trustees of Avenir Suisse, of the Advisory Board of Zukunft Finanzplatz, of the Board of the Swiss Finance Council, of the Board of the Institute of International Finance; president of the International Monetary Conference; member of the European Financial Services Round Table and the European Banking Group; member of the International Advisory Panel, Monetary Authority of Singapore; member of the Board of the Financial Services Professional Board, Kuala Lumpur; member of the Group of Thirty, Washington, D.C.; Chairman of the DIW Berlin Board of Trustees; Advisory Board member of the Department of Economics at the University of Zurich.</p>
<p>Michel Demaré</p> <p>Syngenta International AG, Schwarzwaldallee 215, CH-4058 Basel</p>	<p>Independent Vice Chairman</p>	<p>2017</p>	<p>Independent Vice Chairman of the Board of Directors of UBS Group AG. Chairman of the Board of Syngenta; Board member of Louis-Dreyfus Commodities Holdings BV; Supervisory Board member of IMD, Lausanne; Chairman of the Syngenta Foundation for Sustainable Agriculture; member of the Advisory Board of the Department of Banking and Finance, University of Zurich; member of the Advisory Board of Zukunft Finanzplatz.</p>
<p>David Sidwell</p> <p>UBS AG, Bahnhofstrasse 45, CH-8001 Zurich</p>	<p>Senior Independent Director</p>	<p>2017</p>	<p>Senior Independent Director of the Board of Directors of UBS Group AG. Senior Advisor at Oliver Wyman, New York; Board member of Chubb Limited; Board member of GAVI Alliance; Chairman of the Board of Village Care, New York; Director of the National Council on Aging, Washington D.C.</p>
<p>Ann F. Godbehere</p> <p>UBS AG, Bahnhofstrasse 45, CH-8001 Zurich</p>	<p>Member</p>	<p>2017</p>	<p>Member of the Board of Directors of UBS Group AG. Board member and Chairperson of the Audit Committee of Prudential plc, Rio Tinto plc and Rio Tinto Limited; member of the Board of British American Tobacco plc.</p>
<p>Robert W. Scully</p> <p>UBS AG, Bahnhofstrasse 45, CH-8001 Zurich</p>	<p>Member</p>	<p>2017</p>	<p>Member of the Board of Directors of UBS Group AG. Member of the Board of Directors of Chubb Limited, Zoetis Inc. and KKR &amp; Co LP; member of the Board of Dean's Advisors of Harvard Business School.</p>
<p>Beatrice Weder di Mauro</p> <p>Johannes Gutenberg-University Mainz, Jakob Welder-Weg 4, D-55099 Mainz</p>	<p>Member</p>	<p>2017</p>	<p>Member of the Board of Directors of UBS Group AG. Professor at the Johannes Gutenberg University, Mainz; member of the Supervisory Board of Robert Bosch GmbH, Stuttgart; board member of Bombardier Inc.; member of the ETH Zurich Foundation Board of Trustees; member of the Economic Advisory Board of Fraport AG; member of the Advisory Board of Deloitte Germany; Deputy Chairman of the University Council of the University of Mainz; member of the Senate of the Max Planck Society.</p>
<p>Dieter Wemmer</p> <p>Allianz SE, Königinstr. 28, 80802 Munich, Germany</p>	<p>Member</p>	<p>2017</p>	<p>Member of the Board of Directors of UBS Group AG. Chief Financial Officer at Allianz SE; Administrative Board member of Allianz Asset Management AG and Allianz Investment Management SE. Member of the CFO Forum; member of the Systemic Risk Working Group of the European Central Bank and the Bank for International Settlements; Chairman of the Economic &amp; Finance Committee of Insurance Europe; member of the Berlin Center of Corporate Governance.</p>
<p>Joseph Yam</p>	<p>Member</p>	<p>2017</p>	<p>Member of the Board of Directors of UBS Group AG. Executive Vice President of the China Society for Finance and Banking; member of the Board of Johnson Electric Holdings Limited and of UnionPay International Co., Ltd.; International Advisory Council member of China Investment Corporation; Distinguished Research Fellow at the Institute of Global Economics and</p>

**In section “7. Financial Information concerning the Issuer’s Assets and Liabilities, Financial Position and Profits and Losses”, the subsection entitled “Interim Financial Information” is completely replaced as follows:**

**“Interim Financial Information**

Reference is also made to (i) the UBS Group first quarter 2016 report and the UBS AG first quarter 2016 report, which contain information on the financial condition and results of operations, including the consolidated financial statements, of UBS Group AG (consolidated) and UBS AG (consolidated), respectively, as of and for the period ended 31 March 2016; (ii) the UBS Group second quarter 2016 report and the UBS AG second quarter 2016 report, which contain information on the financial condition and results of operations, including the consolidated financial statements, of UBS Group AG (consolidated) and UBS AG (consolidated), respectively, as of and for the period ended 30 June 2016, and (iii) the UBS Group Third Quarter 2016 Report and the UBS AG third quarter 2016 report published on 2 November 2016 (“**UBS AG Third Quarter 2016 Report**”), which contain information on the financial condition and results of operations, including the consolidated financial statements, of UBS Group AG (consolidated) and UBS AG (consolidated), respectively, as of and for the period ended 30 September 2016. The interim consolidated financial statements are not audited.”

**Section “8. Litigation, Regulatory and Similar Matters” is completely replaced by the following text:**

**“8. Litigation, Regulatory and Similar Matters**

The Group operates in a legal and regulatory environment that exposes it to significant litigation and similar risks arising from disputes and regulatory proceedings. As a result, UBS (which for purposes of this section may refer to UBS AG and / or one or more of its subsidiaries, as applicable) is involved in various disputes and legal proceedings, including litigation, arbitration, and regulatory and criminal investigations.

Such matters are subject to many uncertainties and the outcome and the timing of resolution are often difficult to predict, particularly in the earlier stages of a case. There are also situations where UBS may enter into a settlement agreement. This may occur in order to avoid the expense, management distraction or reputational implications of continuing to contest liability, even for those matters for which UBS believes it should be exonerated. The uncertainties inherent in all such matters affect the amount and timing of any potential outflows for both matters with respect to which provisions have been established and other contingent liabilities. UBS makes provisions for such matters brought against it when, in the opinion of management after seeking legal advice, it is more likely than not that UBS has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required, and the amount can be reliably estimated. Where these factors are otherwise satisfied, a provision may be established for claims that have not yet been asserted against UBS, but are nevertheless expected to be, based on UBS’s experience with similar asserted claims. If any of those conditions is not met, such matters result in contingent liabilities. If the amount of an obligation cannot be reliably estimated, a liability exists that is not recognized even if an outflow of resources is probable. Accordingly, no provision is established even if the potential outflow of resources with respect to select matters could be significant.

Specific litigation, regulatory and other matters are described below, including all such matters that management considers to be material and others that management believes to be of significance due to potential financial, reputational and other effects. The amount of damages claimed, the size of a transaction or other information is provided where available and appropriate in order to assist users in considering the magnitude of potential exposures.

In the case of certain matters below, UBS states that it has established a provision, and for the other matters it makes no such statement. When UBS makes this statement and UBS expects disclosure of the amount of a provision to prejudice seriously its position with other parties in the matter, because it would reveal what UBS believes to be the probable and reliably estimable outflow, UBS does not disclose that amount. In some cases UBS is subject to confidentiality obligations that preclude such disclosure. With respect to the matters for which UBS does not state whether it has established a provision, either (a) it has not established a provision, in which case the matter is treated as a contingent liability under the applicable accounting standard, or (b) it has established a provision but expects disclosure of that fact to prejudice seriously its position with other parties in the matter because it would reveal the fact that UBS believes an outflow of resources to be probable and reliably estimable.

With respect to certain litigation, regulatory and similar matters for which UBS has established provisions, UBS is able to estimate the expected timing of outflows. However, the aggregate amount of the expected outflows for those matters for which it is able to estimate expected timing is immaterial relative to its current and expected levels of liquidity over the relevant time periods.

The aggregate amount provisioned for litigation, regulatory and similar matters as a class is disclosed in Note 14a of the unaudited interim consolidated financial statements of UBS AG, included in the UBS AG Third Quarter 2016 Report. It is not practicable to provide an aggregate estimate of liability for UBS's litigation, regulatory and similar matters as a class of contingent liabilities. Doing so would require UBS to provide speculative legal assessments as to claims and proceedings that involve unique fact patterns or novel legal theories, which have not yet been initiated or are at early stages of adjudication, or as to which alleged damages have not been quantified by the claimants. Although it therefore cannot provide a numerical estimate of the future losses that could arise from litigation, regulatory and similar matters, UBS believes that the aggregate amount of possible future losses from this class that are more than remote substantially exceeds the level of current provisions. Litigation, regulatory and similar matters may also result in non-monetary penalties and consequences. For example, the Non-Prosecution Agreement ("**NPA**") described in paragraph 5 of this section, which UBS entered into with the US Department of Justice ("**DOJ**"), Criminal Division, Fraud Section in connection with its submissions of benchmark interest rates, including, among others, the British Bankers' Association London Interbank Offered Rate ("**LIBOR**"), was terminated by the DOJ based on its determination that UBS had committed a US crime in relation to foreign exchange matters. As a consequence, UBS AG has pleaded guilty to one count of wire fraud for conduct in the LIBOR matter, and has agreed to pay a USD 203 million fine and accept a three-year term of probation. A guilty plea to, or conviction of, a crime (including as a result of termination of the NPA) could have material consequences for UBS. Resolution of regulatory proceedings may require UBS to obtain waivers of regulatory disqualifications to maintain certain operations, may entitle regulatory authorities to limit, suspend or terminate licenses and regulatory authorizations and may permit financial market utilities to limit, suspend or terminate UBS's participation in such utilities. Failure to obtain such waivers, or any limitation, suspension or termination of licenses, authorizations or participations, could have material consequences for UBS.

The risk of loss associated with litigation, regulatory and similar matters is a component of operational risk for purposes of determining UBS's capital requirements. Information concerning its capital requirements and the calculation of operational risk for this purpose is included in the "Capital management" section of the UBS Group Third Quarter 2016 Report.

<i>CHF million</i>	Wealth Manage- ment	Wealth Manage- ment Americas	Personal & Corporate Banking	Asset Manage- ment	Invest- ment Bank	CC – Services	CC – Grou- p ALM	CC – Non-core and Legacy Portfolio	<b>UBS</b>
<b>Balance as of 31 December 2015</b>	245	459	83	16	585	310	0	1,284	<b>2,983</b>
<b>Balance as of 30 June 2016</b>	247	416	79	7	589	301	0	1,042	<b>2,682</b>
Increase in provisions recognised in the income statement	2	14	0	4	2	3	0	412	<b>437</b>
Release of provisions recognised in the income statement	(4)	(4)	(3)	(1)	0	(1)	0	(4)	<b>(18)</b>

Provisions used in conformity with designated purpose	(12)	(36)	(4)	0	(2)	(41)	0	(13)	<b>(109)</b>
Foreign currency translation / unwind of discount	1	(3)	0	0	(4)	(1)	0	(9)	<b>(16)</b>
<b>Balance as of 30 September 2016</b>	234	386	72	9	584	261	0	1,429	<b>2,976</b>

1 Provisions, if any, for the matters described in this section are recorded in Wealth Management (item 3), Wealth Management Americas (item 4), the Investment Bank (item 8), CC – Services (item 7) and CC – Non-core and Legacy Portfolio (item 2). Provisions, if any, for the matters described in this section in items 1 and 6 are allocated between Wealth Management and Personal & Corporate Banking, and provisions, if any, for the matters described in this section in item 5 are allocated between the Investment Bank, CC – Services and CC – Non-core and Legacy Portfolio.

## 1. Inquiries regarding cross-border wealth management businesses

Tax and regulatory authorities in a number of countries have made inquiries, served requests for information or examined employees located in their respective jurisdictions relating to the cross-border wealth management services provided by UBS and other financial institutions. It is possible that implementation of automatic tax information exchange and other measures relating to cross-border provision of financial services could give rise to further inquiries in the future. UBS has received disclosure orders from the Swiss Federal Tax Administration ("FTA") to transfer information based on requests for international administrative assistance in tax matters. The requests concern a number of UBS account numbers pertaining to current and former clients and are based on data from 2006 and 2008. UBS has taken steps to inform affected clients about the administrative assistance proceedings and their procedural rights, including the right to appeal. The requests are based on data received from the German authorities, who seized certain data related to UBS clients booked in Switzerland during their investigations and have apparently shared this data with other European countries. UBS expects additional countries to file similar requests. In addition, the Swiss Federal Supreme Court ruled in September 2016 that the double taxation agreement between the Netherlands and Switzerland provides a sufficient legal basis for an administrative assistance group request without specifying the names of the targeted taxpayers, which makes it more likely that similar requests for administrative assistance will be granted by the FTA.

