

Supplement No. 3 pursuant to the Financial Instruments Trading Act (SFS 1991:980) chapter 2 section 34

Dated 11 October 2016 to the Base Prospectus of UBS AG, [London] [Jersey] [Branch], dated 8 January 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 15-16710. This Supplement is a part of the Base Prospectus and shall be read in conjunction with the Base Prospectus.

Supplement No. 1 was approved by the SFSA on 12 May 2016. The Supplement was published by UBS AG on 12 May 2016. Registration number at the SFSA is 16-7391.

Supplement No. 2 was approved by the SFSA on 30 May 2016. The Supplement was published by UBS AG on 30 May 2016. Registration number at the SFSA is 16-8260.

This Supplement No. 3 was approved by the SFSA on 11 October 2016. This Supplement was published by UBS AG on 11 October 2016. Registration number at the SFSA is 16-14022.

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

Upgrade of UBS AG's long-term counterparty credit rating and the revision of the outlook statement to "stable" by Standard and Poor's on 6 June 2016, upgrade of the long-term issuer default rating and the revision of the outlook statement to "stable" by Fitch Ratings on 14 June 2016, upgrade of the issuer credit-strength rating and the revision of the outlook statement to "positive" by Scope Ratings on 1 June 2016 and 20 June 2016 and publication of the second quarter 2016 financial report as per 30 June 2016 of UBS Group AG on 29 July 2016 and UBS AG on 4 August 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 13 October 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.

TABLE OF CONTENTS OF THIS SUPPLEMENT

| | Page |
|-----------------------------|------|
| 1) Base Prospectus | 4 |
| 2) Summary English Language | 26 |
| 3) Summary Swedish Language | 31 |
| 4) Summary Danish Language | 36 |
| Signatories | 41 |

- 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", 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" is completely replaced as follows:

"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 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.

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.

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 capital 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:

Section "1. General Information on UBS AG" is, except for the subsection entitled "Corporate Information", completely replaced by the following text:

"UBS AG with its subsidiaries (together, "**UBS AG (consolidated)**", or "**UBS AG Group**"; together with UBS Group AG, which is the holding company of UBS AG, and its subsidiaries, "**UBS Group**", "**Group**", "**UBS**" or "**UBS Group AG (consolidated)**") provides financial advice and solutions to private, institutional and corporate clients worldwide, as well as private clients in Switzerland. The operational structure of the Group is comprised of the Corporate Center and five business divisions: Wealth Management, Wealth Management Americas, Personal & Corporate Banking, Asset Management and the Investment Bank. UBS's strategy builds on the strengths of all of its businesses and focuses its efforts on areas in which UBS excels, while seeking to capitalize on the compelling growth prospects in the businesses and regions in which it operates, in order to generate attractive and sustainable returns for shareholders. In UBS's opinion, all of its businesses are capital-efficient and benefit from a strong competitive position in their targeted markets.

On 30 June 2016, UBS Group AG (consolidated) common equity tier 1 ("**CET1**") capital ratio¹ was 14.2% on a fully applied basis and 17.1% on a phase-in basis, invested assets stood at CHF 2,677 billion, equity attributable to UBS Group AG shareholders was CHF 52,876 million and market capitalization was CHF 48,398 million. On the same date, UBS employed 60,093 people².

On 30 June 2016, UBS AG (consolidated) CET1 capital ratio¹ was 15% on a fully applied basis and 17.9% on a phase-in basis, invested assets stood at CHF 2,677 billion and equity attributable to UBS AG shareholders was CHF 53,353 million. On the same date, UBS AG Group employed 57,387 people².

The rating agencies Standard & Poor's Credit Market Services Europe Limited ("**Standard & Poor's**"), Moody's Investors Service Ltd. ("**Moody's**"), Fitch Ratings Limited ("**Fitch Ratings**"), and Scope Ratings AG ("**Scope Ratings**") have published solicited credit ratings reflecting their assessment of the creditworthiness of UBS AG, i.e. its ability to fulfill in a timely manner payment obligations, such as principal or interest payments on long-term loans, also known as debt servicing. The ratings from Fitch Ratings, Standard & Poor's and Scope Ratings may be attributed a plus or minus sign, and those from Moody's a number. These supplementary attributes indicate the relative position within the respective rating class. UBS AG has a long-term counterparty credit rating of A+ (outlook: stable) from Standard & Poor's, long-term senior debt rating of A1 (outlook: stable) from Moody's, long-term issuer default rating of A+ (outlook: stable) from Fitch Ratings and issuer credit-strength rating of A+ (outlook: positive) from Scope Ratings.

¹ 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 information provided on a fully applied basis entirely reflects the effects of prudential filters for the calculation of capital and does not include ineligible capital instruments. The information provided on a phase-in basis gradually reflects those effects and the phase-out of ineligible capital instruments during the transition period. For information as to how common equity tier 1 capital is calculated, refer to the table "Reconciliation IFRS equity to Swiss SRB capital" in the section "Capital management" of the UBS Group second quarter 2016 report and the UBS AG second quarter 2016 report, respectively.

² Full-time equivalents.

The following table gives an overview of the rating classes as used by the above rating agencies and their respective meaning. UBS AG's rating is indicated by the red box.

| Standard & Poor's | | Moody's | | Fitch Ratings | | Scope Ratings | |
|--------------------------------|--|------------------|---|---------------------------------|--------------------------|--------------------------------|--|
| Long-Term Issuer credit rating | | Long-Term rating | | Long-Term Issuer Default Rating | | Long-Term Issuer credit rating | |
| AAA | Extremely strong capacity to meet financial commitments | Aaa | Highest quality | AAA | Highest credit quality | AAA | Exceptionally strong credit quality with the lowest risk of a default-like event |
| AA+ | Very strong capacity to meet financial commitments | Aa1 | High quality | AA+ | Very high credit quality | AA+ | Very strong credit quality with an extremely low risk of a default-like event |
| AA | | Aa2 | | AA | | AA | |
| AA- | | Aa3 | | AA- | | AA- | |
| A+ | Strong capacity to meet its financial commitments | A1 | Upper-medium grade | A+ | High credit quality | A+ | Strong credit quality with a very low risk of a default-like event |
| A | | A2 | | A | | A | |
| A- | | A3 | | A- | | A- | |
| BBB+ | Adequate capacity to meet its financial commitments | Baa1 | Medium grade | BBB+ | Good credit quality | BBB+ | Good credit quality with a low risk of a default-like event. |
| BBB | | Baa2 | | BBB | | BBB | |
| BBB- | | Baa3 | | BBB- | | BBB- | |
| BB+ | Less vulnerable in the near term than other lower-rated obligors | Ba1 | Speculative, subject to substantial credit risk | BB+ | Speculative | BB+ | Moderate-to-modest credit quality with a moderate risk of a default-like event |
| BB | | Ba2 | | BB | | BB | |
| BB- | | Ba3 | | BB- | | BB- | |
| B+ | More vulnerable than the obligors rated 'BB' | B1 | Speculative, subject to high credit risk | B+ | Highly speculative | B+ | Weak credit quality with a material risk of a default-like event |
| B | | B2 | | B | | B | |
| B- | | B3 | | B- | | B- | |
| B- | Significant speculative characteristics | Caa1 | Speculative, of poor standing and subject to very high credit risk | CCC | Substantial credit risk | CCC | Very weak credit quality with a significant risk of a default-like-event |
| CCC+ | | Caa2 | | CC | | CC | |
| CCC | | Caa3 | | C | | C | |
| CCC- | Currently highly vulnerable | Ca | Highly speculative, likely in, or very near, default with some prospect of recovery of principal and interest | RD | Restricted default | | |
| CC | | | | | | | |
| R | Under regulatory supervision | C | Typically in default, with little prospect for recovery of principal or interest | D | Default | D | Credit default-like event |
| SD | Selective Default | | | | | | |
| D | Default | | | | | | |

All the above-mentioned rating agencies are registered as credit rating agencies under Regulation (EC) No 1060/2009 as amended by Regulation (EU) No 513/2011.

Any statements regarding the competitive position of UBS AG, UBS AG Group or the Group contained in this Base Prospectus are made on the basis of the opinion of UBS AG or the Group."

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

"According to article 2 of the articles of association of UBS AG dated 4 May 2016 ("**Articles of Association**"), the purpose of UBS AG is the operation of a bank. Its scope of operations extends to all types of banking, financial, advisory, trading and service activities in Switzerland and abroad. UBS AG may establish branches and representative offices as well as banks, finance companies and other enterprises of any kind in Switzerland and abroad, hold equity interests in these companies, and conduct their management. UBS AG is authorized to acquire, mortgage and sell real estate and building rights in Switzerland and abroad. UBS AG may borrow and invest money on the capital markets. UBS AG is part of the group of companies controlled by the group parent company UBS Group AG. It may promote the interests of the group parent company or other group companies. It may provide loans, guarantees and other kinds of financing and security for group companies."

