



**Supplement No. 1 pursuant to Article 10.1 of Regulation (EU) 2017/1129**

dated 13 February 2020 to the Registration Document dated 21 November 2019 of UBS AG

**This supplement serves as update to the Registration Document as mentioned above in connection to the following occurrence:**

The publication of the fourth quarter report as per 31 December 2019 of UBS Group AG (further "**UBS Group Fourth Quarter 2019 Report**") on 21 January 2020 (please refer to the table below).

The following table shows the updated information and reason for the update of the Registration Document, as mentioned above, and the revisions that have been made as a result thereof.

This Supplement has been approved by the CSSF in its capacity as competent authority under the Prospectus Regulation and the Luxembourg law of July 16, 2019 relating to prospectuses for securities (*Loi relative aux prospectus pour valeurs mobilières*) ("**Luxembourg Prospectus Law**")

<b>Updated information and reason for the update</b>	<b>Revisions</b>
Information regarding UBS AG have been updated pursuant to the above mentioned UBS Group Fourth Quarter 2019 Report.	<ol style="list-style-type: none"><li data-bbox="836 1032 1428 1368">1. Update of the information regarding UBS AG in the Registration Document. Please refer to the following sections of this Supplement:  Risk Factors; Information about UBS AG; Business Overview; Trend Information; Administrative, Management and Supervisory Bodies of UBS AG; Financial Information concerning the Issuer's Assets and Liabilities; Financial Position and Profits and Losses; Litigation, Regulatory and Similar Matters;</li><li data-bbox="836 1424 1428 1691">2. Update of the Appendix 1 – INFORMATION FOR THE PURPOSES OF ART. 26 (4) OF THE REGULATION (EU) 2017/1129. Please refer to the following section of this Supplement:  Update of the Appendix 1 of the Registration Document</li></ol>

## TABLE OF CONTENTS OF THIS SUPPLEMENT

1. Registration Document	3
Risk Factors	3
Information about UBS AG	6
Business Overview	8
Trend Information	11
Administrative, Management and Supervisory Bodies of UBS AG	15
Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses	17
Litigation, Regulatory and Similar Matters	18
2. Update of the Appendix 1 of the Registration Document	27
Address List	30
Availability of Documents	31

## 1. Registration Document

**In the section headed "3. Risk Factors" (page 7 of the Registration Document), the last paragraph of the risk factor "UBS AG is exposed to the credit risk of its clients, trading counterparties and other financial institutions" of the subsection "3.2 Market and macroeconomic risks" shall be completely replaced as follows:**

"The aforementioned developments have in the past affected, and going forward could materially affect, UBS AG's overall financial performance and the financial performance of UBS AG's individual businesses. Refer to *"The effect of taxes on UBS AG's financial results is significantly influenced by tax law changes and reassess-ments of its deferred tax assets"* and *"UBS AG's financial results may be negatively affected by changes to as-sumptions and valuations, as well as changes to accounting standards"* below, and to the *"Our environment"* section of the Annual Report 2018 for more information."

**In the section headed "3. Risk Factors" (page 9 of the Registration Document), the fifth paragraph of the risk factor "Substantial changes in the regulation may adversely affect UBS AG's businesses and its ability to execute its strategic plans" of the subsection "3.3 Regulatory and legal risks" shall be completely replaced as follows:**