As a result of investigations in France, in 2013, UBS (France) S.A. and UBS AG were put under formal examination ("mise en examen") for complicity in having illicitly solicited clients on French territory, and were declared witness with legal assistance ("témoin assisté") regarding the laundering of proceeds of tax fraud and of banking and financial solicitation by unauthorized persons. In 2014, UBS AG was placed under formal examination with respect to the potential charges of laundering of proceeds of tax fraud, and the investigating judges ordered UBS AG to provide bail ("caution") of EUR 1.1 billion. UBS AG appealed the determination of the bail amount, but both the appeal court ("Cour d'Appel") and the French Supreme Court ("Cour de Cassation") upheld the bail amount and rejected the appeal in full in late 2014. UBS AG has filed and has had formally registered an application to the European Court of Human Rights to challenge various aspects of the French court's decision. In September 2015, the former CEO of UBS Wealth Management was placed under formal examination in connection with these proceedings. In addition, the investigating judges have sought to issue arrest warrants against three Swiss-based former employees of UBS AG who did not appear when summoned by the investigating judge.

In 2015, UBS (France) S.A. was placed under formal examination for complicity regarding the laundering of proceeds of tax fraud and of banking and financial solicitation by unauthorized persons for the years 2004 until 2008 and declared witness with legal assistance for the years 2009 to 2012. A bail of EUR 40 million was imposed, and was subsequently reduced by the Court of Appeals to EUR 10 million.

In February 2016, the investigating judge notified UBS AG and UBS (France) S.A. that he has closed his investigation. In July 2016, UBS AG and UBS (France) S.A. received the National Financial Prosecutor's recommendation ("réquisitoire"). As permitted, the parties have commented on the recommendation. The next procedural step will be for the judge to issue his final decree ("ordonnance de renvoi en correctionnelle") which would set out any charges for which UBS AG and UBS (France) S.A. will be tried, both legally and factually, and transfer the case to court.

UBS has been notified by the Belgian investigating judge that it is under formal investigation (“inculpé”) regarding the laundering of proceeds of tax fraud and of banking, financial solicitation by unauthorized persons and serious tax fraud.

In 2015, UBS received inquiries from the US Attorney’s Office for the Eastern District of New York and from the US Securities and Exchange Commission (“**SEC**”), which are investigating potential sales to US persons of bearer bonds and other unregistered securities in possible violation of the Tax Equity and Fiscal Responsibility Act of 1982 (“**TEFRA**”) and the registration requirements of the US securities laws. UBS is cooperating with the authorities in these investigations.

UBS has, and reportedly numerous other financial institutions have, received inquiries from authorities concerning accounts relating to the Fédération Internationale de Football Association (“**FIFA**”) and other constituent soccer associations and related persons and entities. UBS is cooperating with authorities in these inquiries.

UBS’s balance sheet at 30 September 2016 reflected provisions with respect to matters described in this item 1 in an amount that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which UBS has established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information, and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that UBS has recognized.

## 2. Claims related to sales of residential mortgage-backed securities and mortgages

From 2002 through 2007, prior to the crisis in the US residential loan market, UBS was a substantial issuer and underwriter of US residential mortgage-backed securities (“**RMBS**”) and was a purchaser and seller of US residential mortgages. A subsidiary of UBS, UBS Real Estate Securities Inc. (“**UBS RESI**”), acquired pools of residential mortgage loans from originators and (through an affiliate) deposited them into securitization trusts. In this manner, from 2004 through 2007, UBS RESI sponsored approximately USD 80 billion in RMBS, based on the original principal balances of the securities issued.

UBS RESI also sold pools of loans acquired from originators to third-party purchasers. These whole loan sales during the period 2004 through 2007 totaled approximately USD 19 billion in original principal balance.

UBS was not a significant originator of US residential loans. A subsidiary of UBS originated approximately USD 1.5 billion in US residential mortgage loans during the period in which it was active from 2006 to 2008, and securitized less than half of these loans.

*RMBS-related lawsuits concerning disclosures:* UBS is named as a defendant relating to its role as underwriter and issuer of RMBS in lawsuits related to approximately USD 2.5 billion in original face amount of RMBS underwritten or issued by UBS. Of the USD 2.5 billion in original face amount of RMBS that remains at issue in these cases, approximately USD 1.2 billion was issued in offerings in which a UBS subsidiary transferred underlying loans (the majority of which were purchased from third-party originators) into a securitization trust and made representations and warranties about those loans (“**UBS-sponsored RMBS**”). The remaining USD 1.3 billion of RMBS to which these cases relate was issued by third parties in securitizations in which UBS acted as underwriter (“**third-party RMBS**”).

In connection with certain of these lawsuits, UBS has indemnification rights against surviving third-party issuers or originators for losses or liabilities incurred by UBS, but UBS cannot predict the extent to which it will succeed in enforcing those rights.

UBS is a defendant in a lawsuit brought by the National Credit Union Administration (“**NCUA**”), as conservator for certain failed credit unions, asserting misstatements and omissions in the offering documents for RMBS purchased by the credit unions. The lawsuit was filed in the US District Court for the District of Kansas. The original principal balance at issue in the case is approximately USD 1.15 billion. Motions for summary judgment are expected to be fully submitted in December 2016. In the second quarter of 2016, UBS

resolved a similar case brought by the NCUA in the US District Court for the Southern District of New York ("**SDNY**") relating to RMBS with an original principal balance of approximately USD 400 million, for a total of approximately USD 69.8 million, in addition to reasonable attorneys' fees incurred by NCUA.

*Lawsuits related to contractual representations and warranties concerning mortgages and RMBS:* When UBS acted as an RMBS sponsor or mortgage seller, it generally made certain representations relating to the characteristics of the underlying loans. In the event of a material breach of these representations, UBS was in certain circumstances contractually obligated to repurchase the loans to which the representations related or to indemnify certain parties against losses. UBS has received demands to repurchase US residential mortgage loans as to which UBS made certain representations at the time the loans were transferred to the securitization trust aggregating approximately USD 4.1 billion in original principal balance. Of this amount, UBS considers claims relating to approximately USD 2 billion in original principal balance to be resolved, including claims barred by the statute of limitations. Substantially all of the remaining claims are in litigation, including the matters described in the next paragraph. UBS believes that new demands to repurchase US residential mortgage loans are time-barred under a decision rendered by the New York Court of Appeals.

In 2012, certain RMBS trusts filed an action ("**Trustee Suit**") in the SDNY seeking to enforce UBS RESI's obligation to repurchase loans in the collateral pools for three RMBS securitizations ("**Transactions**") with an original principal balance of approximately USD 2 billion, for which Assured Guaranty Municipal Corp. ("**Assured Guaranty**"), a financial guaranty insurance company, had previously demanded repurchase. A bench trial in the SDNY adjourned in May 2016. Approximately 9,000 loans were at issue in the trial. In September 2016, the Court issued an order ruling on numerous legal and factual issues and applying those rulings to 20 exemplar loans. The Court further ordered that a Lead Master be appointed to apply the Court's rulings to the loans that remain at issue following the trial. With respect to the loans subject to the Trustee Suit that were originated by institutions still in existence, UBS intends to enforce its indemnity rights against those institutions.

UBS also has tolling agreements with certain institutional purchasers of RMBS concerning their potential claims related to substantial purchases of UBS-sponsored or third-party RMBS.

*Mortgage-related regulatory matters:* In 2014, UBS received a subpoena from the US Attorney's Office for the Eastern District of New York issued pursuant to the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("**FIRREA**"), which seeks documents and information related to UBS's RMBS business from 2005 through 2007. In 2015, the Eastern District of New York identified a number of transactions that are the focus of their inquiry, and has subsequently provided a revised list of transactions. UBS has provided and continue to provide information. UBS continues to respond to the FIRREA subpoena and to subpoenas from the New York State Attorney General and other state attorneys general relating to its RMBS business. In addition, UBS has also been responding to inquiries from both the Special Inspector General for the Troubled Asset Relief Program ("**SIGTARP**") (who is working in conjunction with the US Attorney's Office for Connecticut and the DOJ) and the SEC relating to trading practices in connection with purchases and sales of mortgage-backed securities in the secondary market from 2009 through the present. UBS is cooperating with the authorities in these matters.

**Provision for claims related to sales of residential mortgage-backed securities and mortgages**

<i>USD million</i>	<b>Total</b>
<b>Balance as of 31 December 2015</b>	<b>1,218</b>
<b>Balance as of 30 June 2016</b>	<b>988</b>
Increase in provisions recognised in the income statement	<b>421</b>
Release of provisions recognised in the income statement	<b>0</b>
Provisions used in conformity with designated purpose	<b>(4)</b>
<b>Balance as of 30 September 2016</b>	<b>1,405</b>

As reflected in the table "Provision for claims related to sales of residential mortgage-backed securities and mortgages," UBS's balance sheet at 30 September 2016 reflected a provision

of USD 1,405 million with respect to matters described in this item 2. As in the case of other matters for which UBS has established provisions, the future outflow of resources in respect of this matter cannot be determined with certainty based on currently available information, and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that UBS has recognized.

### 3. Madoff

In relation to the Bernard L. Madoff Investment Securities LLC ("**BMIS**") investment fraud, UBS AG, UBS (Luxembourg) SA and certain other UBS subsidiaries have been subject to inquiries by a number of regulators, including FINMA and the Luxembourg Commission de Surveillance du Secteur Financier ("**CSSF**"). Those inquiries concerned two third-party funds established under Luxembourg law, substantially all assets of which were with BMIS, as well as certain funds established in offshore jurisdictions with either direct or indirect exposure to BMIS. These funds now face severe losses, and the Luxembourg funds are in liquidation. The last reported net asset value of the two Luxembourg funds before revelation of the Madoff scheme was approximately USD 1.7 billion in the aggregate, although that figure likely includes fictitious profit reported by BMIS. The documentation establishing both funds identifies UBS entities in various roles, including custodian, administrator, manager, distributor and promoter, and indicates that UBS employees serve as board members. UBS (Luxembourg) SA and certain other UBS subsidiaries are responding to inquiries by Luxembourg investigating authorities, without, however, being named as parties in those investigations. In 2009 and 2010, the liquidators of the two Luxembourg funds filed claims on behalf of the funds against UBS entities, non-UBS entities and certain individuals, including current and former UBS employees. The amounts claimed are approximately EUR 890 million and EUR 305 million, respectively. The liquidators have filed supplementary claims for amounts that the funds may possibly be held liable to pay the BMIS Trustee. These amounts claimed by the liquidator are approximately EUR 564 million and EUR 370 million, respectively. In addition, a large number of alleged beneficiaries have filed claims against UBS entities (and non-UBS entities) for purported losses relating to the Madoff scheme. The majority of these cases are pending in Luxembourg, where appeals were filed by the claimants against the 2010 decisions of the court in which the claims in a number of test cases were held to be inadmissible. In 2014, the Luxembourg Court of Appeal dismissed one test case appeal in its entirety, which decision was appealed by the investor. In 2015, the Luxembourg Supreme Court found in favor of UBS and dismissed the investor's appeal. In June 2016, the Luxembourg Court of Appeal dismissed the remaining test cases in their entirety. In the US, the BMIS Trustee filed claims in 2010 against UBS entities, among others, in relation to the two Luxembourg funds and one of the offshore funds. The total amount claimed against all defendants in these actions was not less than USD 2 billion. Following a motion by UBS, in 2011, the SDNY dismissed all of the BMIS Trustee's claims other than claims for recovery of fraudulent conveyances and preference payments that were allegedly transferred to UBS on the ground that the BMIS Trustee lacks standing to bring such claims. In 2013, the Second Circuit affirmed the District Court's decision and, in 2014, the US Supreme Court denied the BMIS Trustee's petition seeking review of the Second Circuit ruling. In 2014, several claims, including a purported class action, were filed in the US by BMIS customers against UBS entities, asserting claims similar to the ones made by the BMIS Trustee, seeking unspecified damages. One claim was voluntarily withdrawn by the plaintiff. In 2015, following a motion by UBS, the SDNY dismissed the two remaining claims on the basis that the New York courts did not have jurisdiction to hear the claims against the UBS entities. The plaintiff in one of those claims has appealed the dismissal. In Germany, certain clients of UBS are exposed to Madoff-managed positions through third-party funds and funds administered by UBS entities in Germany. A small number of claims have been filed with respect to such funds. In 2015, a court of appeal ordered UBS to pay EUR 49 million, plus interest of approximately EUR 15.3 million.