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

"Recent Developments

1. 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 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 six months ended 30 June 2016 and 30 June 2015 was derived from the UBS AG second quarter 2016 report, which contains the unaudited consolidated financial statements of UBS AG, as well as additional unaudited consolidated financial information, for the six months ended 30 June 2016 and comparative figures for the six months ended 30 June 2015. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**") and 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 second 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 six months ended | | As of or for the year ended | | |
|-------------------------------------|-----------------------------------|---------|--|----------|----------|
| | 30.6.16 | 30.6.15 | 31.12.15 | 31.12.14 | 31.12.13 |
| | <i>unaudited</i> | | <i>audited, except where indicated</i> | | |
| Results | | | | | |
| Operating income | 14,254 | 16,644 | 30,605 | 28,026 | 27,732 |

| | | | | | |
|---|--------|--------|--------|--------|--------|
| Operating expenses | 11,818 | 12,254 | 25,198 | 25,557 | 24,461 |
| Operating profit / (loss) before tax | 2,436 | 4,391 | 5,407 | 2,469 | 3,272 |
| Net profit / (loss) attributable to UBS AG shareholders | 1,723 | 3,201 | 6,235 | 3,502 | 3,172 |

Key performance indicators

Profitability

| | | | | | |
|--|------|------|-------|-------|-------|
| Return on tangible equity (%) ¹ | 7.3 | 14.1 | 13.5* | 8.2* | 8.0* |
| Return on assets, gross (%) ² | 2.9 | 3.2 | 3.1* | 2.8* | 2.5* |
| Cost / income ratio (%) ³ | 82.9 | 73.5 | 82.0* | 90.9* | 88.0* |

Growth

| | | | | | |
|---|--------|------|-------|-------|------|
| Net profit growth (%) ⁴ | (46.2) | 73.4 | 78.0* | 10.4* | - |
| Net new money growth for combined wealth management businesses (%) ⁵ | 3.8 | 2.6 | 2.2* | 2.5* | 3.4* |

Resources

| | | | | | |
|--|------|------|-------|-------|-------|
| Common equity tier 1 capital ratio (fully applied, %) ^{6,7} | 15.0 | 15.6 | 15.4* | 14.2* | 12.8* |
| Leverage ratio (phase-in, %) ^{8,9} | 5.5 | 5.1 | 5.7* | 5.4* | 4.7* |

Additional information

Profitability

| | | | | | |
|---|------|------|-------|-------|-------|
| Return on equity (RoE) (%) | 6.3 | 12.1 | 11.7* | 7.0* | 6.7* |
| Return on risk-weighted assets, gross (%) ¹⁰ | 13.4 | 15.5 | 14.3* | 12.6* | 11.6* |

Resources

| | | | | | |
|---|---------|---------|----------|-----------|------------|
| Total assets | 990,135 | 951,528 | 943,256 | 1,062,327 | 1,013,355 |
| Equity attributable to UBS AG shareholders | 53,353 | 51,685 | 55,248 | 52,108 | 48,002 |
| Common equity tier 1 capital (fully applied) ⁷ | 32,184 | 32,834 | 32,042 | 30,805 | 28,908 |
| Common equity tier 1 capital (phase-in) ⁷ | 38,913 | 39,169 | 41,516 | 44,090 | 42,179 |
| Risk-weighted assets (fully applied) ⁷ | 214,210 | 210,400 | 208,186* | 217,158* | 225,153* |
| Common equity tier 1 capital ratio (phase-in, %) ^{6,7} | 17.9 | 18.5 | 19.5* | 19.9* | 18.5* |
| Total capital ratio (fully applied, %) ⁷ | 21.2 | 20.2 | 21.0* | 19.0* | 15.4* |
| Total capital ratio (phase-in, %) ⁷ | 23.5 | 23.8 | 24.9* | 25.6* | 22.2* |
| Leverage ratio (fully applied, %) ^{8,9} | 5.0 | 4.5 | 4.9* | 4.1* | 3.4* |
| Leverage ratio denominator (fully applied) ⁹ | 899,075 | 946,457 | 898,251* | 999,124* | 1,015,306* |

Other

| | | | | | |
|---|--------|--------|---------|---------|---------|
| Invested assets (CHF billion) ¹¹ | 2,677 | 2,628 | 2,689 | 2,734 | 2,390 |
| Personnel (full-time equivalents) | 57,387 | 59,648 | 58,131* | 60,155* | 60,205* |

* unaudited

¹ Net profit attributable to UBS AG shareholders before amortization and impairment of goodwill and intangible assets (annualized as applicable) / average equity attributable to UBS AG shareholders less average goodwill and intangible assets of UBS AG. ² Operating income before credit loss (expense) or recovery (annualized as applicable) / average total assets. ³ Operating expenses / operating income before credit loss (expense) or recovery. ⁴ Change in net profit attributable to UBS AG shareholders from continuing operations between current and comparison periods / net profit attributable to UBS AG 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. ⁵ Combined Wealth Management and Wealth Management Americas' net new money for the period (annualized as applicable) / invested assets at the beginning of the period. Figures for the first six months of 2015 and the year ended 31 December 2015 are based on adjusted net new money, which excludes the negative effect on net new money of CHF 6.6 billion in the second quarter of 2015 and of CHF 9.9 billion in 2015, respectively, from UBS's balance sheet and capital optimization program. ⁶ Common equity tier 1 capital / risk-weighted assets. ⁷ Based on the Basel III framework as applicable to Swiss systemically relevant banks. ⁸ Common equity tier 1 capital and loss-absorbing capital / leverage ratio denominator. ⁹ 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. ¹⁰ Based on fully-applied risk-weighted assets for all periods presented. This metric was previously based on phase-in risk-weighted assets. This unaudited consolidated financial information was derived from the UBS AG second quarter 2016 report and UBS AG's accounting records. ¹¹ Includes invested assets for Personal & Corporate Banking.

2. *Revised requirements for Swiss systemically relevant banks effective 1 July 2016*

In May 2016, the Swiss Federal Council adopted amendments to the TBTF provisions, based on the cornerstones announced by the Swiss Federal Council in October 2015. The revised Capital Adequacy Ordinance forms the basis of a revised Swiss SRB framework, which became effective on 1 July 2016. Refer to the section "Capital management" of the UBS Group second quarter 2016 report published on 29 July 2016 (the "**UBS Group Second Quarter 2016 Report**"), for more information.

3. *Swiss corporate tax reform III*

In June 2016, the Swiss Parliament approved legislation to reform the Swiss corporate tax code. The reform aims to align the individual cantonal corporate tax regimes with international standards, which would involve the elimination of reduced holding company tax rates and other corporate tax privileges. The new federal law is expected to become effective as of January 2017 and be fully implemented in 2019, following a transitional period for cantons to adjust their tax legislation. A referendum on the law would delay the effective date by approximately one year. The cantons will be required to implement the revised tax laws. To mitigate the impact on corporate tax burden, the federal law provides a set of optional and mandatory measures for the cantons. In their legislative process, the cantons will then decide which of these measures they will implement. The impact on UBS can only be assessed once there is more clarity on the measures that will be implemented on a cantonal level.

4. *US incentive compensation regulation*

In May 2016, US federal financial regulators, including the Board of Governors of the Federal Reserve System, jointly proposed regulations that would, among other things, (i) prescribe mandatory deferral amounts and periods for incentive compensation based on the size of the financial institution and (ii) require downward adjustment, forfeiture and/or clawback of incentive compensation in certain circumstances. The proposal would apply to incentive compensation plans of UBS's principal operating entities in the US and would prescribe specific deferral and forfeiture requirements for executive officers, highly compensated employees and significant risk takers as defined in the proposal. If implemented as proposed, these regulations would require changes to UBS's incentive compensation programs for employees.

5. *UK referendum on EU membership*

A referendum on the UK's membership in the EU was held on 23 June 2016 with the majority voting for the UK's exit from the EU. It is currently expected that the UK government will exercise its right under Article 50 of the Lisbon Treaty to leave the EU. The timing and the manner of the UK's withdrawal from the EU and the terms of any successor arrangements between the UK and the EU are currently unknown and may not become clear in the short term. UBS maintains significant operations in the UK. Limitations on providing financial services into the EU from UBS's UK operations that could arise following the UK's exit from the EU could require UBS to make potentially significant changes to its operations in the UK and its legal structure."

Section "3. Organisational Structure of the Issuer" is completely replaced by the following text:

"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 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.

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.