*"Higher capital and total loss-absorbing capacity requirements increase UBS AG's costs:* As an internationally active Swiss systemically relevant bank ("SRB"), UBS AG is subject to capital and total loss-absorbing capacity ("TLAC") requirements that are among the most stringent in the world. UBS AG expects its RWA to increase in 2019 as a result of changes in methodology and add-ons in the calculation of RWA, as well as implementation of new accounting standards. Changes to international capital standards for banks recently adopted by the Basel Committee on Banking Supervision are expected to further increase UBS AG's RWA when the standards are scheduled to become effective in 2022. In addition, on 10 October 2019, the Board of Governors of the Federal Reserve System adopted two proposals regarding certain capital and liquidity requirements and enhanced prudential standards applicable to foreign banking organizations (FBO) with significant US operations. Under the proposal, it is expected that UBS Americas Holding LLC would continue to be subject to annual assessments of its capital plan through the Comprehensive Capital Analysis and Review ("CCAR") process, a supplementary leverage ratio, newly applicable liquidity coverage ratio requirements and new net stable funding ratio requirements. In November 2019, the Swiss Federal Council decided to adopt Net Stable Funding Ratio ("NSFR") requirements for implementation by mid-2021. If implemented as originally proposed in the 2017 consultation, the introduction of NSFR could result in a significant increase in long-term funding requirements on a legal entity level. The Swiss Federal Council also adopted amendments to the Capital Adequacy Ordinance in November 2019. As a consequence, UBS AG will be subject to (i) a gone concern capital requirement on its third-party exposure on a standalone basis, (ii) an additional gone concern capital buffer requirement equal to 30% of UBS Group's gone concern capital requirement on UBS AG's consolidated exposure, and (iii) a gone concern capital requirement equal to the nominal value of the gone concern instruments issued by UBS entities and held by the parent bank. A transitional period until 2024 will be granted for the buffer requirement. Based on current estimates, and once the new requirements have been fully phased in, we expect UBS Group to be required to maintain a gone concern leverage ratio of around 75 to 100 basis points higher than what would be required to meet the Group requirements alone."

**In the section headed "3. Risk Factors" (page 9 et seq. of the Registration Document), the last two paragraphs of the risk factor "Substantial changes in the regulation may adversely affect UBS AG's businesses and its ability to execute its strategic plans" of the subsection "3.3 Regulatory and legal risks" shall be completely replaced as follows:**

"Some of the regulations applicable to UBS AG as a registered swap dealer with the Commodity Futures Trading Commission ("CFTC") in the US, and certain regulations that will be applicable when UBS AG registers as a security-based swap dealer with the US Securities and Exchange Commission ("SEC"), apply to UBS AG globally, including those relating to swap data reporting, record-keeping, compliance and supervision. As a result, in some cases US rules duplicate or may conflict with legal requirements applicable to UBS AG elsewhere, including in Switzerland, and may place UBS AG at a competitive disadvantage to firms that are not required to register in the US with the SEC or CFTC.

In December 2019, the SEC adopted a package of rule amendments guidance and a related order, to expand and improve the framework for regulating cross-border security-based swaps, triggering the compliance date for security-based swap entities to register with the SEC and the implementation period for the SEC's securities-based swaps regulations, including its margin, capital, segregation, recordkeeping and reporting, and business conduct requirements. Registration as a securities-based swap dealer will not be required before 1 September 2021.

In many instances, UBS AG provides services on a cross-border basis, and it is therefore sensitive to barriers restricting market access for third-country firms. In particular, efforts in the EU to harmonise the regime for third-country firms to access the European market may have the effect of creating new barriers that adversely affect UBS AG's ability to conduct business in these jurisdictions from Switzerland. In addition, a number of jurisdictions are increasingly regulating cross-border activities based on determinations of equivalence of home country regulation, substituted compliance or similar principles of comity. A negative determination could limit UBS AG's access to the market in those jurisdictions and may negatively influence its ability to act as a global firm. For example, the EU declined to extend the equivalence determination for Swiss exchanges, which lapsed as of 30 June 2019. Reciprocally, the regulations Switzerland adopted to prohibit trading Swiss incorporated companies on EU venues came into effect on 1 July 2019. In addition, as such determinations are typically applied on a jurisdictional level rather than on an entity level, UBS AG will generally need to rely on jurisdictions' willingness to collaborate."

**In the section headed "3. Risk Factors" (page 12 et seq. of the Registration Document), the fifth and sixth risk factors from the subsection "3.3 Regulatory and legal risks" shall be completely replaced as follows:**

**"Discontinuance of, or changes to, benchmark rates may require adjustments to UBS AG's agreements with clients and other market participants, as well as to UBS AG's systems and processes**

Since April 2013, the UK Financial Conduct Authority ("FCA") has regulated LIBOR and regulators in other jurisdictions have increased oversight of other interbank offered rates ("IBORs") and similar "benchmark" rates. Efforts to transition from IBORs to alternative benchmark rates are underway in several jurisdictions. The FCA announced in July 2017 that it will not continue beyond 2021 to regulate LIBOR or take other actions to sustain LIBOR, and urged users to plan the transition to alternative reference rates. As a result, there can be no guarantee that LIBOR will be determined after 2021 on the same basis as at present, if at all.