### 4. Puerto Rico

Declines since August 2013 in the market prices of Puerto Rico municipal bonds and of closed-end funds ("**the funds**") that are sole-managed and co-managed by UBS Trust Company of Puerto Rico and distributed by UBS Financial Services Incorporated of Puerto Rico ("**UBS PR**") have led to multiple regulatory inquiries, as well as customer complaints and arbitrations with aggregate claimed damages of approximately USD 1.9 billion, of which claims with aggregate claimed damages of approximately USD 740 million have been

resolved through settlements, arbitration or withdrawal of the claim. The claims are filed by clients in Puerto Rico who own the funds or Puerto Rico municipal bonds and / or who used their UBS account assets as collateral for UBS non-purpose loans; customer complaint and arbitration allegations include fraud, misrepresentation and unsuitability of the funds and of the loans. A shareholder derivative action was filed in 2014 against various UBS entities and current and certain former directors of the funds, alleging hundreds of millions of US dollars in losses in the funds. In 2015, defendants' motion to dismiss was denied. Defendants' requests for permission to appeal that ruling were denied by the Puerto Rico Court of Appeals and the Puerto Rico Supreme Court. In 2014, a federal class action complaint also was filed against various UBS entities, certain members of UBS PR senior management, and the co-manager of certain of the funds seeking damages for investor losses in the funds during the period from May 2008 through May 2014. Defendants have moved to dismiss that complaint. In 2015, a class action was filed in Puerto Rico state court against UBS PR seeking equitable relief in the form of a stay of any effort by UBS PR to collect on non-purpose loans it acquired from UBS Bank USA in December 2013 based on plaintiffs' allegation that the loans are not valid. The trial court denied defendants' motion to dismiss the action based on a forum selection clause in the loan agreements; the Puerto Rico Supreme Court has stayed the action pending its review of defendants' appeal from that ruling.

In 2014, UBS reached a settlement with the Office of the Commissioner of Financial Institutions for the Commonwealth of Puerto Rico ("**OCFI**") in connection with OCFI's examination of UBS's operations from January 2006 through September 2013, pursuant to which UBS is paying up to an aggregate of USD 7.7 million in investor education contributions and restitution.

In 2015, the SEC and the Financial Industry Regulatory Authority ("**FINRA**") announced settlements with UBS PR of their separate investigations stemming from the 2013 market events. Without admitting or denying the findings in either matter, UBS PR agreed in the SEC settlement to pay USD 15 million and USD 18.5 million in the FINRA matter. UBS also understands that the DOJ is conducting a criminal inquiry into the impermissible reinvestment of non-purpose loan proceeds. UBS is cooperating with the authorities in this inquiry.

In 2011, a purported derivative action was filed on behalf of the Employee Retirement System of the Commonwealth of Puerto Rico ("**System**") against over 40 defendants, including UBS PR, which was named in connection with its underwriting and consulting services. Plaintiffs alleged that defendants violated their purported fiduciary duties and contractual obligations in connection with the issuance and underwriting of approximately USD 3 billion of bonds by the System in 2008 and sought damages of over USD 800 million. Defendants' motion to dismiss is pending. In September 2016, the System announced its intention to join the action as a plaintiff.

Also, in 2013, an SEC Administrative Law Judge dismissed a case brought by the SEC against two UBS executives, finding no violations. The charges had stemmed from the SEC's investigation of UBS's sale of closed-end funds in 2008 and 2009, which UBS settled in 2012. Beginning in 2012, two federal class action complaints, which were subsequently consolidated, were filed against various UBS entities, certain of the funds, and certain members of UBS PR senior management, seeking damages for investor losses in the funds during the period from January 2008 through May 2012 based on allegations similar to those in the SEC action. In September 2016, the court denied plaintiffs' motion for class certification.

In 2015, Puerto Rico's Governor stated that the Commonwealth was unable to meet its obligations. Certain agencies and public corporations of the Commonwealth have defaulted on certain interest payments beginning in August 2015 and continuing in 2016, culminating in the default on almost all principal and interest payments due on the Commonwealth's general obligation debt in July 2016. The Governor has passed a series of executive orders that divert funds from issuers of Commonwealth debt to pay for essential services, as opposed to making debt payments, and stay any action to enforce creditors' rights. As a result, additional payment defaults are expected to occur going forward. In June 2016, the federal Puerto Rico Oversight, Management, and Economic Stability Act ("**PROMESA**") created an Oversight Board with power to oversee Puerto Rico's finances and to restructure

its debt. In September 2016, President Obama appointed the seven members of the Oversight Board and a stay was implemented with respect to any action aimed at enforcing creditors' rights on any Puerto Rico bonds. These events, further defaults, any further legislative action to create a legal means of restructuring Commonwealth obligations or to impose additional oversight on the Commonwealth's finances, or any restructuring of the Commonwealth's obligations, may increase the number of claims against UBS concerning Puerto Rico securities, as well as potential damages sought.

UBS's balance sheet at 30 September 2016 reflected provisions with respect to matters described in this item 4 in amounts that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which UBS has established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information, and accordingly may ultimately prove to be substantially greater (or may be less) than the provisions that UBS has recognized.

5. Foreign exchange, LIBOR, and benchmark rates, and other trading practices

*Foreign exchange-related regulatory matters:* Following an initial media report in 2013 of widespread irregularities in the foreign exchange markets, UBS immediately commenced an internal review of its foreign exchange business, which includes its precious metals and related structured products businesses. Since then, various authorities have commenced investigations concerning possible manipulation of foreign exchange markets, including FINMA, the Swiss Competition Commission ("**WEKO**"), the DOJ, the SEC, the US Commodity Futures Trading Commission ("**CFTC**"), the Board of Governors of the Federal Reserve System ("**Federal Reserve Board**"), the California State Attorney General, the UK Financial Conduct Authority ("**FCA**") (to which certain responsibilities of the UK Financial Services Authority ("**FSA**") have passed), the UK Serious Fraud Office ("**SFO**"), the Australian Securities and Investments Commission ("**ASIC**"), the Hong Kong Monetary Authority ("**HKMA**"), the Korea Fair Trade Commission ("**KFTC**") and the Brazil Competition Authority ("**CADE**"). In addition, WEKO is, and a number of other authorities reportedly are, investigating potential manipulation of precious metals prices. UBS has taken and will continue to take appropriate action with respect to certain personnel as a result of its ongoing review.

In 2014, UBS reached settlements with the FCA and the CFTC in connection with their foreign exchange investigations, and FINMA issued an order concluding its formal proceedings with respect to UBS relating to its foreign exchange and precious metals businesses. UBS has paid a total of approximately CHF 774 million to these authorities, including GBP 234 million in fines to the FCA, USD 290 million in fines to the CFTC, and CHF 134 million to FINMA representing confiscation of costs avoided and profits. In 2015, the Federal Reserve Board and the Connecticut Department of Banking issued an Order to Cease and Desist and Order of Assessment of a Civil Monetary Penalty Issued upon Consent ("**Federal Reserve Order**") to UBS AG. As part of the Federal Reserve Order, UBS AG paid a USD 342 million civil monetary penalty.

In 2015, the DOJ's Criminal Division ("**Criminal Division**") terminated the December 2012 NPA with UBS AG related to UBS's submissions of benchmark interest rates. As a result, UBS AG entered into a plea agreement with the Criminal Division pursuant to which UBS AG agreed to and did plead guilty to a one-count criminal information filed in the US District Court for the District of Connecticut charging UBS AG with one count of wire fraud in violation of 18 USC Sections 1343 and 2. Under the plea agreement, UBS AG agreed to a sentence that includes a USD 203 million fine and a three-year term of probation. The criminal information charges that, between approximately 2001 and 2010, UBS AG engaged in a scheme to defraud counterparties to interest rate derivatives transactions by manipulating benchmark interest rates, including Yen LIBOR. Sentencing is currently scheduled for 29 November 2016. The Criminal Division terminated the NPA based on its determination, in its sole discretion, that certain UBS AG employees committed criminal conduct that violated the NPA, including fraudulent and deceptive currency trading and sales practices in conducting certain foreign exchange market transactions with clients and collusion with other participants in certain foreign exchange markets.

UBS has ongoing obligations to cooperate with these authorities and to undertake certain remediation, including actions to improve UBS's processes and controls.

UBS has been granted conditional immunity by the Antitrust Division of the DOJ ("**Antitrust Division**") from prosecution for EUR / USD collusion and entered into a non-prosecution agreement covering other currency pairs. As a result, UBS AG will not be subject to prosecutions, fines or other sanctions for antitrust law violations by the Antitrust Division, subject to UBS AG's continuing cooperation. However, the conditional immunity grant does not bar government agencies from asserting other claims and imposing sanctions against UBS AG, as evidenced by the settlements and ongoing investigations referred to above. UBS has also been granted conditional leniency by authorities in certain jurisdictions, including WEKO, in connection with potential competition law violations relating to precious metals, and as a result, will not be subject to prosecutions, fines or other sanctions for antitrust or competition law violations in those jurisdictions, subject to UBS AG's continuing cooperation.

Investigations relating to foreign exchange and precious metals matters by numerous authorities, including the CFTC, remain ongoing notwithstanding these resolutions.

*Foreign exchange-related civil litigation:* Putative class actions have been filed since November 2013 in US federal courts and in other jurisdictions against UBS and other banks on behalf of putative classes of persons who engaged in foreign currency transactions with any of the defendant banks. They allege collusion by the defendants and assert claims under the antitrust laws and for unjust enrichment. In 2015, additional putative class actions were filed in federal court in New York against UBS and other banks on behalf of a putative class of persons who entered into or held any foreign exchange futures contracts and options on foreign exchange futures contracts since 1 January 2003. The complaints assert claims under the Commodity Exchange Act ("**CEA**") and the US antitrust laws. In 2015, a consolidated complaint was filed on behalf of both putative classes of persons covered by the US federal court class actions described above. UBS has entered into a settlement agreement that would resolve all of these US federal court class actions. The agreement, which has been preliminarily approved by the court and is subject to final court approval, requires, among other things, that UBS pay an aggregate of USD 141 million and provide cooperation to the settlement classes.

A putative class action has been filed in federal court in New York against UBS and other banks on behalf of participants, beneficiaries, and named fiduciaries of plans qualified under the Employee Retirement Income Security Act of 1974 ("**ERISA**") for whom a defendant bank provided foreign currency exchange transactional services, exercised discretionary authority or discretionary control over management of such ERISA plan, or authorized or permitted the execution of any foreign currency exchange transactional services involving such plan's assets. The complaint asserts claims under ERISA. The parties filed a stipulation to dismiss the case with prejudice. The plaintiffs have appealed the dismissal.

In 2015, a putative class action was filed in federal court against UBS and numerous other banks on behalf of a putative class of persons and businesses in the US who directly purchased foreign currency from the defendants and their co-conspirators for their own end use. That action has been transferred to federal court in New York. Motions to dismiss are pending.

In 2015, UBS was added to putative class actions pending against other banks in federal court in New York and other jurisdictions on behalf of putative classes of persons who bought or sold physical precious metals and various precious metal products and derivatives. The complaints in these lawsuits assert claims under the antitrust laws and the CEA, and other claims. In October 2016, the court granted UBS's motions to dismiss the putative class actions relating to gold and silver. UBS's motion to dismiss the putative class action relating to platinum and palladium remains pending.

*LIBOR and other benchmark-related regulatory matters:* Numerous government agencies, including the SEC, the CFTC, the DOJ, the FCA, the SFO, the Monetary Authority of Singapore ("**MAS**"), the HKMA, FINMA, the various state attorneys general in the US, and competition authorities in various jurisdictions have conducted or are continuing to conduct investigations regarding submissions with respect to LIBOR and other benchmark rates.

These investigations focus on whether there were improper attempts by UBS, among others, either acting on its own or together with others, to manipulate LIBOR and other benchmark rates at certain times.