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 capital 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 Second Quarter 2016 Report, sustained market volatility, underlying macroeconomic uncertainty and heightened geopolitical tensions, exacerbated by

the impact of the UK referendum vote to end EU membership, will lead to continued client risk aversion and generally low transaction volumes. These conditions are unlikely to change in the foreseeable future. Furthermore, lower than anticipated and negative interest rates and the relative strength of the Swiss franc, particularly against the euro, continue to present considerable headwinds. In addition, the changes to the Swiss bank capital standards and proposed further changes to the international regulatory framework for banks will result in increasing capital requirements and costs. UBS is well positioned to benefit from even a moderate improvement in conditions and remains committed to executing its strategy with discipline to mitigate these effects.”

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 Reto Francioni and Joseph Yam are replaced as follows:

“

| | | | |
|--|--------|------|---|
| Reto Francioni UBS AG, Bahnhofstrasse 45 8001 Zurich | Member | 2017 | Member of the Board of Directors of UBS Group AG. Professor, University of Basel; Board member of Coca-Cola HBC AG; member of the Board of Francioni AG; Chairman of the Board of Swiss International Air Lines; member of the Board of MedTech Innovation Partners AG. |
| Joseph Yam UBS AG, Bahnhofstrasse 45, CH-8001 Zurich | Member | 2017 | 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. International Advisory Council member of China Investment Corporation; Distinguished Research Fellow at the Institute of Global Economics and Finance at the Chinese University of Hong Kong. |

”

In section “5. Administrative, Management and Supervisory Bodies of UBS AG” in the subsection headed “Organizational principles and structure” the first paragraph is completely replaced as follows:

“Following each AGM, the BoD meets to appoint one or more Vice Chairmen, a Senior Independent Director, BoD committee members, other than the members of the Compensation Committee, and their respective Chairpersons. At the same meeting, the BoD appoints a Company Secretary, who acts as secretary to the BoD and its committees.”

In section “5. Administrative, Management and Supervisory Bodies of UBS AG” in the subsection headed “Audit Committee” the fifth paragraph is completely replaced as follows:

“Periodically, and at least annually, the AC assesses the qualifications, expertise, effectiveness, independence and performance of the external auditors and their lead audit partner, in order to support the BoD in reaching a decision in relation to the appointment or dismissal of the external auditors and the rotation of the lead audit partner. The BoD then submits these proposals to the shareholders for approval at the AGM.”

In section “7. Financial Information concerning the Issuer’s Assets and Liabilities, Financial Position and Profits and Losses” in the subsection “Historical Annual Financial Information” a new paragraph is added after the end of the paragraph starting with “With respect to the financial year 2014...” and before the beginning of the paragraph starting with “The annual financial reports form an essential...”:

“The consolidated financial statements of UBS AG and auditors’ report thereon contained in Annual Report 2014 are incorporated by reference herein to comply with certain requirements of the EU Prospectus Directive. As described in the Annual Report 2015,

UBS AG has made certain adjustments in 2015 to the consolidated historical financial statements for the year ended 31 December 2014 and 31 December 2013. Refer to Note 1b in the consolidated financial statements of UBS AG in the Annual Report 2015 for information on such adjustments."

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 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. Reference is also made to the UBS Group Second Quarter 2016 Report and to the UBS AG second quarter 2016 report published on 4 August 2016 ("**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. 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

UBS 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 it 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 15a of the unaudited interim consolidated financial statements of UBS AG, included in the UBS AG Second 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 Second Quarter 2016 Report.

Provisions for litigation, regulatory and similar matters by business division and Corporate Center unit^{1,2}

| <i>CHF million</i> | Wealth Management | Wealth Management Americas | Personal & Corporate Banking | Asset Management | Investment Bank | CC – Services | CC – Group ALM | CC – Non-core and Legacy Portfolio | UBS |
|---|-------------------|----------------------------|------------------------------|------------------|-----------------|---------------|----------------|------------------------------------|--------------|
| Balance as of 31 December 2015 | 245 | 459 | 83 | 16 | 585 | 310 | 0 | 1,284 | 2,983 |
| Balance as of 31 March 2016 | 242 | 427 | 81 | 13 | 557 | 307 | 0 | 1,248 | 2,876 |
| Increase in provisions recognized in the income statement | 10 | 23 | 0 | 0 | 27 | 2 | 0 | 23 | 85 |
| Release of provisions recognized in the income statement | (1) | (7) | 0 | (5) | 0 | 0 | 0 | 0 | (13) |
| Provisions used in conformity | (3) | (35) | (2) | (1) | (1) | (7) | 0 | (249) | (299) |

| | | | | | | | | | |
|---|------------|------------|-----------|----------|------------|------------|----------|--------------|--------------|
| with designated purpose | | | | | | | | | |
| Foreign currency translation / unwind of discount | (1) | 8 | 0 | 0 | 6 | (1) | 0 | 20 | 32 |
| Balance as of 30 June 2016 | 247 | 416 | 79 | 7 | 589 | 301 | 0 | 1,042 | 2,682 |

1 Provisions, if any, for the matters described in this section are recorded in Wealth Management (item 3), Wealth Management Americas (item 4), 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. 2 Provision movements are grouped by item for purposes of this table and may therefore differ from those shown in the table in Note 15a of the unaudited interim consolidated financial statements of UBS AG, included in the UBS AG Second Quarter 2016 Report.

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 a disclosure order from the Swiss Federal Tax Administration ("**FTA**") to transfer information based on a request for international administrative assistance in tax matters. The request concerns a number of UBS account numbers pertaining to current and former clients and is based on data from 2006 and 2008. UBS has taken steps to inform affected clients about the administrative assistance proceeding and their procedural rights, including the right to appeal. The request is 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 other countries to file similar requests.

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 ("*témoïn 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*"). The parties have 30 days to comment on the recommendation or to file additional submissions. The judge may then 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.

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 June 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 2.6 billion in original face amount of RMBS underwritten or issued by UBS. Of the USD 2.6 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 1.4 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 two lawsuits 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. Both lawsuits were filed in US District Courts, one in the District of Kansas and the other in the Southern District of New York ("**SDNY**"). The original principal balance at issue in the Kansas case is approximately USD 1.15 billion and the original principal balance at issue in the SDNY case is approximately USD 400 million. In February 2016, UBS made an offer of judgment to NCUA in the SDNY case, which NCUA accepted, pursuant to which UBS agreed to pay to NCUA approximately USD 33 million plus approximately USD 36.8 million in prejudgment interest, for a total of approximately USD 69.8 million, in addition to reasonable attorneys' fees incurred by NCUA. Judgment was entered by the Court on April 25, 2016.

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. In January 2015, the court rejected plaintiffs' efforts to seek damages for all loans purportedly in breach of representations and warranties in any of the three Transactions and limited plaintiffs to pursuing claims based solely on alleged breaches for loans identified in the complaint or other breaches that plaintiffs can establish were independently discovered by UBS. In February 2015, the court denied plaintiffs' motion seeking reconsideration of its ruling. However, in April 2016, the Court ruled that, based on an intervening decision of an intermediate New York appellate court, it would allow plaintiffs to proceed with their claims at trial as to all loans purportedly in breach. 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. A bench trial in the SDNY adjourned in May 2016 and post-trial briefs are being submitted.

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 currently the focus of their inquiry, as to which UBS is providing additional information. UBS continues to respond to the FIRREA subpoena and to subpoenas from the New York State Attorney General ("**NYAG**") 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. Numerous other banks reportedly are responding to similar inquiries from these authorities.

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

USD million

| | |
|--|--------------|
| Balance as of 31 December 2015 | 1,218 |
| Balance as of 31 March 2016 | 1,242 |
| Increase in provision recognized in the income statement | 0 |
| Release of provision recognized in the income statement | 0 |
| Provision used in conformity with designated purpose | (255) |
| Balance as of 30 June 2016 | 988 |

As reflected in the table "Provision for claims related to sales of residential mortgage-backed securities and mortgages," UBS's balance sheet at 30 June 2016 reflected a provision of USD 988 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 (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 1.8 billion, of which claims with aggregate claimed damages of approximately USD 642 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 (which includes up to USD 11 million in restitution to 165 UBS PR customers and a civil penalty of USD 7.5 million). 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.

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. The Magistrate Judge for the consolidated case has recommended that plaintiffs' motion to certify the proposed class be denied.

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 additional payment defaults are expected to occur. In June 2016, federal legislation created an oversight board with power to oversee Puerto Rico's finances and to restructure its debt. 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 June 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 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.

In 2015, UBS AG settled charges with the SEC relating to structured notes issued by UBS AG that were linked to the UBS V10 Currency Index with Volatility Cap.

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.

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.

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.

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 or USD ISDAFIX 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. 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.

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 June 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 June 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.

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 15b "Litigation, regulatory and similar matters" to the UBS AG unaudited consolidated financial statements included in the UBS AG Second 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.