Liquidity and activity in alternative reference rates ("ARR") continue to develop in markets globally, with work progressing to resolve certain issues associated with transitioning away from IBORs. Regulatory authorities continue to focus on transitioning to ARR by the end of 2021. The Alternative Reference Rates Committee is considering potential legislative solutions that would mitigate legal risks related to legacy contracts in the event of IBOR discontinuation. In addition, in October 2019, the US Treasury Department and Internal Revenue Service published proposed regulations providing tax relief related to issues that may arise as a result of the modification of

debt, derivative, and other financial contracts from LIBOR-based language to ARR. The European Central Bank published the euro short-term rate, the Risk Free Rate for EUR markets, for the first time on 2 October 2019, reflecting trading activity on 1 October 2019. The Bank of England Working Group on Sterling Risk-Free Reference Rate continues to be supportive of the development of a Term (Sterling Overnight Index Average) Reference Rate.

As part of the ongoing efforts by regulators and others to facilitate the transition from IBORs to new ARR, the IASB published Interest Rate Benchmark Reform, Amendments to IFRS 9, IAS 39 and IFRS 7. The amendments permit hedge accounting to continue during the period of uncertainty before IBORs are replaced with ARRs, limiting the consequential impact on the financial statements. UBS early adopted the amendments in the fourth quarter of 2019.

UBS AG has a substantial number of contracts linked to IBORs. The new risk-free ARR do not provide a term structure, which will require a change in the contractual terms of products currently indexed on terms other than overnight. In some cases contracts may contain provisions intended to provide a fall-back interest rate in the event of a brief unavailability of the relevant IBOR. These provisions may not be effective or may produce arbitrary results in the event of a permanent cessation of the relevant IBOR. In addition, numerous of UBS AG's internal systems, limits and processes make use of IBORs as reference rates. Transition to replacement reference rates will require significant effort.

### **UK withdrawal from the EU**

UBS had planned its response to the UK withdrawal from the EU assuming that the UK would leave the EU in March 2019, and given the continuing uncertainty on transition arrangements and the potential future restrictions on providing financial services into the EU from the UK, UBS has completed the merger of UBS Limited, its UK-based subsidiary, into UBS Europe SE, a German-headquartered European subsidiary. As a result, UBS Europe SE is subject to direct supervision by the European Central Bank and is considered a significant regulated subsidiary.

Clients and counterparties of UBS Limited who can be serviced by UBS AG London Branch following the exit of the UK from the EU have generally been migrated to that branch. The remaining clients and other counterparties of UBS Limited were transferred to UBS Europe SE upon completion of a UK business transfer proceeding on 1 March 2019 and the merger of the two entities.

In connection with the merger, a small number of roles are being relocated from the UK to other European locations. UBS also expects to increase the loss-absorbing capacity of UBS Europe SE to reflect the additional activities it would acquire.

The UK's Prudential Regulation Authority and FCA have opened registration for the Temporary Permissions Regime ("TPR"). This regime will allow firms and funds domiciled in the European Economic Area ("EEA") that currently are passported into the UK to continue operating within the scope of their existing permissions for a limited period after the UK's withdrawal. UBS has provided TPR notifications for UBS subsidiaries in the EEA that currently passport into the UK, in order to ensure the continuity of UK regulatory permissions in the event of a no-deal scenario.

In addition, the European Commission has confirmed an extension of the temporary equivalence for UK central counterparties ("CCPs") until 31 January 2021. Should the UK exit the transition period without the necessary equivalence determination in place, UBS ESE's exposures to UK CCPs would need to be migrated to an EU CCP ahead of the 31 January 2021 deadline. In addition, in the absence of an agreement on the future EU-UK relationship or equivalence determinations covering relevant financial services, the industry would face a number of market structure issues that await resolution between the UK and EU in 2020, such as the operation of the derivatives and share trading obligations under the EU's Markets in Financial Instruments Directive II.