In 2012, UBS reached settlements with the FSA, the CFTC and the Criminal Division of the DOJ in connection with their investigations of benchmark interest rates. At the same time, FINMA issued an order concluding its formal proceedings with respect to UBS relating to benchmark interest rates. UBS has paid a total of approximately CHF 1.4 billion in fines and disgorgement – including GBP 160 million in fines to the FSA, USD 700 million in fines to the CFTC, USD 500 million in fines to the DOJ, and CHF 59 million in disgorgement to FINMA. UBS Securities Japan Co. Ltd. ("**UBSSJ**") entered into a plea agreement with the DOJ under which it entered a plea to one count of wire fraud relating to the manipulation of certain benchmark interest rates, including Yen LIBOR. UBS entered into an NPA with the DOJ, which (along with the plea agreement) covered conduct beyond the scope of the conditional leniency / immunity grants described below, required UBS to pay the USD 500 million fine to the DOJ after the sentencing of UBSSJ, and provided that any criminal penalties imposed on UBSSJ at sentencing be deducted from the USD 500 million fine. Under the NPA, UBS agreed, among other things, that for two years from 18 December 2012 UBS would not commit any US crime, and it would advise DOJ of any potentially criminal conduct by UBS or any of its employees relating to violations of US laws concerning fraud or securities and commodities markets. The term of the NPA was extended by one year to 18 December 2015. In 2015, the Criminal Division terminated the NPA based on its determination, in its sole discretion, that certain UBS AG employees committed criminal conduct that violated the NPA. As a result, UBS entered into a plea agreement with the DOJ under which it entered a guilty plea to one count of wire fraud relating to the manipulation of certain benchmark interest rates, including Yen LIBOR, and agreed to pay a fine of USD 203 million and accept a three-year term of probation. Sentencing is currently scheduled for 29 November 2016. In 2014, UBS reached a settlement with the European Commission ("**EC**") regarding its investigation of bid-ask spreads in connection with Swiss franc interest rate derivatives and paid a EUR 12.7 million fine, which was reduced to this level based in part on UBS's cooperation with the EC. The MAS, HKMA and the Japan Financial Services Agency have also resolved investigations of UBS (and in some cases, other banks). UBS has ongoing obligations to cooperate with the authorities with whom UBS has reached resolutions and to undertake certain remediation with respect to benchmark interest rate submissions.

Investigations by the CFTC, ASIC and other governmental authorities remain ongoing notwithstanding these resolutions.

UBS has been granted conditional leniency or conditional immunity from authorities in certain jurisdictions, including the Antitrust Division of the DOJ, WEKO and the EC, in connection with potential antitrust or competition law violations related to submissions for Yen LIBOR and Euroyen TIBOR. WEKO has also granted UBS conditional immunity in connection with potential competition law violations related to submissions for CHF LIBOR and certain transactions related to CHF LIBOR. As a result of these conditional grants, UBS will not be subject to prosecutions, fines or other sanctions for antitrust or competition law violations in the jurisdictions where UBS has conditional immunity or leniency in connection with the matters covered by the conditional grants, subject to UBS's continuing cooperation. However, the conditional leniency and conditional immunity grants UBS has received do not bar government agencies from asserting other claims and imposing sanctions against it, as evidenced by the settlements and ongoing investigations referred to above. In addition, as a result of the conditional leniency agreement with the DOJ, UBS is eligible for a limit on liability to actual rather than treble damages were damages to be awarded in any civil antitrust action under US law based on conduct covered by the agreement and for relief from potential joint and several liability in connection with such civil antitrust action, subject to UBS satisfying the DOJ and the court presiding over the civil litigation of its cooperation. The conditional leniency and conditional immunity grants do not otherwise affect the ability of private parties to assert civil claims against UBS.

*LIBOR and other benchmark-related civil litigation:* A number of putative class actions and other actions are pending in, or expected to be transferred to, the federal courts in New York against UBS and numerous other banks on behalf of parties who transacted in certain interest rate benchmark-based derivatives. Also pending are actions asserting losses related to various products whose interest rates were linked to USD LIBOR, including adjustable rate

mortgages, preferred and debt securities, bonds pledged as collateral, loans, depository accounts, investments and other interest-bearing instruments. All of the complaints allege manipulation, through various means, of various benchmark interest rates, including USD LIBOR, Euroyen TIBOR, Yen LIBOR, EURIBOR, CHF LIBOR, GBP LIBOR, USD ISDAFIX rates and other benchmark rates, and seek unspecified compensatory and other damages under varying legal theories. In 2013, the district court in the USD action dismissed the federal antitrust and racketeering claims of certain USD LIBOR plaintiffs and a portion of their claims brought under the CEA and state common law. Certain plaintiffs appealed the decision to the Second Circuit, which, in May 2016, vacated the district court's ruling finding no antitrust injury and remanded the case back to the district court for a further determination on whether plaintiffs have antitrust standing. A motion to dismiss plaintiffs' revived antitrust claims is pending. In 2014, the court in one of the Euroyen TIBOR lawsuits dismissed certain of the plaintiff's claims, including federal antitrust claims. In 2015, the same court dismissed plaintiff's federal racketeering claims and affirmed its previous dismissal of plaintiff's antitrust claims. UBS and other defendants in other lawsuits including those related to EURIBOR, CHF LIBOR and GBP LIBOR have filed motions to dismiss. UBS has entered into an agreement with representatives of a class of bondholders to settle their USD LIBOR class action. The agreement is subject to court approval.

Since September 2014, putative class actions have been filed in federal court in New York and New Jersey against UBS and other financial institutions, among others, on behalf of parties who entered into interest rate derivative transactions linked to ISDAFIX. The complaints, which have since been consolidated into an amended complaint, allege that the defendants conspired to manipulate ISDAFIX rates from 1 January 2006 through January 2014, in violation of US antitrust laws and certain state laws, and seek unspecified compensatory damages, including treble damages. In March 2016, the court in the ISDAFIX action denied in substantial part defendants' motion to dismiss, holding that plaintiffs have stated Sherman Act, breach-of-contract, and unjust-enrichment claims against defendants, including UBS AG.

*Government bonds:* Putative class actions have been filed in US federal courts against UBS and other banks on behalf of persons who participated in markets for US Treasury securities since 2007. The complaints generally allege that the banks colluded with respect to, and manipulated prices of, US Treasury securities sold at auction. They assert claims under the antitrust laws and the CEA and for unjust enrichment. The cases have been consolidated in the SDNY. Following filing of these complaints, UBS and reportedly other banks are responding to investigations and requests for information from various authorities regarding US Treasury securities and other government bond trading practices. As a result of its review to date, UBS has taken appropriate action.

With respect to additional matters and jurisdictions not encompassed by the settlements and order referred to above, UBS's balance sheet at 30 September 2016 reflected a provision in an amount that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which UBS has established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information, and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that UBS has recognized.

## 6. Swiss retrocessions

The Federal Supreme Court of Switzerland ruled in 2012, in a test case against UBS, that distribution fees paid to a firm for distributing third-party and intra-group investment funds and structured products must be disclosed and surrendered to clients who have entered into a discretionary mandate agreement with the firm, absent a valid waiver.

FINMA has issued a supervisory note to all Swiss banks in response to the Supreme Court decision. The note sets forth the measures Swiss banks are to adopt, which include informing all affected clients about the Supreme Court decision and directing them to an internal bank contact for further details. UBS has met the FINMA requirements and has notified all potentially affected clients.

The Supreme Court decision has resulted, and may continue to result, in a number of client requests for UBS to disclose and potentially surrender retrocessions. Client requests are

assessed on a case-by-case basis. Considerations taken into account when assessing these cases include, among others, the existence of a discretionary mandate and whether or not the client documentation contained a valid waiver with respect to distribution fees.

UBS's balance sheet at 30 September 2016 reflected a provision with respect to matters described in this item 6 in an amount that UBS believes to be appropriate under the applicable accounting standard. The ultimate exposure will depend on client requests and the resolution thereof, factors that are difficult to predict and assess. Hence, as in the case of other matters for which UBS has established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information, and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that UBS has recognized.

#### 7. Banco UBS Pactual tax indemnity

Pursuant to the 2009 sale of Banco UBS Pactual S.A. ("**Pactual**") by UBS to BTG Investments, LP ("**BTG**"), BTG has submitted contractual indemnification claims that UBS estimates amount to approximately BRL 2.5 billion, including interest and penalties, which is net of liabilities retained by BTG. The claims pertain principally to several tax assessments issued by the Brazilian tax authorities against Pactual relating to the period from December 2006 through March 2009, when UBS owned Pactual. These assessments are being challenged in administrative and judicial proceedings. The majority of these assessments relate to the deductibility of goodwill amortization in connection with UBS's 2006 acquisition of Pactual and payments made to Pactual employees through various profit-sharing plans. In 2015, an intermediate administrative court issued a decision that was largely in favor of the tax authority with respect to the goodwill amortization assessment. In May 2016, the highest level of the administrative court agreed to review this decision on a number of the significant issues.

#### 8. Investigation of UBS's role in initial public offerings in Hong Kong

The Hong Kong Securities and Futures Commission (SFC) has been conducting investigations into UBS's role as a sponsor of certain initial public offerings listed on the Hong Kong Stock Exchange. In October 2016, the SFC informed UBS that it intends to commence action against UBS and certain UBS employees with respect to sponsorship work in those offerings. If such action is taken, there may be financial ramifications for UBS, including fines and restitution orders. Such action could also result in suspension of UBS's ability to provide corporate finance advisory services in Hong Kong for a period of time.

The specific litigation, regulatory and other matters described above include all such matters that management considers to be material and others that management believes to be of significance due to potential financial, reputational and other effects as described in Note 14b "Litigation, regulatory and similar matters" to the UBS AG unaudited consolidated financial statements included in the UBS AG Third Quarter 2016 Report. The proceedings indicated below are matters that have recently been considered material, but are not currently considered material, by UBS. Besides the proceedings described above and those described below, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which UBS AG is aware) which may have, or have had in the recent past, significant effects on UBS AG Group's and/or UBS AG's financial position or profitability and are or have been pending during the last twelve months until the date of this document.

#### *Matters relating to the CDS market.*

In 2013, the EC issued a Statement of Objections against 13 credit default swap (CDS) dealers including UBS, as well as data service provider Markit and the International Swaps and Derivatives Association (ISDA). The Statement of Objections broadly alleges that the dealers infringed European Union antitrust rules by colluding to prevent exchanges from entering the credit derivatives market between 2006 and 2009. In 2015, the EC issued a statement that it had decided to close its investigation against all 13 dealers, including UBS. In July 2016, the EC issued a statement that it had resolved its investigation regarding Markit and ISDA. Starting in 2009, the Antitrust Division of the DOJ investigated whether multiple dealers, including UBS, conspired with each other and with Markit to restrain competition in the markets for CDS trading, clearing and other services. In September 2016, DOJ advised

that it had closed its investigation. In 2014, putative class action plaintiffs filed consolidated amended complaints in the SDNY against 12 dealers, including UBS, as well as Markit and ISDA, alleging violations of the US Sherman Antitrust Act and common law. Plaintiffs allege that the defendants unlawfully conspired to restrain competition in and / or monopolize the market for CDS trading in the US in order to protect the dealers' profits from trading CDS in the over-the-counter market. In 2015, UBS and the other defendants entered into settlement agreements to resolve the litigation, pursuant to which UBS has paid USD 75 million out of a total settlement amount paid by all defendants of approximately USD 1.865 billion. The agreements have received final court approval."

**In section "9. Significant Changes in the Financial or Trading Position; Material Adverse Change in Prospects" the first paragraph is completely replaced by the following text:**

"There has been no significant change in the financial or trading position of UBS AG or UBS AG Group since 30 September 2016, which is the end of the last financial period for which interim financial information has been published."