Equities trading systems and practices.

UBS is responding to inquiries concerning the operation of UBS's alternative trading system (ATS) (also referred to as a dark pool) and its securities order routing and execution practices from various authorities, including the SEC, the NYAG and FINRA, who reportedly are pursuing similar investigations industry-wide. UBS is cooperating in the ongoing regulatory matters.

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. Since mid-2009, the Antitrust Division of the DOJ has also been investigating 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 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 June 2016, which is the end of the last financial period for which interim financial information has been published."

Section "11. Statutory Auditors" is completely replaced by the following text:

"11. Statutory Auditors

Based on article 31 of the Articles of Association, UBS AG shareholders elect the auditors for a term of office of one year. At the AGM of 7 May 2014, 7 May 2015 and 4 May 2016, Ernst & Young Ltd., Aeschengraben 9, CH-4002 Basel ("**Ernst & Young**") were elected as auditors for the consolidated and standalone financial statements of UBS AG for a one-year term.

Ernst & Young is a member of EXPERTsuisse, the Swiss Expert Association for Audit, Tax and Fiduciary."

In the section entitled "M. GENERAL INFORMATION" in the subsection "7. Documents incorporated by Reference" paragraph (c) is replaced and a new paragraph (d) is inserted and the numbering of the successive paragraphs is adjusted accordingly. Consequently, section 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);
- (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);
- (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);

- (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);
- (e) 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-se.ubs.com/base-prospectus>); and
- (f) 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-se.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 8 January 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)"
- a) In the section headed "Section B – Issuer":

The Element B.1 is completely replaced as follows:

| | | |
|------------|--|--|
| B.1 | Legal and commercial name of the issuer. | The legal and commercial name of the Issuer is UBS AG (the " Issuer " and together with its subsidiaries " UBS AG (consolidated) ", or " UBS AG Group "; together with UBS Group AG, which is the holding company of UBS AG, and its subsidiaries, " UBS Group ", " Group ", " UBS " or " UBS Group AG (consolidated) "). |
|------------|--|--|

The Elements B.4b and B.5 are completely replaced as follows:

| | | |
|-------------|--|--|
| B.4b | A description of any known trends affecting the issuer or the industries in which it operates. | <p>Trend Information</p> <p>As indicated in the UBS Group Second Quarter 2016 Report, sustained market volatility, underlying macroeconomic uncertainty and heightened geopolitical tensions, exacerbated by the impact of the UK referendum vote to end EU membership, will lead to continued client risk aversion and generally low transaction volumes. These conditions are unlikely to change in the foreseeable future. Furthermore, lower than anticipated and negative interest rates and the relative strength of the Swiss franc, particularly against the euro, continue to present considerable headwinds. In addition, the changes to the Swiss bank capital standards and proposed further changes to the international regulatory framework for banks will result in increasing capital requirements and costs. UBS is well positioned to benefit from even a moderate improvement in conditions and remains committed to executing its strategy with discipline to mitigate these effects.</p> |
| B.5 | 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 & 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 ("TBTF") requirements in Switzerland and other countries in which the Group 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 & Corporate (now Personal & 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</p> |

| | | |
|--|--|---|
| | | <p>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 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.</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>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 capital 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.</p> |
|--|--|---|

The Element B.12 is completely replaced as follows:

| | | |
|-------------|--|--|
| B.12 | Selected historical key financial information. | <p>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 six months ended 30 June 2016 and 30 June 2015 was derived from the UBS AG second quarter 2016 report, which contains the unaudited consolidated financial statements of UBS AG, as well as additional unaudited consolidated financial information, for the six months ended 30 June 2016 and comparative figures for the six months ended 30 June 2015. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and stated in Swiss francs ("CHF"). Information for the years ended 31 December 2015, 2014 and 2013 which is indicated as being unaudited in</p> |
|-------------|--|--|

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.

| | As of or for the six months ended | | As of or for the year ended | | |
|---|-----------------------------------|---------|--|-----------|------------|
| | 30.6.16 | 30.6.15 | 31.12.15 | 31.12.14 | 31.12.13 |
| <i>CHF million, except where indicated</i> | | | | | |
| | <i>unaudited</i> | | <i>audited, except where indicated</i> | | |
| Results | | | | | |
| Operating income | 14,254 | 16,644 | 30,605 | 28,026 | 27,732 |
| Operating expenses | 11,818 | 12,254 | 25,198 | 25,557 | 24,461 |
| Operating profit / (loss) before tax | 2,436 | 4,391 | 5,407 | 2,469 | 3,272 |
| Net profit / (loss) attributable to UBS AG shareholders | 1,723 | 3,201 | 6,235 | 3,502 | 3,172 |
| Key performance indicators | | | | | |
| Profitability | | | | | |
| Return on tangible equity (%) ¹ | 7.3 | 14.1 | 13.5* | 8.2* | 8.0* |
| Return on assets, gross (%) ² | 2.9 | 3.2 | 3.1* | 2.8* | 2.5* |
| Cost / income ratio (%) ³ | 82.9 | 73.5 | 82.0* | 90.9* | 88.0* |
| Growth | | | | | |
| Net profit growth (%) ⁴ | (46.2) | 73.4 | 78.0* | 10.4* | - |
| Net new money growth for combined wealth management businesses (%) ⁵ | 3.8 | 2.6 | 2.2* | 2.5* | 3.4* |
| Resources | | | | | |
| Common equity tier 1 capital ratio (fully applied, %) ^{6,7} | 15.0 | 15.6 | 15.4* | 14.2* | 12.8* |
| Leverage ratio (phase-in, %) ^{8,9} | 5.5 | 5.1 | 5.7* | 5.4* | 4.7* |
| Additional information | | | | | |
| Profitability | | | | | |
| Return on equity (RoE) (%) | 6.3 | 12.1 | 11.7* | 7.0* | 6.7* |
| Return on risk-weighted assets, gross (%) ¹⁰ | 13.4 | 15.5 | 14.3* | 12.6* | 11.6* |
| Resources | | | | | |
| Total assets | 990,135 | 951,528 | 943,256 | 1,062,327 | 1,013,355 |
| Equity attributable to UBS AG shareholders | 53,353 | 51,685 | 55,248 | 52,108 | 48,002 |
| Common equity tier 1 capital (fully applied) ⁷ | 32,184 | 32,834 | 32,042 | 30,805 | 28,908 |
| Common equity tier 1 capital (phase-in) ⁷ | 38,913 | 39,169 | 41,516 | 44,090 | 42,179 |
| Risk-weighted assets (fully applied) ⁷ | 214,210 | 210,400 | 208,186* | 217,158* | 225,153* |
| Common equity tier 1 capital ratio (phase-in, %) ^{6,7} | 17.9 | 18.5 | 19.5* | 19.9* | 18.5* |
| Total capital ratio (fully applied, %) ⁷ | 21.2 | 20.2 | 21.0* | 19.0* | 15.4* |
| Total capital ratio (phase-in, %) ⁷ | 23.5 | 23.8 | 24.9* | 25.6* | 22.2* |
| Leverage ratio (fully applied, %) ^{8,9} | 5.0 | 4.5 | 4.9* | 4.1* | 3.4* |
| Leverage ratio denominator (fully applied) ⁹ | 899,075 | 946,457 | 898,251* | 999,124* | 1,015,306* |
| Other | | | | | |
| Invested assets (CHF billion) ¹¹ | 2,677 | 2,628 | 2,689 | 2,734 | 2,390 |
| Personnel (full-time equivalents) | 57,387 | 59,648 | 58,131* | 60,155* | 60,205* |

* unaudited

¹ Net profit attributable to UBS AG shareholders before amortization and impairment of goodwill and intangible assets (annualized as applicable) / average equity attributable to UBS AG shareholders less average goodwill and intangible assets of UBS AG. ² Operating

income before credit loss (expense) or recovery (annualized as applicable) / average total assets. ³ Operating expenses / operating income before credit loss (expense) or recovery. ⁴ Change in net profit attributable to UBS AG shareholders from continuing operations between current and comparison periods / net profit attributable to UBS AG 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. ⁵ Combined Wealth Management and Wealth Management Americas' net new money for the period (annualized as applicable) / invested assets at the beginning of the period. Figures for the first six months of 2015 and the year ended 31 December 2015 are based on adjusted net new money, which excludes the negative effect on net new money of CHF 6.6 billion in the second quarter of 2015 and of CHF 9.9 billion in 2015, respectively, from UBS's balance sheet and capital optimization program. ⁶ Common equity tier 1 capital / risk-weighted assets. ⁷ Based on the Basel III framework as applicable to Swiss systemically relevant banks. ⁸ Common equity tier 1 capital and loss-absorbing capital / leverage ratio denominator. ⁹ 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. ¹⁰ Based on fully-applied risk-weighted assets for all periods presented. This metric was previously based on phase-in risk-weighted assets. This unaudited consolidated financial information was derived from the UBS AG second quarter 2016 report and UBS AG's accounting records. ¹¹ 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 June 2016, which is the end of the last financial period for which interim financial information has been published. |