Refer to the "Update on the UK's withdrawal from the EU" in the "Recent developments" section of the UBS Group Fourth Quarter 2019 Report for more information."

**In the section headed "4. Information about UBS AG" (page 19 of the Registration Document) the second and third paragraph of the subsection "4.1 Introduction" shall be completely replaced as follows:**

"On 31 December 2019, UBS Group's common equity tier 1 ("CET1") capital ratio was 13.7%, the CET1 leverage ratio was 3.90%, the total loss-absorbing capacity ratio was 34.6%, and the total loss-absorbing capacity leverage ratio was 9.8%. On the same date, invested assets stood at USD 3,607 billion, equity attributable to shareholders was USD 54,533 million and market capitalisation was USD 45,661 million. On the same date, UBS employed 68,662 people. This information has been extracted from the UBS fourth quarter 2019 report published on 21 January 2020 (the "Fourth Quarter 2019 Report") and therefore it is unaudited and subject to completion of year-end procedures. Refer to section 7.3 "Interim Financial Information" for more information.

On 31 December 2019, UBS AG consolidated CET1 capital ratio was 13.7%, the CET1 leverage ratio was 3.87%, the total loss-absorbing capacity ratio was 33.9%, and the total loss-absorbing capacity leverage ratio was 9.6%.<sup>1</sup> On the same date, invested assets stood at USD 3,607 billion and equity attributable to UBS AG shareholders was USD 53,754 million. On the same date, UBS AG Group employed 47,033 people<sup>2</sup>. For the year ended 31 December 2019, operating income was USD 29,307 million, operating expenses was USD 24,138 million, operating profit / (loss) before tax was USD 5,169 million and net profit / (loss) attributable to shareholders was USD 3,965 million. This information has been extracted from the UBS fourth quarter 2019 report published on 21 January 2020 Fourth Quarter 2019 Report and therefore it is unaudited and it is subject to completion of year-end procedures. Refer to section 7.3 "Interim Financial Information" for more information."

**In the subsection "4.3 Information incorporated by Reference" (page 21 of the Registration Document) of the section headed "4. Information about UBS AG" the two last bullet points of the list of documents incorporated by reference to this Registration Document shall be completely replaced as follows:**

"