**In the section entitled "M. GENERAL INFORMATION" in the subsection "7. Documents incorporated by Reference" the paragraphs after paragraph (c) are completely replaced (including the insertion of an additional paragraph) Consequently, subsection 7. reads as follows:**

**"7. Documents incorporated by Reference**

This Base Prospectus should be read and construed in conjunction with each supplement to this Base Prospectus and the documents incorporated by reference into this Base Prospectus. The information set forth in the documents listed in this section below, is hereby incorporated by reference into this Base Prospectus and as such deemed to form a part of this Base Prospectus:

- (a) the annual report of UBS Group AG and UBS AG as of 31 December 2015, comprising the introductory section, as well as the sections (1) Operating environment and strategy, (2) Financial and operating performance, (3) Risk, treasury and capital management, (4) Corporate governance, responsibility and compensation, (5) Consolidated financial statements (including the "Report of the statutory auditor and the independent registered public accounting firm on the consolidated financial statements"), (6) Legal entity financial and regulatory information (including the "Report of the statutory auditor on the financial statements"), (7) Additional regulatory information, and the Appendix (published on the UBS website, at [https://www.ubs.com/global/en/about\\_ubs/investor\\_relations/annualreporting/2015.html](https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting/2015.html));
- (b) the annual report of UBS Group AG and UBS AG as of 31 December 2014, comprising the introductory section, as well as the sections (1) UBS Group - Changes to our legal structure; (2) Operating environment and strategy, (3) Financial and operating performance, (4) Risk, treasury and capital management, (5) Corporate governance, responsibility and compensation, (6) Financial information (including the "Report of the statutory auditor and the independent registered public accounting firm on the consolidated financial statements" and the "Report of the statutory auditor on the financial statements"), and the Appendix (published on the UBS website, at [https://www.ubs.com/global/en/about\\_ubs/investor\\_relations/annualreporting/2014.html](https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting/2014.html));
- (c) the UBS Group first quarter 2016 report and the UBS AG first quarter 2016 report (published on the UBS website, at [https://www.ubs.com/global/en/about\\_ubs/investor\\_relations/quarterly\\_reporting/2016.html](https://www.ubs.com/global/en/about_ubs/investor_relations/quarterly_reporting/2016.html));

- (d) the UBS Group second Quarter 2016 report and the UBS AG second Quarter 2016 report (published on the UBS website, at [https://www.ubs.com/global/en/about\\_ubs/investor\\_relations/quarterly\\_reporting/2016.html](https://www.ubs.com/global/en/about_ubs/investor_relations/quarterly_reporting/2016.html));
- (e) the UBS Group Third Quarter 2016 report and the UBS AG Third Quarter 2016 report (published on the UBS website, at [https://www.ubs.com/global/en/about\\_ubs/investor\\_relations/quarterly\\_reporting/2016.html](https://www.ubs.com/global/en/about_ubs/investor_relations/quarterly_reporting/2016.html));
- (f) the Conditions of the Securities as contained on pages 157 to 241 of the Base Prospectus dated 23 June 2014 of UBS AG as filed with SFSA (published on the UBS website, at <http://keyinvest-eu.ubs.com/base-prospectus>);
- (g) the Conditions of the Securities as contained on pages 212 to 318 of the Base Prospectus dated 17 April 2015 of UBS AG as filed with SFSA (published on the UBS website, at <http://keyinvest-eu.ubs.com/base-prospectus>); and
- (h) the Conditions of the Securities as contained on pages 192 to 289 of the Base Prospectus dated 8 January 2016 of UBS AG as filed with SFSA (published on the UBS website, at <http://keyinvest-eu.ubs.com/base-prospectus>).

Investors who have not previously reviewed the information contained in the above documents should do so in connection with their evaluation of any Securities. Any statement contained in a document, all or the relevant portion of which is incorporated by reference into this Base Prospectus, shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in this Base Prospectus or in any supplement to this Base Prospectus, including any documents incorporated therein by reference, modifies or supersedes such earlier statement (whether expressly, by implication or otherwise)."

- 2) In relation to the Base Prospectus for Certificates, Notes or Warrants of UBS AG, [London] [Jersey] [Branch] dated 27 September 2016 in the section "I. Summary of the Base Prospectus" in the sub-section headed "A. Summary of the Base Prospectus (in the English language)"

In the section headed "Section B – Issuer":

**Element B.2 is completely replaced as follows:**

<b>B.2</b>	Domicile, legal form, legislation and country of incorporation of the issuer.	<p>The Issuer was incorporated under the name SBC AG on 28 February 1978 for an unlimited duration and entered in the Commercial Register of Canton Basel-City on that day. On 8 December 1997, the company changed its name to UBS AG. UBS AG in its present form was created on 29 June 1998 by the merger of Union Bank of Switzerland (founded 1862) and Swiss Bank Corporation (founded 1872). UBS AG is entered in the Commercial Registers of Canton Zurich and Canton Basel-City. The registration number is CHE-101.329.561.</p> <p>UBS AG is incorporated and domiciled in Switzerland and operates under the Swiss Code of Obligations as an <i>Aktiengesellschaft</i>, a corporation limited by shares.</p> <p>The addresses and telephone numbers of UBS AG's two registered offices and principal places of business are: Bahnhofstrasse 45, CH-8001 Zurich, Switzerland, telephone +41 44 234 1111; and Aeschenvorstadt 1, CH-4051 Basel, Switzerland, telephone +41 61 288 5050.</p>
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**Element B.4b is completely replaced as follows:**

<b>B.4b</b>	A description of any known trends affecting the issuer or the industries in which it operates.	<p><b>Trend Information</b></p> <p>As indicated in the UBS Group AG third quarter 2016 report published on 28 October 2016 ("<b>UBS Group Third Quarter 2016 Report</b>"), underlying macroeconomic uncertainty and geopolitical tensions continued to contribute to client risk aversion and generally low transaction volumes. Lower than anticipated and negative interest rates still present considerable headwinds. These conditions are unlikely to change in the foreseeable future. Implementing Switzerland's new bank capital standards and the proposed further changes to the international regulatory framework for banks will result in increasing capital requirements and costs. UBS is well positioned to deal with these challenges and to benefit from even a moderate improvement in market conditions. UBS remains committed to executing its strategy with discipline.</p>
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**Element B.5 is completely replaced as follows:**

<b>B.5</b>	Description of the group and the issuer's position within the group.	<p>UBS AG is a Swiss bank and the parent company of the UBS AG Group. It is 100% owned by UBS Group AG, which is the holding company of the UBS Group. UBS Group operates as a group with five business divisions (Wealth Management, Wealth Management Americas, Personal &amp; Corporate Banking, Asset Management and the Investment Bank) and a Corporate Center.</p> <p>Over the past two years, UBS has undertaken a series of measures to improve the resolvability of the Group in response to too big to fail ("<b>TBTF</b>") requirements in Switzerland and other countries in which the Group</p>
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		<p>operates.</p> <p>In December 2014, UBS Group AG completed an exchange offer for the shares of UBS AG, becoming the holding company for the UBS Group. Subsequently, during 2015, UBS Group AG filed and completed a procedure under the Swiss Stock Exchange and Securities Trading Act to squeeze out minority shareholders of UBS AG, as a result of which UBS Group AG acquired all of the outstanding shares of UBS AG.</p> <p>In June 2015, UBS AG transferred its Retail &amp; Corporate (now Personal &amp; Corporate Banking) and Wealth Management business booked in Switzerland to UBS Switzerland AG, a banking subsidiary of UBS AG in Switzerland.</p> <p>In 2015, UBS also completed the implementation of a more self-sufficient business and operating model for UBS Limited, UBS's investment banking subsidiary in the UK, under which UBS Limited bears and retains a larger proportion of the risk and reward in its business activities.</p> <p>In the third quarter of 2015, UBS established UBS Business Solutions AG as a direct subsidiary of UBS Group AG to act as the Group service company. UBS will transfer the ownership of the majority of its existing service subsidiaries to this entity. UBS expects that the transfer of shared service and support functions into the service company structure will be implemented in a staged approach through 2018. The purpose of the service company structure is to improve the resolvability of the Group by enabling UBS to maintain operational continuity of critical services should a recovery or resolution event occur.</p> <p>In 2015, UBS also established a new subsidiary of UBS AG, UBS Asset Management AG, into which it expects to transfer the majority of the operating subsidiaries of Asset Management during 2016. UBS continues to consider further changes to the legal entities used by Asset Management, including the transfer of operations conducted by UBS AG in Switzerland into a subsidiary of UBS Asset Management AG.</p> <p>In the second quarter of 2016, UBS Americas Holding LLC, a subsidiary of UBS AG, has been designated as the intermediate holding company for UBS's US subsidiaries as required under the enhanced prudential standards regulations pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act ("<b>Dodd-Frank</b>"). UBS Americas Holding LLC holds all of UBS's US subsidiaries and is subject to US capital requirements, governance requirements and other prudential regulation.</p> <p>UBS continues to consider further changes to the Group's legal structure in response to capital and other regulatory requirements, and in order to obtain any rebate in total loss-absorbing capacity requirements for which the Group may be eligible. Such changes may include the transfer of operating subsidiaries of UBS AG to become direct subsidiaries of UBS Group AG, consolidation of operating subsidiaries in the European Union, and adjustments to the booking entity or location of products and services. These structural changes are being discussed on an ongoing basis with the Swiss Financial Market Supervisory Authority FINMA ("<b>FINMA</b>") and other regulatory authorities, and remain subject to a number of uncertainties that may affect their feasibility, scope or timing.</p>
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**Element B.12 is completely replaced as follows:**

<b>B.12</b>	Selected historical key financial information.	UBS AG derived the selected consolidated financial information included in the table below for the years ended 31 December 2015, 2014 and 2013, except where indicated, from the Annual Report 2015, which contains the audited consolidated financial statements of UBS AG, as well as additional unaudited consolidated financial information, for the year ended 31 December 2015 and comparative figures for the years ended 31 December 2014 and 2013. The selected consolidated financial information included in the table below for the nine months ended 30 September 2016 and 30 September 2015 was derived from the UBS AG third quarter 2016 report, which contains the unaudited consolidated financial statements of UBS AG, as well as additional unaudited consolidated financial information, for the nine months ended 30 September 2016 and comparative figures for the nine months ended 30 September 2015. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (" <b>IFRS</b> ") issued by the International Accounting Standards Board (" <b>IASB</b> ") and are stated in Swiss francs (" <b>CHF</b> "). Information for the years ended 31 December 2015, 2014 and 2013 which is indicated as being unaudited in the table below was included in the Annual Report 2015 but has not been audited on the basis that the respective disclosures are not required under IFRS, and therefore are not part of the audited financial statements.				
<i>CHF million, except where indicated</i>						
<b>Results</b>						
Operating income	21,303	23,834	30,605	28,026	27,732	
Operating expenses	17,979	18,655	25,198	25,557	24,461	
Operating profit / (loss) before tax	3,324	5,179	5,407	2,469	3,272	
Net profit / (loss) attributable to shareholders	2,568	5,285	6,235	3,502	3,172	
<b>Key performance indicators</b>						
<b>Profitability</b>						
Return on tangible equity (%) <sup>1</sup>	7.3	15.4	13.5*	8.2*	8.0*	
Return on assets, gross (%) <sup>2</sup>	2.9	3.2	3.1*	2.8*	2.5*	
Cost / income ratio (%) <sup>3</sup>	84.3	78.1	82.0*	90.9*	88.0*	
<b>Growth</b>						
Net profit growth (%) <sup>4</sup>	(51.4)	102.6	78.0*	10.4*	-	
Net new money growth for combined wealth management businesses (%) <sup>5</sup>	3.2	2.0	2.2*	2.5*	3.4*	
<b>Resources</b>						
Common equity tier 1 capital ratio (fully applied, %) <sup>6,7</sup>	14.8	15.3	15.4*	14.2*	12.8*	
Going concern leverage ratio (phase-in, %) <sup>8,9</sup>	5.7					
<b>Additional information</b>						
<b>Profitability</b>						
Return on equity (RoE) (%)	6.3	13.3	11.7*	7.0*	6.7*	
Return on risk-weighted assets, gross (%) <sup>10</sup>	13.3	14.8	14.3*	12.6*	11.6*	

<b>Resources</b>					
Total assets	935,683	981,891	943,256	1,062,327	1,013,355
Equity attributable to shareholders	53,556	54,126	55,248	52,108	48,002
Common equity tier 1 capital (fully applied) <sup>7</sup>	32,110	33,183	32,042	30,805	28,908
Common equity tier 1 capital (phase-in) <sup>7</sup>	38,994	40,581	41,516	44,090	42,179
Risk-weighted assets (fully applied) <sup>7</sup>	217,297	217,472	208,186*	217,158*	225,153*
Common equity tier 1 capital ratio (phase-in, %) <sup>6, 7</sup>	17.7	18.3	19.5*	19.9*	18.5*
Going concern capital ratio (fully applied, %) <sup>9</sup>	16.5				
Going concern capital ratio (phase-in, %) <sup>9</sup>	23.0				
Common equity tier 1 leverage ratio (fully applied, %) <sup>11</sup>	3.7	3.5	3.6*	3.1*	2.8*
Going concern leverage ratio (fully applied, %) <sup>8, 9</sup>	4.1				
Leverage ratio denominator (fully applied) <sup>11</sup>	877,926	949,548	898,251*	999,124*	1,015,306*
<b>Other</b>					
Invested assets (CHF billion) <sup>12</sup>	2,747	2,577	2,689	2,734	2,390
Personnel (full-time equivalents)	57,012	58,502	58,131*	60,155*	60,205*