The Element B.15 is completely replaced as follows:

| | | |
|-------------|-------------------------------|--|
| B.15 | Issuer's principal activities | <p>UBS AG with its subsidiaries provides financial advice and solutions to private, institutional and corporate clients worldwide, as well as private clients in Switzerland. The operational structure of the Group is comprised of the Corporate Center and five business divisions: Wealth Management, Wealth Management Americas, Personal & Corporate Banking, Asset Management and the Investment Bank. UBS's strategy builds on the strengths of all of its businesses and focuses its efforts on areas in which UBS excels, while seeking to capitalize on the compelling growth prospects in the businesses and regions in which it operates, in order to generate attractive and sustainable returns for shareholders. In UBS's opinion, all of its businesses are capital-efficient and benefit from a strong competitive position in their targeted markets.</p> <p>According to article 2 of the articles of association of UBS AG dated 4 May 2016 ("Articles of Association"), the purpose of UBS AG is the operation of a bank. Its scope of operations extends to all types of banking, financial, advisory, trading and service activities in Switzerland and abroad. UBS AG may establish branches and representative offices as well as banks, finance companies and other enterprises of any kind in Switzerland and abroad, hold equity interests in these companies, and conduct their management. UBS AG is authorized to acquire, mortgage and sell real estate and building rights in Switzerland and abroad. UBS AG may borrow and invest money on the capital markets. UBS AG is part of the group of companies controlled by the group parent company UBS Group AG. It may promote the interests of the group parent company or other group companies. It may provide loans, guarantees and other kinds of financing and security for group companies.</p> |
|-------------|-------------------------------|--|

The Element B.17 is completely replaced as follows:

| | | |
|---|---|--|
| <i>[The following Element B.17 is only to be inserted in case of Securities where the Issuer has an obligation arising on issue to pay to the investor 100% of the nominal value:</i> | | |
| B.17 | Credit ratings assigned to the issuer or its debt securities. | The rating agencies Standard & Poor's Credit Market Services Europe Limited (" Standard & Poor's "), Moody's Investors Service Ltd. (" Moody's "), Fitch Ratings Limited (" Fitch Ratings ") and Scope Ratings AG (" Scope Ratings ") have published solicited credit ratings reflecting their assessment of the creditworthiness of UBS AG, i.e. its ability to fulfil in a timely manner |

| | | |
|--|--|---|
| | | <p>payment obligations, such as principal or interest payments on long-term loans, also known as debt servicing. The ratings from Fitch Ratings, Standard & Poor's and Scope Ratings may be attributed a plus or minus sign, and those from Moody's a number. These supplementary attributes indicate the relative position within the respective rating class. UBS AG has a long-term counterparty credit rating of A+ (outlook: stable) from Standard & Poor's, long-term senior debt rating of A1 (outlook: stable) from Moody's, long-term issuer default rating of A+ (outlook: stable) from Fitch Ratings and issuer credit-strength rating of A+ (outlook: positive) from Scope Ratings.</p> <p>All the above-mentioned rating agencies are registered as credit rating agencies under Regulation (EC) No 1060/2009 as amended by Regulation (EU) No 513/2011.</p> |
|--|--|---|

b) In the section headed "Section D – Risks":

In the Element D.3, in the subsection "General risks related to the Securities" in the risk factor entitled "The Conditions of the Securities do not contain any restrictions on the Issuer's or UBS's ability to restructure its business" the last sentence is replaced as follows:

"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)."

- 3) In relation to the Base Prospectus for Certificates, Notes or Warrants of UBS AG, [London] [Jersey] [Branch] dated 8 January 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":
- a) In the section headed "Avsnitt B – Emittent":

The Element B.1 is completely replaced as follows:

| | | |
|------------|---|---|
| B.1 | Emittentens registrerade firma och handelsbeteckning. | Emittentens registrerade firma och handelsbeteckning är UBS AG (" Emittenten " och tillsammans med dess dotterföretag " UBS AG (konsoliderat) ", eller " UBS AG-koncernen "; tillsammans med UBS Group AG, holdingbolag till UBS AG, och dess dotterbolag, " UBS-koncernen ", " Koncernen ", " UBS " eller " UBS Group AG (konsoliderat) "). |
|------------|---|---|

The Elements B.4b and B.5 are completely replaced as follows:

| | | |
|-------------|--|---|
| B.4b | En beskrivning av varje känd trend som påverkar emittenten eller de branscher där emittenten är verksam. | <p>Information om trender</p> <p>Som beskrivs i UBS Group AG:s delårsrapport för det andra kvartalet 2016, kommer en fortsatt marknadsvolatilitet, såväl som underliggande makroekonomisk och geopolitisk osäkerhet, vilken ytterligare har spåtts på av effekten av Storbritanniens folkomröstning om utträde ur EU, att leda till fortsatt riskaversion hos klienter och onormalt låga transaktionsvolymerna. Det är osannolikt att denna situation kommer att ändras under överskådlig tid. Oförutsett låga eller negativa räntenivåer och den relativa styrkan hos schweiziska franc, särskilt i förhållande till euron, 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 fortsätter att verkställa sin strategi med disciplin för att mildra dessa effekter och är väl positionerat för att dra fördel av även en måttlig förbättring av förhållandena.</p> |
| B.5 | 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 & 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 iverksamhet för att möta kraven i Schweiz och andra länder där Koncernen är verksam, avseende företag som anses för stora för att tillåtas falla ("TBTF").</p> <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 & Corporate (numera Personal & 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</p> |

| | | |
|--|--|---|
| | | <p>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 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 ("Dodd-Frank"). 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>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>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 kapitalkrav 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 ("FINMA") och andra regulatoriska myndigheter och fortsätter att vara beroende av ett antal osäkerhetsfaktorer som kan påverka deras genomförbarhet, omfattning eller tidpunkt.</p> |
|--|--|---|

The Element B.12 is completely replaced as follows:

| | | |
|-------------|--|---|
| B.12 | Utvald historisk finansiell nyckelinformation. | UBS AG har hämtat den utvalda finansiella informationen i tabellen nedan för åren som slutade 31 december 2015, 2014 och 2013, förutom där annat anges, 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 halvåren som slutade den 30 juni 2016 och 30 juni 2015 har hämtats från UBS AG:s rapport för det andra kvartalet 2016, vilken innehåller de oreviderade konsoliderade finansiella räkenskaperna för UBS AG, såväl som ytterligare oreviderad konsoliderad finansiell information, för halvåret som slutade den 30 juni 2016 och jämförelsesiffror för halvåret som slutade 30 juni 2015. De konsoliderade finansiella räkenskaperna har tagits fram i enlighet med International Financial Reporting Standards (" IFRS "), som har utfärdats 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 räkenskaper. | | | | |
| | Per eller för halvåret som slutade | | Per eller för året som slutade | | |
| CHF miljoner, förutom där indikerat | 30.6.16 | 30.6.15 | 31.12.15 | 31.12.14 | 31.12.13 |
| | Oreviderat | | Reviderat, förutom där indikerat | | |
| Resultat | | | | | |
| Rörelseintäkter | 14 254 | 16 644 | 30 605 | 28 026 | 27 732 |
| Rörelsekostnader | 11 818 | 12 254 | 25 198 | 25 557 | 24 461 |
| Rörelsevinst / (förlust) före skatt | 2 436 | 4 391 | 5 407 | 2 469 | 3 272 |
| Nettovinst / (förlust) hänförlig till UBS AG aktieägare | 1 723 | 3 201 | 6 235 | 3 502 | 3 172 |
| Viktiga resultatindikatorer | | | | | |
| Lönsamhet | | | | | |
| Avkastning på synligt eget kapital (%) ¹ | 7,3 | 14,1 | 13,5* | 8,2* | 8,0* |
| Avkastning på tillgångar, brutto (%) ² | 2,9 | 3,2 | 3,1* | 2,8* | 2,5* |
| Kostnads / intäktsrelation (%) ³ | 82,9 | 73,5 | 82,0* | 90,9* | 88,0* |
| Tillväxt | | | | | |
| Nettovinsttillväxt (%) ⁴ | (46,2) | 73,4 | 78,0* | 10,4* | - |
| Nettotillväxt nya medel för kombinerade verksamheter inom förmögenhetsförvaltning (%) ⁵ | 3,8 | 2,6 | 2,2* | 2,5* | 3,4* |
| Resurser | | | | | |
| Primärkapitalrelation (<i>Common equity tier 1 capital ratio</i>) (fullt tillämpad, %) ^{6,7} | 15,0 | 15,6 | 15,4* | 14,2* | 12,8* |
| Hävstångsrelation (infasad, %) ^{8,9} | 5,5 | 5,1 | 5,7* | 5,4* | 4,7* |
| Ytterligare information | | | | | |
| Lönsamhet | | | | | |
| Avkastning på eget kapital (RoE) (%) | 6,3 | 12,1 | 11,7* | 7,0* | 6,7* |
| Avkastning på riskvägda tillgångar, brutto (%) ¹⁰ | 13,4 | 15,5 | 14,3* | 12,6* | 11,6* |
| Resurser | | | | | |
| Totala tillgångar | 990 135 | 951 528 | 943 256 | 1 062 327 | 1 013 355 |
| Eget kapital hänförligt till UBS AG aktieägare | 53 353 | 51 685 | 55 248 | 52 108 | 48 002 |
| Primärkapital (<i>Common equity tier 1 capital</i>) (fullt tillämpad) ⁷ | 32 184 | 32 834 | 32 042 | 30 805 | 28 908 |
| Primärkapital (<i>Common equity tier 1 capital</i>) (infasad) ⁷ | 38 913 | 39 169 | 41 516 | 44 090 | 42 179 |
| Riskvägda tillgångar (fullt tillämpad) ⁷ | 214 210 | 210 400 | 208 186* | 217 158* | 225 153* |
| Primärkapitalrelation (<i>Common equity tier 1 capital ratio</i>) (infasad, %) ^{6,7} | 17,9 | 18,5 | 19,5* | 19,9* | 18,5* |
| Totalkapitalrelation (fullt tillämpad, %) ⁷ | 21,2 | 20,2 | 21,0 | 19,0* | 15,4* |
| Totalkapitalrelation (infasad, %) ⁷ | 23,5 | 23,8 | 24,9* | 25,6* | 22,2* |
| Hävstångsrelation (fullt tillämpad, %) ^{8,9} | 5,0 | 4,5 | 4,9* | 4,1* | 3,4* |
| Hävstångsrelationsnämner (fullt tillämpad) ⁹ | 899 075 | 946 457 | 898 251* | 999 124* | 1 015 306* |
| Övrigt | | | | | |
| Investerade tillgångar (CHF miljarder) ¹¹ | 2 677 | 2 628 | 2 689 | 2 734 | 2 390 |
| Anställda (motsvarande heltidstjänster) | 57 387 | 59 648 | 58 131* | 60 155* | 60 205* |

* oreviderat

¹ Nettovinst hänförlig till UBS AG:s aktieägare före nedskrivningar och reserveringar av goodwill och immateriella tillgångar (på årsbasis där tillämpligt) / genomsnittligt eget kapital hänförligt till UBS AG:s aktieägare minskat med UBS AG:s genomsnittliga goodwill och immateriella tillgångar. ² Rörelseintäkter före kreditförluster (utgift) eller återvinning (på årsbasis där tillämpligt) / genomsnittliga totala tillgångar. ³ Rörelseutgifter/rörelseintäkter före kreditförlust (utgift) eller återvinning. ⁴ Förändring i nettovinst hänförlig till UBS AG:s aktieägare från fortsatt bedrivna verksamheter mellan innevarande och jämförelseperioder/nettovinst hänförlig till UBS AG:s aktieägare från fortsatt bedrivna verksamheter under jämförelseperiod. Ej meningsfullt och ej inkluderat om antingen rapporteringsperioden eller jämförelseperioden är en förlustperiod. ⁵ Kombinerat för Wealth Managements och Wealth Management Americas netto nya medel för perioden (på årsbasis där tillämpligt) / investerade tillgångar vid början av perioden. Siffror för första halvåret 2015 och året som slutade 31 december 2015 är baserade på justerat netto av nya pengar, vilket exkluderar den negativa effekten på netto av nya pengar till ett belopp av CHF 6,6 miljarder under andra kvartalet 2015 respektive CHF 9,9 miljarder under 2015 från UBS:s program avseende balansräknings- och kapitaloptimering. ⁶ Primärkapital (*Common equity tier 1 capital*) / riskvägda tillgångar. ⁷ Baserat på Basel III-regelverket så som detta tillämpas på schweiziska systemviktiga banker (SRB). ⁸ Primärkapital (*Common equity tier 1 capital*) och förlustabsorberande kapital / total justerat exponering (hävstångsrelationsnämndare). ⁹ Beräknad i enlighet med schweiziska SRB-regler. Från och med 31 december 2015 är beräkningen av hävstångsrelationsnämndaren fullt lierad med BIS 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. ¹⁰ Baserat på fullt tillämpade riskvägda tillgångar för alla redovisade perioder. Detta mått var tidigare baserat på riskvägda tillgångar (infasning). Denna oreviderade konsoliderade finansiella information har hämtats från UBS AG:s rapport för det andra kvartalet 2016 och UBS AG:s bokföringsunderlag. ¹¹ Inkluderar investerade tillgångar inom Personal & Corporate Banking.

| | | |
|--|--|---|
| | Uttalande om väsentliga negativa förändringar. | 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. | Det har inte inträffat någon väsentlig förändring i den finansiella eller handelspositionen för UBS AG eller UBS AG-koncernen sedan den 30 juni 2016, vilket är slutet på den senaste finansiella period för vilken finansiell information har publicerats. |

The Element B.15 is completely replaced as follows:

| | | |
|-------------|--------------------------------------|--|
| B.15 | Emittentens huvudsakliga verksamhet. | <p>UBS AG och dess dotterföretag tillhandahåller finansiell rådgivning och lösningar till privata, institutionella och företagskunder världen över, liksom även privatpersonskunder i Schweiz. Den operationella strukturen inom Koncernen består av Corporate Center (företagscenter) och fem verksamhetsdivisioner: Wealth Management, Wealth Management Americas, Personal & Corporate Banking, Asset Management och Investmentbank. UBS:s strategi bygger på styrkorna inom alla dess verksamheter och fokuserar dess insatser till områden där UBS är framgångsrikt, samtidigt som den strävar att utnyttja de uppenbara tillväxtutsikterna inom de verksamheter och regioner där UBS är verksam, i syfte att skapa attraktiv och hållbar avkastning för aktieägarna. Enligt UBS:s åsikt är alla dess verksamheter kapitaleffektiva och drar fördel av en stark konkurrensmässig position på dess målmarknader.</p> <p>Enligt Artikel 2 i Bolagsordningen för UBS AG, daterad den 4 maj 2016 ("Bolagsordningen") är verksamhetsföremålet för UBS AG att bedriva bankverksamhet. Dess verksamhet sträcker sig över alla typer av banktjänster, finansiella tjänster, rådgivningstjänster och handelsaktiviteter i Schweiz och utomlands. UBS AG kan etablera filialer och representationskontor liksom även banker, kreditmarknadsföretag och andra företag av varje slag i Schweiz och utomlands, inneha ägarintressen i dessa bolag och sköta dessas ledning. UBS AG är auktoriserat att köpa, inteckna och sälja fast egendom och byggrätter i Schweiz och utomlands. UBS AG kan låna och investera på penning- och kapitalmarknader. UBS AG ingår i den företagskoncern som styrs av moderföretaget UBS Group AG. Det kan verka till fördel för koncernens moderföretag eller andra koncernföretag. Det kan tillhandahålla lån, garantier och andra former av finansiering och säkerheter för koncernföretagen.</p> |
|-------------|--------------------------------------|--|

The Element B.17 is completely replaced as follows:

[Den följande Punkten B.17 ska endast infogas beträffande Värdepapper där Emittenten har en förpliktelse som uppkommer vid emissionstillfället att betala investeraren 100% av det nominella värdet:

| | | |
|--------------------|---|--|
| <p>B.17</p> | <p>Kreditvärdighetsbetyg som tilldelats emittenten eller dess skuldvärdepapper.</p> | <p>Kreditvärderingsinstitutet Standard & Poor's Credit Market Services Europe Limited ("Standard & Poor's"), Moody's Investors Service, Ltd. ("Moody's"), Fitch Ratings Limited ("Fitch Ratings") och Scope Ratings AG ("Scope Ratings") har på begäran publicerat kreditvärdighetsbetyg som återspeglar deras bedömning av UBS AG:s kreditvärdighet, dvs. UBS:s förmåga att i tid fullgöra sina betalningsförpliktelser, såsom amortering och räntebetalningar på långfristiga lån, även känt som fullgörande av skuldförpliktelser. Betygen från Fitch Ratings, Standard & Poor's och Scope Ratings kan tillskrivas ett plus- eller minustecken och de från Moody's en siffra. Dessa tilläggsbeteckningar indikerar den relativa positionen inom respektive betygsklass. UBS AG har långfristigt motpartskreditvärdighetsbetyget A+ (stabil utsikt) från Standard & Poor's, för långfristig icke-säkerställd, icke efterställd skuldsättning kreditvärdighetsbetyget A1 (stabil utsikt) från Moody's, långfristigt kreditvärdighetsbetyg för emittentfallissemang A+ (stabil utsikt) från Fitch Ratings och för emittentkreditstyrka kreditvärdighetsbetyget A+ (positiv utsikt) från Scope Ratings.</p> <p>Alla kreditvärderingsinstitut som nämns ovan är registrerade som kreditvärderingsinstitut under Förordning (2009/1060/EG), så som denna ändrades genom Förordning (2011/513/EG).</p> |
|--------------------|---|--|

b) In the section headed "Avsnitt D – Risker":