- (g) the UBS Group AG third quarter 2019 report published on 22 October 2019 (published on the UBS website, at [https://www.ubs.com/global/en/investor-relations/financial-information/quarterly-reporting/qr-shared/2019/3q19/jcr\\_content/mainpar/toplevelgrid/col1/linklist/41662302/link\\_21455423\\_86.0132777945.file/bGluay9wYXR0PS9jb250ZW50L2RhbS9hc3NldHMvY2MvaW52ZXN0b3ItcmVsYXRpb25zL3F1YXJ0ZXJsaWVzLzlwMTkvM3ExOS9mdWxsLXJlcG9ydC11YnMtZ3JvdXAAYWctY29uc29saWRhdGVkLTNxMTkucGRm/full-report-ubs-group-ag-consolidated-3q19.pdf](https://www.ubs.com/global/en/investor-relations/financial-information/quarterly-reporting/qr-shared/2019/3q19/jcr_content/mainpar/toplevelgrid/col1/linklist/41662302/link_21455423_86.0132777945.file/bGluay9wYXR0PS9jb250ZW50L2RhbS9hc3NldHMvY2MvaW52ZXN0b3ItcmVsYXRpb25zL3F1YXJ0ZXJsaWVzLzlwMTkvM3ExOS9mdWxsLXJlcG9ydC11YnMtZ3JvdXAAYWctY29uc29saWRhdGVkLTNxMTkucGRm/full-report-ubs-group-ag-consolidated-3q19.pdf), the "**UBS Group Third Quarter 2019 Report**");
- (h) the UBS AG third quarter 2019 report published on 25 October 2019 (published on the UBS website, at [https://www.ubs.com/global/en/investor-relations/financial-information/quarterly-reporting/qr-shared/2019/3q19/jcr\\_content/mainpar/toplevelgrid/col1/linklist/link.1787757339.file/bGluay9wYXR0PS9jb250ZW50L2RhbS9hc3NldHMvY2MvaW52ZXN0b3ItcmVsYXRpb25zL3F1YXJ0ZXJsaWVzLzlwMTkvM3ExOS9mdWxsLXJlcG9ydC11YnMtYWctY29uc29saWRhdGVkLTNxMTkucGRm/full-report-ubs-ag-consolidated-3q19.pdf](https://www.ubs.com/global/en/investor-relations/financial-information/quarterly-reporting/qr-shared/2019/3q19/jcr_content/mainpar/toplevelgrid/col1/linklist/link.1787757339.file/bGluay9wYXR0PS9jb250ZW50L2RhbS9hc3NldHMvY2MvaW52ZXN0b3ItcmVsYXRpb25zL3F1YXJ0ZXJsaWVzLzlwMTkvM3ExOS9mdWxsLXJlcG9ydC11YnMtYWctY29uc29saWRhdGVkLTNxMTkucGRm/full-report-ubs-ag-consolidated-3q19.pdf), the "**UBS AG Third Quarter 2019 Report**"); and
- (i) the UBS Group AG fourth quarter 2019 report published on 21 January 2020 (published on the UBS website, at [https://www.ubs.com/global/en/investor-relations/financial-information/quarterly-reporting/qr-shared/2019/4q19/jcr\\_content/mainpar/toplevelgrid/1745307668/col1/teaser/linklist/link.0534766799.file/bGluay9wYXR0PS9jb250ZW50L2RhbS9hc3NldHMvY2MvaW52ZXN0b3ItcmVsYXRpb25zL3F1YXJ0ZXJsaWVzLzlwMTkvNHExOS9mdWxsLXJlcG9ydC11YnMtZ3JvdXAAYWctY29uc29saWRhdGVkLTRxMTkucGRm/full-report-ubs-group-ag-consolidated-4q19.pdf](https://www.ubs.com/global/en/investor-relations/financial-information/quarterly-reporting/qr-shared/2019/4q19/jcr_content/mainpar/toplevelgrid/1745307668/col1/teaser/linklist/link.0534766799.file/bGluay9wYXR0PS9jb250ZW50L2RhbS9hc3NldHMvY2MvaW52ZXN0b3ItcmVsYXRpb25zL3F1YXJ0ZXJsaWVzLzlwMTkvNHExOS9mdWxsLXJlcG9ydC11YnMtZ3JvdXAAYWctY29uc29saWRhdGVkLTRxMTkucGRm/full-report-ubs-group-ag-consolidated-4q19.pdf), the "**UBS Group Fourth Quarter 2019 Report**"). "

In the subsection "4.3 Information incorporated by Reference" (page 25 of the Registration Document) of the section headed "4. Information about UBS AG" the following information shall be added at the end of the cross-reference table:

"

UBS Group Fourth Quarter 2019 Report			
	Cover page		
	Our key figures		2
1	UBS Group	Recent developments	4 to 7
		Group performance	8 to 16
2	UBS business divisions and Corporate Center	Global Wealth Management	18 to 20
		Personal & Corporate Banking	21 to 25
		Asset Management	26 to 28
		Investment Bank	29 to 31
		Corporate Center	32 to 33
3	Risk, treasury and capital management	Risk management and control	36 to 39
		Balance sheet, liquidity and funding management	40 to 41
		Capital management	42 to 53
4	Consolidated financial statements	UBS Group AG interim consolidated financial statements (unaudited)	56 to 70
		UBS AG interim consolidated financial information (unaudited)	71 to 75
	Appendix	Abbreviations frequently used in our financial reports	76 to 78
		Information sources	79
		Cautionary statement	80

"

In the section headed "4. Information about UBS AG" (page 28 of the Registration Document) the subsection "4.5 UBS's borrowing and funding structure and financing of UBS's activities" shall be completely replaced as follows:

"For information on UBS's expected financing of its business activities, please refer to "Balance sheet, liquidity and funding management" in the "Treasury management" section of the Annual Report 2018."

**In the section headed "5. Business Overview" (page 29 of the Registration Document) the subsection "5.2 Global Wealth Management" shall be completely replaced as follows:**

"Global Wealth Management provides investment advice and solutions to private clients, in particular in the ultra high net worth and high net worth segments. Clients benefit from Global Wealth Management's comprehensive set of capabilities, including wealth planning, investing, lending, asset protection, philanthropy, corporate and banking services as well as family office services in collaboration with the Investment Bank and Asset Management. Global Wealth Management has a global footprint, with the US representing its largest market.