\* unaudited

<sup>1</sup> Net profit attributable to shareholders before amortization and impairment of goodwill and intangible assets (annualized as applicable) / average equity attributable to shareholders less average goodwill and intangible assets. <sup>2</sup> Operating income before credit loss (expense) or recovery (annualized as applicable) / average total assets. <sup>3</sup> Operating expenses / operating income before credit loss (expense) or recovery. <sup>4</sup> Change in net profit attributable to shareholders from continuing operations between current and comparison periods / net profit attributable to shareholders from continuing operations of comparison period. Not meaningful and not included if either the reporting period or the comparison period is a loss period. <sup>5</sup> Net new money growth for combined wealth management businesses is calculated as the aggregate of the net new money for the period (annualized as applicable) of the business divisions Wealth Management and Wealth Management Americas / aggregate invested assets at the beginning of the period of the business divisions Wealth Management and Wealth Management Americas. Net new money and invested assets are each derived from the "Wealth Management" and "Wealth Management Americas" sections of the management report contained in the UBS Group Third Quarter 2016 Report, under "UBS business divisions and Corporate Center", and in the Annual Report 2015, under "Financial and operating performance", respectively. Net new money growth for combined wealth management businesses is based on adjusted net new money, which excludes the negative effect on net new money (third quarter 2015: CHF 3.3 billion; second quarter of 2015: CHF 6.6 billion) in Wealth Management from UBS's balance sheet and capital optimization program. <sup>6</sup> Common equity tier 1 capital / risk-weighted assets. <sup>7</sup> Based on the Basel III framework as applicable to Swiss systemically relevant banks. <sup>8</sup> Going concern capital / leverage ratio denominator. <sup>9</sup> Based on the revised Swiss SRB framework that became applicable on 1 July 2016. Figures for prior periods are not available. <sup>10</sup> Based on fully-applied risk-weighted assets for all periods presented. This unaudited consolidated financial information was derived from the UBS AG Third Quarter 2016 Report and UBS AG Group's accounting records. Figures as of and for the years ended 31 December 2015, 31 December 2014 and 31 December 2013 do not correspond to the figures contained in the Annual Report 2015 or the Annual Report 2014, which were based on phase-in risk-weighted assets. <sup>11</sup> Calculated in accordance with Swiss SRB rules. From 31 December 2015 onward, the leverage ratio denominator calculation is aligned with the Basel III rules. Figures for periods prior to 31 December 2015 are calculated in accordance with former Swiss SRB rules and are therefore not fully comparable. <sup>12</sup> Includes invested assets for Personal & Corporate Banking.

Material adverse change statement.	There has been no material adverse change in the prospects of UBS AG or UBS AG Group since 31 December 2015.
Significant changes statement.	There has been no significant change in the financial or trading position of UBS AG or UBS AG Group since 30 September 2016, which is the end of the last financial period for which interim financial information has been published.

- 3) In relation to the Base Prospectus for Certificates, Notes or Warrants of UBS AG, [London] [Jersey] [Branch] dated 27 September 2016 in the section "I. Summary of the Base Prospectus" in the sub-section headed "B. Summary of the Base Prospectus (in the Swedish language)" in the section headed "Avsnitt B – Emittent":

In the section headed "Avsnitt B – Emittent":

**Element B.2 is completely replaced as follows:**

<b>B.2</b>	Emittentens säte, bolagsform, lag under vilken Emittenten bedriver sin verksamhet, och land för bildande.	<p>Emittenten bildades under firman SBC AG den 28 februari 1978 för en obegränsad tid och fördes in i handelsregistret i kantonen Basel-City på den dagen. Den 8 december 1997 ändrade bolaget firma till UBS AG. UBS AG i dess nuvarande form bildades den 29 juni 1998 genom sammanslagningen av Union Bank of Switzerland (grundad 1862) och Swiss Bank Corporation (grundad 1872). UBS AG är införd i handelsregistren i kantonen Zürich och kantonen Basel-City. Registreringsnumret är CHE-101.329.561.</p> <p>UBS AG är bildat och är hemmahörande i Schweiz och bedriver sin verksamhet under schweizisk rätt (<i>Swiss Code of Obligations</i>) som ett <i>Aktiengesellschaft</i>, ett aktiebolag.</p> <p>Adresserna och telefonnumren till UBS AG:s två registrerade kontor och huvudsakliga verksamhetsorter är: Bahnhofstrasse 45, CH-8001 Zürich, Schweiz, telefonnummer +41 44 234 1111; och Aeschenvorstadt 1, CH-4051 Basel, Schweiz, telefonnummer +41 61 288 5050.</p>
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**Element B.4b is completely replaced as follows:**

<b>B.4b</b>	En beskrivning av varje känd trend som påverkar emittenten eller de branscher där emittenten är verksam.	<p><b>Information om trender</b></p> <p>Som beskrivs i UBS Group AG:s delårsrapport för det tredje kvartalet 2016, publicerad den 28 oktober 2016 ("<b>UBS Group Third Quarter 2016 Report</b>"), kommer underliggande makroekonomisk och geopolitisk osäkerhet att leda till fortsatt riskaversion hos klienter och generellt låga transaktionsvolymerna. Oförutsett låga eller negativa räntenivåer fortsätter att skapa motvind. Dessutom kommer ändringarna i de regulatoriska kapitalkraven för banker i Schweiz och föreslagna ytterligare ändringar i det internationella regelverket för banker att resultera i ökade kapitalkrav och kostnader. UBS är väl positionerat för att dra fördel av även en måttlig förbättring av förhållandena. UBS fortsätter att verkställa sin strategi på ett disciplinerat sätt.</p>
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**Element B.5 is completely replaced as follows:**

<b>B.5</b>	Beskrivning av koncernen och emittentens plats inom koncernen.	<p>UBS AG är en schweizisk bank och moderbolaget till UBS AG-koncernen. Det ägs till 100 % av UBS Group AG, som är holdingbolaget för UBS-koncernen. UBS-koncernen bedrivs som en koncern med fem affärsdivisioner (Wealth Management, Wealth Management Americas, Personal &amp; Corporate Banking, Asset Management och Investment Bank) samt ett Corporate Center.</p> <p>Under de två senaste åren har UBS vidtagit en rad åtgärder för att förbättra Koncernens förmåga till avveckling för att möta kraven i Schweiz och andra länder där Koncernen är verksam, avseende företag som anses för stora för att tillåtas falla ("<b>TBTf</b>").</p>
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		<p>I december 2014 avslutade UBS Group AG ett utbyteserbjudande för aktierna i UBS AG och etablerade UBS Group AG som holdingbolag för UBS Group. Under 2015 inlämnade och genomförde UBS Group AG ett domstolsförfarande enligt lagen för den schweiziska börsen (<i>the Swiss Stock Exchange and Securities Trading Act</i>) som resulterade i ett ogiltigförklarande av aktierna som ägdes av de kvarvarande minoritetsaktieägarna i UBS AG. Som ett resultat äger UBS Group AG nu 100 % av de utestående aktierna i UBS AG.</p> <p>I juni 2015 överförde UBS AG sin verksamhet inom Retail &amp; Corporate (numera Personal &amp; Corporate Banking) och Wealth Management, som bokförs i Schweiz, till UBS Switzerland AG, ett bankdotterföretag till UBS AG i Schweiz.</p> <p>Under 2015 avslutade UBS även genomförandet av en mer självförsörjande affärs- och verksamhetsmodell för UBS Limited, dess investeringsdotterföretag i Storbritannien, enligt vilken UBS Limited bär och behåller en större andel av risken och avkastningen från sin affärsverksamhet.</p> <p>Under det tredje kvartalet 2015 etablerade UBS, UBS Business Solutions AG som ett direkt dotterföretag till UBS Group AG, för att agera som Koncernens serviceföretag. UBS kommer att överföra ägandet av majoriteten av dess existerande servicedotterföretag till denna enhet. UBS förväntar sig att överföringen av delade service- och stödfunktioner till serviceföretagsstrukturen kommer att genomföras stegvis till och med 2018. Syftet med serviceföretagsstrukturen är att förbättra Koncernens förmåga till avveckling genom att möjliggöra för UBS att bibehålla operationell kontinuitet av kritiska tjänster om en rekonstruktions- eller avvecklingshändelse skulle inträffa.</p> <p>Under år 2015 etablerade UBS även ett nytt dotterföretag till UBS AG, UBS Asset Management AG, med avsikt att dit överföra majoriteten av de rörelsedrivande dotterföretagen inom Asset Management under år 2016. UBS fortsätter att överväga ytterligare förändringar beträffande juridiska personer som används inom Asset Management, inklusive överföringen av verksamheter som bedrivs av UBS AG i Schweiz till ett dotterföretag till UBS Asset Management AG.</p> <p>Under det andra kvartalet 2016, utsågs UBS Americas Holding LLC, ett dotterföretag till UBS AG, till mellanliggande holdingbolag för dess dotterföretag i USA, vilket krävs i de utökade reglerna rörande stabilitetstillsyn i enlighet med Dodd-Frank Wall Street Reform and Consumer Protection Act ("<b>Dodd-Frank</b>"). UBS Americas Holding LLC äger alla UBS dotterföretag i USA, och lyder under amerikansk rätt avseende kapitalkrav, krav på företagsstyrning och annan stabilitetsreglering.</p> <p>UBS fortsätter att överväga ytterligare förändringar beträffande Koncernens juridiska struktur för att möta kapitalmässiga och andra regulatoriska krav samt för att uppnå varje minskning av krav på total förlustabsorberande kapacitet som Koncernen kan kvalificera sig för. Sådana förändringar kan inkludera överföringen av rörelsedrivande dotterföretag till UBS AG till att bli direkta dotterföretag till UBS Group AG, konsolidering av rörelsedrivande dotterföretag i den Europeiska Unionen och justeringar beträffande bokförande enhet eller placeringen av produkter och tjänster. Dessa strukturella förändringar diskuteras löpande med den schweiziska tillsynsmyndigheten för finansmarknaden FINMA ("<b>FINMA</b>") och andra regulatoriska myndigheter och fortsätter att vara beroende av ett antal osäkerhetsfaktorer som kan påverka deras genomförbarhet, omfattning eller tidpunkt.</p>
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**Element B.12 is completely replaced as follows:**