In the Element D.3, in the subsection "General risks related to the Securities" in the risk factor entitled "The Conditions of the Securities do not contain any restrictions on the Issuer's or UBS's ability to restructure its business" the last sentence is replaced as follows:

"Om sådana förändringar skulle inträffa kunde de ha en negativ inverkan på Emittentens förmåga att inlösa eller betala ränta på Värdepapperen och/eller leda till omständigheter under vilka Emittenten kunde välja att annullera sådan ränta (om tillämpligt)."

4) In relation to the Base Prospectus for Certificates, Notes or Warrants of UBS AG, [London] [Jersey] [Branch] dated 8 January 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":

a) In the section headed "Afsnit B – Udsteder":

The Element B.1 is completely replaced as follows:

| | | |
|------------|--|--|
| B.1 | Udsteders juridiske navn og forretningsnavn. | Udsteders juridiske navn og forretningsnavn er UBS AG (" Udsteder "), og sammen med sine datterselskaber benævnt " UBS AG-konsolideret " eller " UBS AG-koncernen "; sammen med UBS-koncernen AG, som er holdingselskabet for UBS AG, og UBS AG's datterselskaber benævnt " UBS-koncernen ", " Koncernen ", " UBS " eller " UBS -koncernen AG (konsolideret) ". |
|------------|--|--|

The Elements B.4b and B.5 are completely replaced as follows:

| | | |
|-------------|--|---|
| B.4b | Kendte tendenser, der påvirker Udsteder, og brancher inden for hvilke, Udstederen driver virksomhed. | <p>Oplysninger om tendenser</p> <p>Som beskrevet i UBS-koncernens 2. kvartalsrapport 2016 vil langvarig markedsvolatilitet, underliggende makroøkonomisk usikkerhed og øgede geopolitiske spændinger, der er forværret som følge af indvirkningen af Storbritanniens folkeafstemning, der resulterede i et nej til EU-medlemskab, føre til en fortsat risikoaversion i forhold til kunderne og generelt lave transaktionsvolumener. Det er usandsynligt, at disse tilstande vil ændre sig i den nærmeste fremtid. Desuden vil renter, der er lavere end forventet, negative renter og schweizerfrancens relative styrke, især over for euroen, fortsat give en betydelig modvind. 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 i forhold til at udnytte blot en moderat forbedring af forholdene og har fortsat forpligtet sig til at holde sig til sin strategi og sin disciplinerede gennemførelse deraf for at minimere disse effekter.</p> |
| B.5 | 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 & 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>) ("TBTF") i Schweiz og andre lande, hvor 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 retsvist 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 & Corporate (nu Personal & Corporate Banking) og Wealth Management, som bogføres i Schweiz, til UBS Switzerland AG, som er et</p> |

| | | |
|--|--|--|
| | | <p>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 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 ("Dodd-Frank"). UBS Americas Holding LLC ejer alle UBS' amerikanske datterselskaber og er underlagt amerikanske krav til kapital, selskabsledelse og anden tilsynsregulering.</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>UBS overvejer fortsat yderligere ændringer til koncernens juridiske struktur som følge af kapital- og øvrige lovgivningsmæssige krav, og med henblik på at opnå en evt. lempelse af kapitalkrav, 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 finanstilsyn ("FINMA") og andre tilsynsmyndigheder og er forbundet med en række usikkerheder, som kan indvirke på ændringernes gennemførlighed, omfang og tidsmæssige gennemførelse.</p> |
|--|--|--|

The Element B.12 is completely replaced as follows:

| | | |
|-------------|---|---|
| B.12 | 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 seks måneder, der sluttede den 30. juni 2016 og 30. juni 2015, stammer fra UBS AG's 2. kvartalsrapport 2016, der indeholder ureviderede koncernregnskabsoplysninger fra UBS |
|-------------|---|---|

| | | | | | | |
|---|--|--|----------------|---|-----------------|-----------------|
| | | AG, samt yderligere ureviderede konsoliderede regnskabsoplysninger fra de seks måneder, der sluttede den 30. juni 2016 og sammenligningstal for de seks måneder, der sluttede den 30. juni 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. | | | | |
| | | Ultimo eller afsluttet efter seks måneder afsluttet | | Ultimo eller for året afsluttet pr. | | |
| <i>CHF mio., medmindre andet fremgår</i> | | <u>30.6.16</u> | <u>30.6.15</u> | <u>31.12.15</u> | <u>31.12.14</u> | <u>31.12.13</u> |
| | | <i>urevideret</i> | | <i>revideret, medmindre andet fremgår</i> | | |
| Resultat | | | | | | |
| Driftsindtægter | | 14.254 | 16.644 | 30.605 | 28.026 | 27.732 |
| Driftsudgifter | | 11.818 | 12.254 | 25.198 | 25.557 | 24.461 |
| Driftsoverskud (driftstab) før skat | | 2.436 | 4.391 | 5.407 | 2.469 | 3.272 |
| Nettooverskud (nettotab) henførbart til UBS AG-aktionærer | | 1.723 | 3.201 | 6.235 | 3.502 | 3.172 |
| Nøgletal | | | | | | |
| Rentabilitet | | | | | | |
| Afkast på synlig kapital (%) ¹ | | 7,3 | 14,1 | 13,5* | 8,2* | 8,0* |
| Afkastningsgrad, brutto (%) ² | | 2,9 | 3,2 | 3,1* | 2,8* | 2,5* |
| Omkostninger i forhold til indtægter (%) ³ | | 82,9 | 73,5 | 82,0* | 90,9* | 88,0* |
| Vækst | | | | | | |
| Nettovækst i overskud (%) ⁴ | | (46,2) | 73,4 | 78,0* | 10,4* | - |
| Nettovækst i nye midler for kombinerede formueforvaltningsvirksomheder (%) ⁵ | | 3,8 | 2,6 | 2,2* | 2,5* | 3,4* |
| Ressourcer | | | | | | |
| Egentlig kernekapitaldækning (fuldt anvendt, %) ^{6,7} | | 15,0 | 15,6 | 15,4* | 14,2* | 12,8* |
| Gearingsforhold (indfaset, %) ^{8,9} | | 5,5 | 5,1 | 5,7* | 5,4* | 4,7* |
| Yderligere oplysninger | | | | | | |
| Rentabilitet | | | | | | |
| Egenkapitalforrentning (RoE) (%) | | 6,3 | 12,1 | 11,7* | 7,0* | 6,7* |
| Afkast på risikovægtede aktiver, brutto (%) ¹⁰ | | 13,4 | 15,5 | 14,3* | 12,6* | 11,6* |
| Ressourcer | | | | | | |
| Aktiver i alt | | 990.135 | 951.528 | 943.256 | 1.062.327 | 1.013.355 |
| Egenkapital henførbart til UBS AG-aktionærer | | 53.353 | 51.685 | 55.248 | 52.108 | 48.002 |
| Egentlig kernekapital (fuldt anvendt) ⁷ | | 32.184 | 32.834 | 32.042 | 30.805 | 28.908 |
| Egentlig kernekapital (indfaset) ⁷ | | 38.913 | 39.169 | 41.516 | 44.090 | 42.179 |

| | | | | | |
|---|---|---|----------|----------|------------|
| Risikovægtede aktiver (fuldt anvendt) ⁷ | 214.210 | 210.400 | 208.186* | 217.158* | 225.153* |
| Egentlig kernekapitaldækning (indfaset, %) ^{6, 7} | 17,9 | 18,5 | 19,5* | 19,9* | 18,5* |
| Kapitaldækning i alt (fuldt anvendt, %) ⁷ | 21,2 | 20,2 | 21,0* | 19,0* | 15,4* |
| Kapitaldækning i alt (indfaset, %) ⁷ | 23,5 | 23,8 | 24,9* | 25,6* | 22,2* |
| Gearingsforhold (fuldt anvendt, %) ^{8, 9} | 5,0 | 4,5 | 4,9* | 4,1* | 3,4* |
| Gearingsforholdets nævner (fuldt anvendt) ⁹ | 899.075 | 946.457 | 898.251* | 999.124* | 1.015.306* |
| Andet | | | | | |
| Investerede aktiver (CHF mia.) ¹¹ | 2.677 | 2.628 | 2.689 | 2.734 | 2.390 |
| Medarbejdere (årsværk) | 57.387 | 59.648 | 58.131* | 60.155* | 60.205* |
| * urevideret | | | | | |
| <p>¹ Nettooverskud, som kan henføres til UBS AG-aktionærer inden amortisering og værdiforringelser af goodwill og immaterielle aktiver (på årsbasis, hvor relevant) / gennemsnitlig egenkapital, der kan henføres til UBS AG-aktionærer minus UBS AG's gennemsnitlige goodwill og immaterielle aktiver. ² Driftsindtægter før kredittab (udgift) eller genindvinding (på årsbasis, hvor relevant) / gennemsnitlig aktivsum i alt. ³ Driftsudgifter / driftsindtægter før kredittab (udgift) eller genindvinding. ⁴ Ændring i nettooverskud, som kan henføres til UBS AG-aktionærer fra fortsættende aktiviteter mellem nuværende og jävnførelsesperioder / nettooverskud, som kan henføres til UBS AG-aktionærer fra fortsættende aktiviteter fra jävnførelsesperiode. Ikke meningsfuldt og ikke inkluderet, hvis enten rapporteringsperioden eller jävnførelsesperioden er en tabsperiode. ⁵ Sammenlagt for Wealth Management og Wealth Management Americas' nye nettomidler for perioden (på årsbasis, hvor relevant) / investerede aktiver primo perioden. Tallene fra de første seks måneder i 2015 og ultimo året pr. 31. december 2015, er baseret på korrigerede netto nye midler, hvilket udeholder den negative virkning på netto nye midler på henholdsvis CHF 6,6 mia. i 2. kvartal 2015 og CHF 9,9 mia. i 2015 fra UBS' balance og kapitaloptimeringsbestræbelser. ⁶ Egentlig kernekapital / risikovægtede aktiver. ⁷ Baseret på Basel III-regelsættet således som dette gælder for schweiziske systemisk relevante banker (SRB). ⁸ Egentlig kernekapital og tabsabsorberende kapital / gearingsforholdets nævner. ⁹ Beregnet i overensstemmelse med schweiziske SRB-regler. Fra den 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. ¹⁰ Baseret på fuldt ud anvendte risikovægtede aktiver for alle præsenterede perioder. Denne metode var tidligere baseret på indfasede risikovægtede aktiver. De ureviderede konsoliderede regnskabsoplysninger er afledt fra UBS AG's 2. kvartalsrapport 2016 og UBS AG's regnskabsfortegnelse. ¹¹ Inkluderer investerede aktiver for Personal & 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 væsentlige ændringer. | Der er ikke siden den 30. juni 2016, som er slutningen af den sidste regnskabsperiode, for hvilken der er offentliggjort foreløbige regnskabsoplysninger, indtrådt nogen væsentlig ændring i den finansielle eller handelsmæssige stilling for UBS AG eller UBS AG-koncernen. | | | |

The Element B.15 is completely replaced as follows:

| | | |
|-------------|-------------------------------|--|
| B.15 | Udstederens hovedaktiviteter. | <p>UBS AG leverer sammen med sine datterselskaber økonomisk rådgivning og løsninger til privatkunder, institutionelle kunder og erhvervs-kunder over hele verden samt til privatkunder i Schweiz. Koncernens driftsstruktur er sammensat af Koncerncentret og fem forretningsdivisioner: Wealth Management, Wealth Management Americas, Personal & Corporate Banking, Asset Management og Investment Bank. UBS' strategi bygger på styrken fra alle dets aktiviteter og fokuserer sin indsats på områder inden for hvilke, UBS udmærker sig, samtidig med at banken søger at kapitalisere på sine overbevisende vækstudsigtter inden for de aktivitetsområder og regioner, hvor UBS driver virksomhed, for derved at generere attraktive og stabile afkast til sine aktionærer. Alle UBS' aktiviteter er kapitaleffektive og bygger på en stærk konkurrencemæssig position i deres fokusmarkeder.</p> <p>I henhold til artikel 2 i UBS AG's vedtægter dateret 4. maj 2016 ("Vedtægter") er UBS AG's formål at drive bankvirksomhed. Bankens</p> |
|-------------|-------------------------------|--|

| | | |
|--|--|--|
| | | <p>virksomhedsformål strækker sig over alle typer af banktjenester, finansielle tjenester, rådgivningstjenester samt handels- og serviceydelser i Schweiz og udlandet. UBS AG kan etablere filialer og repræsentationskontorer såvel som banker, finansieringsselskaber og enhver anden type virksomhed i Schweiz og i udlandet samt have kapitalandele i og lede disse virksomheder. UBS AG har tilladelse til at erhverve, belåne og sælge fast ejendom og byggeret i Schweiz og i udlandet. UBS AG må låne og investere penge på kapitalmarkederne. UBS AG er en del af koncernen, der kontrolleres af koncernmoderselskabet UBS-koncernen AG. UBS AG må fremme koncernmoderselskabets eller andre koncernselskabers interesser. UBS AG må yde lån, garantier og anden form for finansiering og sikkerhedsstillelse for koncernselskaber.</p> |
|--|--|--|

The Element B.17 is completely replaced as follows:

[Nedenstående Element B.17 skal alene indsættes ved Værdipapirer, hvor Udstederen er forpligtet til ved udstedelse at betale investor 100 % af den nominelle værdi:

| | | |
|-------------|---|---|
| B.17 | <p>Den kreditvurdering, som Udstederen eller dens gældsværdipapirer har opnået.</p> | <p>Kreditvurderingsbureauerne Standard & Poor's Credit Market Services Europe Limited ("Standard & Poor's"), Moody's Investors Service Ltd. ("Moody's"), Fitch Ratings Limited ("Fitch Ratings") og Scope Ratings AG ("Scope Ratings") har på opfordring offentliggjort kreditvurderinger, som afspejler deres vurdering af UBS AG's kreditværdighed, dvs. UBS AG's evne til at indfri sine forpligtelser i takt med at disse forfalder, såsom hovedstols- eller rentebetalinger på langfristede lån. De kreditvurderinger, som UBS opnår fra Fitch Ratings, Standard & Poor's og Scope Ratings, kan have et efterstillet plus- eller minustegn, og kreditvurderingerne fra Moody's et tal. Disse supplerende betegnelser indikerer den relative placering inden for den pågældende kreditvurderingsklasse. UBS AG's langfristede modpartskreditgivningsaktiviteter har opnået en kreditvurdering på A+ (udsigter: stabile) fra Standard & Poor's, UBS AG's langfristede foranstående gæld har opnået en kreditvurdering på A1 (udsigter: stabile) fra Moody's, UBS AG's langsigtede udstederrating (<i>issuer default rating</i>) har opnået en kreditvurdering på A+ (udsigter: stabile) fra Fitch Ratings, og UBS AG's kreditstyrke har opnået en kreditvurdering på A+ (udsigter: positive) fra Scope Ratings.</p> <p>Alle ovennævnte kreditvurderingsbureauer er registreret som kreditvurderingsbureauer i henhold til Forordning (EF) nr. 1060/2009 som ændret ved Forordning (EU) nr. 513/2011.</p> |
|-------------|---|---|

b) In the section headed "Afsnit D – Risici":

In the Element D.3, in the subsection "General risks related to the Securities" in the risk factor entitled "The Conditions of the Securities do not contain any restrictions on the Issuer's or UBS's ability to restructure its business" the last sentence is replaced as follows:

"Sådanne ændringer kan, hvis de indtræder, påvirke Udstederens evne til at indløse eller betale renter af Værdipapirerne negativt og/eller føre til omstændigheder, hvorunder Udstederen kan vælge at annullere sådanne eventuelle renter."

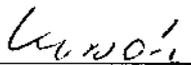
The Base Prospectus for Certificates, Notes or Warrants of UBS AG, [London] [Jersey] [Branch] dated 8 January 2016 and all supplements thereto, shall be maintained in printed format, for free distribution, at the offices of the Issuer for a period of twelve months after the publication of this document and are published on the website www.ubs.com/keyinvest, 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 or a successor address.

Zurich, 11 October 2016

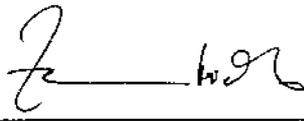
UBS AG

By:



(signed by Sigrid Kossatz)

By:



(signed by Stefanie Zaromitidis)