<b>B.12</b>	Utvald historisk finansiell nyckelinformation.	UBS AG har, såvida inte annat anges, hämtat den utvalda finansiella informationen i tabellen nedan för åren som slutade 31 december 2015, 2014 och 2013, från årsredovisningen för 2015, vilken innehåller de reviderade konsoliderade finansiella räkenskaperna för UBS AG, liksom ytterligare oreviderad konsoliderad finansiell information, för året som slutade den 31 december 2015 och jämförelsesiffror för åren som slutade den 31 december 2014 och 2013. Den utvalda konsoliderade finansiella informationen i tabellen nedan för de nio månaderna som slutade den 30 september 2016 och 30 september 2015 har hämtats från UBS AG:s rapport för det tredje kvartalet 2016, vilken innehåller de oreviderade konsoliderade finansiella räkenskaperna för UBS AG, såväl som ytterligare oreviderad konsoliderad finansiell information, för de nio månader som slutade den 30 september 2016 och jämförelsesiffror för de nio månader som slutade 30 september 2015. De konsoliderade finansiella räkenskaperna har tagits fram i enlighet med International Financial Reporting Standards ("IFRS"), utfärdade av International Accounting Standards Board ("IASB"), och anges i schweiziska franc ("CHF"). Information för åren som slutade 31 december 2015, 2014 och 2013 vilken indikeras som oreviderad i tabellen nedan, inkluderades i Årsredovisningen 2015 men har inte reviderats på grund av att de respektive beskrivningarna inte krävs enligt IFRS och därför inte utgör del av de reviderade finansiella räkenskaperna.																																																																																																																																													
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 35%;"></th> <th colspan="2" style="text-align: center;">Per eller för de nio månader som slutade</th> <th colspan="3" style="text-align: center;">Per eller för året som slutade</th> </tr> <tr> <th style="text-align: left;"><i>CHF miljoner, förutom där indikerat</i></th> <th style="text-align: center;">30.9.16</th> <th style="text-align: center;">30.9.15</th> <th style="text-align: center;">31.12.15</th> <th style="text-align: center;">31.12.14</th> <th style="text-align: center;">31.12.13</th> </tr> <tr> <th></th> <th colspan="2" style="text-align: center;"><i>Oreviderat</i></th> <th colspan="3" style="text-align: center;"><i>Reviderat, förutom där indikerat</i></th> </tr> </thead> <tbody> <tr> <td colspan="6"><b>Resultat</b></td> </tr> <tr> <td>Rörelseintäkter</td> <td style="text-align: center;">21 303</td> <td style="text-align: center;">23 834</td> <td style="text-align: center;">30 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center;">(51,4)</td> <td style="text-align: center;">102,6</td> <td style="text-align: center;">78,0*</td> <td style="text-align: center;">10,4*</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Nettotillväxt nya medel för kombinerade verksamheter inom förmögenhetsförvaltning (%) <sup>5</sup></td> <td style="text-align: center;">3,2</td> <td style="text-align: center;">2,0</td> <td style="text-align: center;">2,2*</td> <td style="text-align: center;">2,5*</td> <td style="text-align: center;">3,4*</td> </tr> <tr> <td colspan="6"><b>Resurser</b></td> </tr> <tr> <td>Primärkapitalrelation (<i>Common equity tier 1 capital ratio</i>) (fullt tillämpad, %) <sup>6,7</sup></td> <td style="text-align: center;">14,8</td> <td style="text-align: center;">15,3</td> <td style="text-align: center;">15,4*</td> <td style="text-align: center;">14,2*</td> <td style="text-align: center;">12,8*</td> </tr> <tr> <td>Hävstångsrelation enligt "going concern" (infasad, %) <sup>8,9</sup></td> <td 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<sup>8,9</sup>	5,7					<b>Ytterligare information</b>						<b>Lönsamhet</b>						Avkastning på eget kapital (RoE) (%)	6,3	13,3	11,7*	7,0*	6,7*	Avkastning på riskvägda tillgångar, brutto (%) <sup>10</sup>	13,3	14,8	14,3*	12,6*	11,6*
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<b>Resurser</b>					
Totala tillgångar	935 683	981 891	943 256	1 062 327	1 013 355
Eget kapital hänförligt till aktieägare	53 556	54 126	55 248	52 108	48 002
Primärkapital ( <i>Common equity tier 1 capital</i> ) (fullt tillämpad) <sup>7</sup>	32 110	33 183	32 042	30 805	28 908
Primärkapital ( <i>Common equity tier 1 capital</i> ) (infasad) <sup>7</sup>	38 994	40 581	41 516	44 090	42 179
Riskvägda tillgångar (fullt tillämpad) <sup>7</sup>	217 297	217 472	208 186*	217 158*	225 153*
Primärkapitalrelation ( <i>Common equity tier 1 capital ratio</i> ) (infasad, %) <sup>6,7</sup>	17,7	18,3	19,5*	19,9*	18,5*
Kapitalrelation enligt going concern (fullt tillämpad, %) <sup>9</sup>	16,5				
Kapitalrelation enligt going concern (infasad, %) <sup>9</sup>	23,0				
Primärkapital ( <i>Common equity tier 1 capital</i> ) (infasad, %) <sup>11</sup>	3,7	3,5	3,6*	3,1*	2,8*
Hävstångsrelation enligt "going concern" (fullt tillämpad, %) <sup>8,9</sup>	4,1				
Hävstångsrelationsnämnanne (fullt tillämpad) <sup>11</sup>	877 926	949 548	898 251*	999 124*	1 015 306*
<b>Övrigt</b>					
Investerade tillgångar (CHF miljarder) <sup>12</sup>	2 747	2 577	2 689	2 734	2 390
Anställda (motsvarande heltidstjänster)	57 012	58 502	58 131*	60 155*	60 205*
* oreviderat					
<p><sup>1</sup> Nettovinst hänförlig till aktieägare före nedskrivningar och reserveringar av goodwill och immateriella tillgångar (på årsbasis där tillämpligt) / genomsnittligt eget kapital hänförligt till aktieägare minskat med genomsnittlig goodwill och immateriella tillgångar.</p> <p><sup>2</sup> Rörelseintäkter före kreditförluster (utgift) eller återvinning (på årsbasis där tillämpligt) / genomsnittliga totala tillgångar.</p> <p><sup>3</sup> Rörelseutgifter/rörelseintäkter före kreditförlust (utgift) eller återvinning. <sup>4</sup> Förändring i nettovinst hänförlig till aktieägare från fortsatt bedrivna verksamheter mellan innevarande och jämförelseperioder/nettovinst hänförlig till aktieägare från fortsatt bedrivna verksamheter under jämförelseperiod. Ej meningsfullt och ej inkluderat om antingen rapporteringsperioden eller jämförelseperioden är en förlustperiod.</p> <p><sup>5</sup> Nettotillväxt för nya medel för kombinerade Wealth Managements-verksamheter beräknas som sammanlagda nya medel för perioden (på årsbasis där tillämpligt) för divisionerna Wealth Management och Wealth Management Americas / sammanlagda investerade tillgångar vid början av perioden för divisionerna Wealth Management och Wealth Management Americas. Netto nya medel och investerade tillgångar hämtas var och en från avsnitten "Wealth Management" och Wealth Management Americas" i rapporten som ingår i UBS-koncernens rapport för tredje kvartalet 2016 under avsnittet om UBS verksamhetsdivisioner och företagscenter, samt i årsrapporten 2015 under avsnittet "Ekonomiska resultat och verksamhetsresultat". Nettotillväxt för nya medel för de kombinerade Wealth Management-verksamheterna baseras på justerat netto av nya pengar, vilket exkluderar den negativa effekten på netto av nya pengar (till ett belopp av CHF 3,3 miljarder under tredje kvartalet 2015 respektive CHF 6,6 miljarder under andra kvartalet 2015) inom Wealth Management från UBS:s program avseende balansräknings- och kapitaloptimering. <sup>6</sup> Primärkapital (<i>Common equity tier 1 capital</i>) /riskvägda tillgångar.</p> <p><sup>7</sup> Baserat på Basel III-regelverket så som detta tillämpas på schweiziska systemviktiga banker (SRB). <sup>8</sup> Kapital/hävstångsdenominator enligt going concern <sup>9</sup> Baserat på de reviderade schweiziska SRB-regler som började tillämpas från den 1 juli 2016. Siffror för tidigare perioder är inte tillgängliga. <sup>10</sup> Baserat på fullt tillämpade riskvägda tillgångar för alla de presenterade perioderna. Denna oreviderade sammanslagna finansiella information har hämtats från UBS AG:s rapport för tredje kvartalet 2016 och UB AG-koncernens redovisningsrapporter. Siffrorna från och för åren som slutade 31 december 2015, 31 december 2014 och 31 december 2013 motsvarar inte siffrorna i årsredovisningen för 2015 eller årsredovisningen för 2014 som baserades på infasade riskvägda tillgångar. <sup>11</sup> Beräknad i enlighet med schweiziska SRB-regler. Från och med 31 december 2015 är beräkningen av hävstångsrelationsnämnanne fullt lierad med Basel III-reglerna. Siffror för perioder före 31 december 2015 har beräknats i enlighet med tidigare schweiziska SRB-regler och är därför inte fullt jämförbara. <sup>12</sup> Inkluderar investerade tillgångar inom Personal &amp; Corporate Banking.</p>					
	Uttalande om väsentliga negativa förändringar.	om	Det har inte inträffat någon väsentlig negativ förändring i framtidsutsikterna för UBS AG eller UBS AG-koncernen sedan den 31 december 2015.		
	Uttalande om väsentliga förändringar.	om	Det har inte inträffat någon väsentlig förändring i den finansiella eller handelspositionen för UBS AG eller UBS AG-koncernen sedan den 30 september 2016, vilket är slutet på den senaste finansiella period för vilken finansiell information har publicerats.		

4) In relation to the Base Prospectus for Certificates, Notes or Warrants of UBS AG, [London] [Jersey] [Branch] dated 27 September 2016 in the section "I. Summary of the Base Prospectus" in the sub-section headed "C. Summary of the Base Prospectus (in the Danish language)" in the section headed "Afsnit B – Udsteder":

In the section headed "Afsnit B – Udsteder":

**Element B.2 is completely replaced as follows:**

<b>B.2</b>	Udsteders hjemsted, selskabsform, lovgivning i henhold til hvilken Udstederen driver virksomhed og Udsteders stiftelsesland.	<p>Udsteder blev den 28. februar 1978 stiftet under navnet SBC AG for en ubegrænset periode og blev samme dato optaget i Handelsregisteret i kantonen Basel-Stadt, Schweiz. Den 8. december 1997 ændrede selskabet navn til UBS AG. UBS AG blev i sin nuværende form stiftet den 29. juni 1998 ved fusionen mellem Union Bank of Switzerland (stiftet i 1862) og Swiss Bank Corporation (stiftet i 1872). UBS AG er optaget i Handelsregisteret i henholdsvis kantonen Zürich og kantonen Basel-Stadt under registreringsnummer CHE-101.329.561.</p> <p>UBS AG er stiftet og hjemmehørende i Schweiz og driver som aktieselskab (<i>Aktiengesellschaft</i>) virksomhed i henhold til den schweiziske obligationsret (<i>Swiss Code of Obligations</i>).</p> <p>Kontaktoplysninger til UBS AG's to hjemstedskontorer og hovedkontorer er som følger: Bahnhofstrasse 45, CH-8001 Zürich, Schweiz, tlf. nr. +41 44 234 1111 og Aeschenvorstadt 1, CH-4051 Basel, Schweiz, tlf. nr. +41 61 288 5050.</p>
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**Element B.4b is completely replaced as follows:**

<b>B.4b</b>	Kendte tendenser, der påvirker Udsteder, og brancher inden for hvilke, Udstederen driver virksomhed.	<p><b>Oplysninger om tendenser</b></p> <p>Som beskrevet i UBS-koncernen AG's 3. kvartalsrapport 2016, der blev publiceret den 28. oktober 2016 (3. kvartalsrapport 2016 for UBS-koncernen), bidrog den underliggende makroøkonomiske usikkerhed og de geopolitiske spændinger til en fortsat risikoaversion i forhold til kunderne og generelt lave transaktionsvolumener. Lavere renter end forventet og negative renter giver fortsat betydelig modvind. Disse forhold forventes ikke at ændre sig i den nærmeste fremtid. Derudover vil ændringerne af standarderne for schweizisk bankkapital og de forslåede yderligere regulatoriske ændringer for bankerne på internationalt plan medføre øgede kapitalkrav og omkostninger. UBS er godt positioneret til at håndtere disse udfordringer og til at udnytte blot en moderat forbedring af markedsforholdene. UBS har fortsat forpligtet sig til at gennemføre sin strategi på disciplineret vis.</p>
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**Element B.5 is completely replaced as follows:**

<b>B.5</b>	Beskrivelse af koncernen og Udstederens position inden for koncernen.	<p>UBS AG er en schweizisk bank og moderselskab for UBS AG-koncernen. Den er 100 % ejet af UBS-koncernen AG, som er holdingselskabet for UBS-koncernen. UBS-koncernen fungerer som en koncern med fem forretningsafdelinger (<i>Wealth Management, Wealth Management Americas, Personal &amp; Corporate Banking, Asset Management og Investment Bank</i>) og et Koncerncenter (<i>Corporate Center</i>).</p> <p>UBS har i de seneste to år truffet en række foranstaltninger til forbedring af koncernens afviklingsmuligheder som følge af de såkaldte "for store til at krakke"-krav (<i>too big to fail</i>) ("<b>TBTF</b>") i Schweiz og andre lande, hvor</p>
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		<p>koncernen driver virksomhed.</p> <p>I december 2014 gennemførte UBS-koncernen AG et ombytningsstilbud for aktierne i UBS AG og stiftede UBS-koncernen AG som holdingselskabet for UBS-koncernen. UBS-koncernen AG indledte og gennemførte i løbet af 2015 en retstvist i henhold til den schweiziske børs- og værdipapirhandelslov med henblik på at presse minoritetsaktionærer i UBS AG ud. UBS-koncernen AG ejer som følge heraf nu 100 % af de udestående aktier i UBS AG.</p> <p>I juni 2015 overdrog UBS AG den del af forretningsdivisionerne Retail &amp; Corporate (nu Personal &amp; Corporate Banking) og Wealth Management, som bogføres i Schweiz, til UBS Switzerland AG, som er et bankdatterselskab af UBS AG i Schweiz.</p> <p>I 2015 gennemførte UBS ligeledes implementeringen af en mere selvforsynende forretnings- og driftsmodel for UBS Limited, UBS' investment banking-datterselskab i Storbritannien, i henhold til hvilken, UBS Limited bærer og beholder en større del af de risici henholdsvis det afkast, der er forbundet med bankens forretningsaktiviteter.</p> <p>I 3. kvartal 2015 stiftede UBS selskabet UBS Business Solutions AG som et direkte datterselskab af UBS-koncernen AG med henblik på, at dette selskab skal fungere som koncernens serviceselskab. UBS vil overdrage ejerskabet til hovedparten af sine eksisterende servicedatterselskaber til denne enhed. UBS forventer, at overdragelsen af delte service- og supportfunktioner til dette serviceselskab vil blive implementeret trinvist i løbet af 2018. Formålet med serviceselskabets struktur er at forbedre koncernens afviklingsmuligheder ved at sætte UBS i stand til at opretholde driften af kritiske aktiviteter i tilfælde af et behov for genopretning eller opløsning.</p> <p>I 2015 har UBS ligeledes stiftet et nyt datterselskab til UBS AG med navnet UBS Asset Management AG, hvortil UBS forventer at overdrage størstedelen af Asset Managements driftsdatterselskaber i løbet af 2016. UBS overvejer fortsat yderligere ændringer af de juridiske enheder, der anvendes af Asset Management, herunder at overdrage UBS AG's aktiviteter i Schweiz til et datterselskab af UBS Asset Management AG.</p> <p>I 2. kvartal 2016 blev UBS Americas Holding LLC, et datterselskab af UBS AG, udpeget som det mellemliggende holdingselskab for UBS' amerikanske datterselskaber som påkrævet ifølge forordningerne om forhøjede tilsynsstandarder i henhold til Dodd-Frank Wall Street reform- og forbrugerbeskyttelsesloven ("<b>Dodd-Frank</b>"). UBS Americas Holding LLC ejer alle UBS' amerikanske datterselskaber og er underlagt amerikanske krav til kapital, selskabsledelse og anden tilsynsregulering.</p> <p>UBS overvejer fortsat yderligere ændringer til koncernens juridiske struktur som følge af kapital- og øvrige lovgivningsmæssige krav, og med henblik på at opnå en eventuel lempelse af de samlede tabsabsorberende kapacitetskrav, som koncernen måtte være kvalificeret til. Sådanne ændringer kan fx omfatte en overdragelse af UBS AG's driftsdatterselskaber, således at de bliver direkte datterselskaber i UBS Group AG, en konsolidering af driftsselskaber i den Europæiske Union samt en ændring af bogføringsenheden eller placeringen af produkter og serviceydelser. Disse strukturændringer drøftes løbende med det schweiziske finanstillsyn ("<b>FINMA</b>") og andre tilsynsmyndigheder og er forbundet med en række usikkerheder, som kan indvirke på ændringernes gennemførlighed, omfang og tidsmæssige gennemførelse.</p>
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**Element B.12 is completely replaced as follows:**

<b>B.12</b>	Udvalgte historiske finansielle nøgleoplysninger.	UBS AG har hentet følgende udvalgte konsoliderede regnskabsoplysninger for årene, der sluttede henholdsvis den 31. december 2015, 2014 og 2013, undtagen hvis andet fremgår, fra årsrapporten for 2015, som indeholder UBS AG's reviderede koncernregnskab samt yderligere ureviderede konsoliderede regnskabsoplysninger for året, der sluttede den 31. december 2015, og sammenligningstal for årene, der sluttede henholdsvis den 31. december 2014 og 2013. De udvalgte konsoliderede regnskabsoplysninger, der fremgår af tabellen nedenfor for de ni måneder, der sluttede den 30. september 2016 og 30. september 2015, stammer fra UBS AG's 3. kvartalsrapport 2016, der indeholder ureviderede koncernregnskabsoplysninger fra UBS AG, samt yderligere ureviderede konsoliderede regnskabsoplysninger fra de ni måneder, der sluttede den 30. september 2016 og sammenligningstal for de ni måneder, der sluttede den 30. september 2015. Koncernregnskabsoplysningerne er udarbejdet i overensstemmelse med de internationale regnskabsstandarder ( <i>International Financial Reporting Standards</i> ("IFRS")), som er udstedt af the International Accounting Standards Board ("IASB"), og er angivet i schweizerfranc ("CHF"). Regnskabsoplysninger for årene, der sluttede henholdsvis den 31. december 2015, 2014 og 2013 og i forbindelse med hvilke, det i tabellen nedenfor står anført, at de er ureviderede, var indeholdt i årsrapporten for 2015, men er ureviderede af den årsag, at offentliggørelse deraf ikke er påkrævet i henhold til IFRS, og er således ikke indeholdt i det reviderede årsregnskab.				
		Pr. eller forni måneder afsluttet		Pr. eller for året, der sluttede		
CHF mio., medmindre andet fremgår		30.9.16	30.9.15	31.12.15	31.12.14	31.12.13
		urevideret		revideret, medmindre andet fremgår		
<b>Resultat</b>						
Driftsindtægter		21.303	23.834	30.605	28.026	27.732
Driftsudgifter		17.979	18.655	25.198	25.557	24.461
Driftsoverskud (driftstab) før skat		3.324	5.179	5.407	2.469	3.272
Nettooverskud (nettotab) henførbart til aktionærer		2.568	5.285	6.235	3.502	3.172
<b>Nøgletal</b>						
<b>Rentabilitet</b>						
Afkast på synlig kapital (%) <sup>1</sup>		7,3	15,4	13,5*	8,2*	8,0*
Afkastningsgrad, brutto (%) <sup>2</sup>		2,9	3,2	3,1*	2,8*	2,5*
Omkostninger i forhold til indtægter (%) <sup>3</sup>		84,3	78,1	82,0*	90,9*	88,0*
<b>Vækst</b>						
Nettovækst i overskud (%) <sup>4</sup>		(51,4)	102,6	78,0*	10,4*	-
Nettovækst i nye midler for kombinerede formueforvaltningsvirksomheder (%) <sup>5</sup>		3,2	2,0	2,2*	2,5*	3,4*
<b>Ressourcer</b>						
Egentlig kernekapitaldækning (fuldt anvendt, %) <sup>6,7</sup>		14,8	15,3	15,4*	14,2*	12,8*
Gearingsforhold, virksomhed i drift (indfaset, %) <sup>8,9</sup>		5,7				

Yderligere oplysninger					
Rentabilitet					
Egenkapitalforrentning (RoE) (%)	6,3	13,3	11,7*	7,0*	6,7*
Afkast på risikovægtede aktiver, brutto (%) <sup>10</sup>	13,3	14,8	14,3*	12,6*	11,6*
<b>Ressourcer</b>					
Aktiver i alt	935.683	981.891	943.256	1.062.327	1.013.355
Egenkapital henførbart til aktionærer	53.556	54.126	55.248	52.108	48.002
Egentlig kernekapital (fuldt anvendt) <sup>7</sup>	32.110	33.183	32.042	30.805	28.908
Egentlig kernekapital (indfaset) <sup>7</sup>	38.994	40.581	41.516	44.090	42.179
Risikovægtede aktiver (fuldt anvendt) <sup>7</sup>	217.297	217.472	208.186*	217.158*	225.153*
Egentlig kernekapitaldækning (indfaset, %) <sup>6,7</sup>	17,7	18,3	19,5*	19,9*	18,5*
Kapitaldækning, virksomhed i drift (fuldt anvendt, %) <sup>9</sup>	16,5				
Kapitaldækning, virksomhed i drift (indfaset, %) <sup>9</sup>	23,0				
Egentlig kernekapital, gearingsforhold (fuldt anvendt, %) <sup>11</sup>	3,7	3,5	3,6*	3,1*	2,8*
Gearingsforhold, virksomhed i drift (fuldt anvendt, %) <sup>8,9</sup>	4,1				
Gearingsforholdets nævner (fuldt anvendt) <sup>11</sup>	877.926	949.548	898.251*	999.124*	1.015.306*
<b>Andet</b>					
Investerede aktiver (CHF mia.) <sup>12</sup>	2.747	2.577	2.689	2.734	2.390
Medarbejdere (årsværk)	57.012	58.502	58.131*	60.155*	60.205*
* urevideret					
<p><sup>1</sup> Nettooverskud, som kan henføres til aktionærer inden amortisering og værdiforringelser af goodwill og immaterielle aktiver (på årsbasis, hvor relevant) / gennemsnitlig egenkapital, der kan henføres til aktionærer minus gennemsnitlig goodwill og immaterielle aktiver.</p> <p><sup>2</sup> Driftsindtægter før kredittab (udgift) eller genindvinding (på årsbasis, hvor relevant) / gennemsnitlig aktivsum i alt. <sup>3</sup> Driftsudgifter / driftsindtægter før kredittab (udgift) eller genindvinding. <sup>4</sup> Ændring i nettooverskud, som kan henføres til aktionærer fra fortsættende aktiviteter mellem nuværende og jävnførelsesperioder / nettooverskud, som kan henføres til aktionærer fra fortsættende aktiviteter fra jävnførelsesperiode. Ikke meningsfuldt og ikke inkluderet, hvis enten rapporteringsperioden eller jävnførelsesperioden er en tabsperiode.</p> <p><sup>5</sup> Nettovæksten i nye midler for kombineredeformueforvaltningsvirksomheder beregnes som den samlede sum af netto nye midler for perioden (på årsbasis, hvor relevant) for virksomhedsdivisionerne Wealth Management og Wealth Management Americas / samlede investerede aktiver primo perioden for virksomhedsdivisionerne Wealth Management og Wealth Management Americas. Netto nye midler og investerede aktiver er afledt fra afsnittene "Wealth Management" og "Wealth Management Americas" i forvaltningsrapporten, der er inkluderet i UBS-koncernens 3. kvartalsrapport 2016 under "UBS virksomhedsdivisioner og Corporate Center" henholdsvis årsrapporten for 2015, under "Finansielle resultater og driftsresultater". Nettovæksten i nye midler for de kombinerede formueforvaltningsvirksomheder er baseret på justerede netto nye midler ekskl. den negative virkning på netto nye midler (tredje kvartal 2015: CHF 3,3 mia.; andet kvartal 2015: CHF 6,6 mia.) i Wealth Management fra UBS's balance og kapitaloptimeringsbestræbelser. <sup>6</sup> Egentlig kernekapital / risikovægtede aktiver. <sup>7</sup> Baseret på Basel III-regelsættet, således som dette gælder for schweiziske systemisk relevante banker (SRB). <sup>8</sup> Kapital for virksomhed i drift / gearingsforholdets nævner. <sup>9</sup> Baseret på de reviderede schweiziske SRB-regler, der blev gældende pr. 1. juli 2016. Tal for tidligere perioder er ikke tilgængelige. <sup>10</sup> Baseret på fuldt ud anvendte risikovægtede aktiver for alle præsenterede perioder. De ureviderede konsoliderede regnskabsoplysninger er afledt fra UBS AG's 3. kvartalsrapport 2016 og UBS AG-koncernens regnskabsfortegnelse. Tal pr. og for årene, der sluttede den 31. december 2015, 31. december 2014 og 31. december 2013, svarer ikke til tallene i årsrapporten for 2015 eller årsrapporten for 2014, som er baseret på indfasede, risikovægtede aktiver <sup>11</sup> Beregnet i overensstemmelse med schweiziske SRB-regler. Fra 31. december 2015 og fremefter er beregningen af gearingsforholdets nævner på linje med Basel III-regelsættet. Tal fra perioder forud for den 31. december 2015 er beregnet i overensstemmelse med tidligere schweiziske SRB-regler og er derfor ikke fuldt sammenlignelige. <sup>12</sup> Inkluderer investerede aktiver for Personal &amp; Corporate Banking.</p>					
	Erklæring vedrørende væsentlige negative ændringer.	Der er ikke siden den 31. december 2015 indtrådt nogen væsentlig negativ ændring i fremtidsudsigterne for UBS AG eller UBS AG-koncernen.			
	Erklæring vedrørende	Der er ikke siden den 30. september 2016, som er slutningen af den sidste regnskabsperiode, for hvilken der er offentliggjort foreløbige			

	væsentlige ændringer.	regnskabsoplysninger, indtrådt nogen væsentlig ændring i den finansielle eller handelsmæssige stilling for USB AG eller UBS AG-koncernen.
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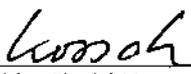
The Base Prospectus for Certificates, Notes or Warrants of UBS AG, [London] [Jersey] [Branch] dated 27 September 2016 and all supplements thereto, shall be maintained in printed format, for free distribution, at the offices of the Issuer for a period of twelve months after the publication of this document and are published on the website [www.ubs.com/keyinvest](http://www.ubs.com/keyinvest), or a successor website.

In addition, the annual reports and quarterly result materials of UBS Group AG and UBS AG are published on UBS's website, at [www.ubs.com/investors](http://www.ubs.com/investors) or a successor address.

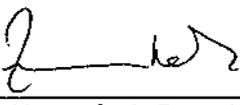
Zurich, 16 December 2016

**UBS AG**

By:

  
\_\_\_\_\_  
(signed by Sigrid Kossatz)

By:

  
\_\_\_\_\_  
(signed by Stefanie Zaromitidis)