In January 2020, UBS announced an expansion of its collaboration with the Investment Bank and an intention to make its Global Family Office capabilities available to 1,500 clients. Ultra high net worth client relationships and advisors will be integrated into regional business. UBS will also create three distinct business units in EMEA –Europe, Central and Eastern Europe, and Middle East and Africa – to better capture the diverse opportunities in these markets. In the newly established Global Capital Markets team, UBS will combine its Investment Product Services unit and Investment Bank teams. Refer to "Global Wealth Management organization changes" in the "Recent developments" section of the Fourth Quarter 2019 Report for more information."

**In the section headed "5. Business Overview" (page 29 of the Registration Document) the second paragraph of the subsection "5.5 Investment Bank" shall be completely replaced as follows:**

"UBS made changes to the Investment Bank effective 1 January 2020: Corporate Client Solutions (CCS) and Investor Client Services (ICS) were renamed Global Banking and Global Markets, respectively. Global Banking adopted a global coverage model and will deploy its deep global industry expertise to meet the needs of its most important clients. Global Markets combined Equities and Foreign Exchange, Rates and Credit, and is introducing three product verticals (Execution & Platform, Derivatives & Solutions, and Financing). Research and Evidence Lab Innovations continues to be a critical part of the Investment Bank's advisory and content offering."

**In the section headed "5. Business Overview" (page 30 of the Registration Document) the following sentence shall be added at the end of the subsection "5.7 Competition":**

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

**In the section headed "5. Business Overview" (page 30 of the Registration Document) the subsection "5.8 UBS AG consolidated key figures" shall be completely replaced as follows:**

"UBS AG derived the selected consolidated financial information included in the table below for the years ended 31 December 2018, 2017 and 2016 from the Annual Report 2018, except where noted. The selected consolidated financial information included in the table below for the nine months ended 30 September 2019 and 30 September 2018 was derived from the UBS AG Third Quarter 2019 Report (as incorporated by reference into this Registration Document; cf. item 4.3 "Information incorporated by Reference" of this Registration Document).

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). Effective from 1 October 2018, the functional currency of UBS Group AG and UBS AG's Head Office in Switzerland changed from Swiss francs to US dollars and that of UBS AG's London Branch from British pounds to US dollars, in compliance with the requirements of International Accounting Standard (IAS) 21, The Effects of Changes in Foreign Exchange Rates. The presentation currency of UBS AG's consolidated financial statements has changed from Swiss francs to US dollars to align with the functional currency changes of significant Group entities. Prior periods have been restated for this presentation currency change. Assets, liabilities and total equity were translated to US dollars at



closing exchange rates prevailing on the respective balance sheet dates, and income and expenses were translated at the respective average rates prevailing for the relevant periods. UBS AG has not finalized its annual report 2019 and its independent registered public accounting firm has not completed its audit of the consolidated financial statements for the period. Accordingly, the UBS AG financial information available in Fourth Quarter 2019 Report is subject to completion of year-end procedures, which may result in changes to that information.

Information for the years ended 31 December 2018, 2017 and 2016 which is indicated as being unaudited in the table below was included in the Annual Report 2018, 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 2018 and the Fourth Quarter 2019 Report 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.

	As of or for the year ended	As of or for the year ended		
<i>USD million, except where indicated</i>	31.12.19	31.12.18	31.12.17	31.12.16
	<i>unaudited</i>	<i>audited, except where indicated</i>		
<b>Results</b>				
<b>Income statement</b>				
Operating income	29,307	30,642	30,044	28,831
Net interest income <sup>1</sup>	-	5,949	6,607	6,457
Net fee and commission income <sup>1</sup>	-	17,930	17,550	16,644
Credit loss (expense) / recovery <sup>1</sup>	-	(117)	(131)	(38)
Other net income from financial instruments measured at fair value through profit or loss <sup>1</sup>	-	5,977	5,067	5,018
Operating expenses	24,138	25,184	24,969	24,643
Operating profit / (loss) before tax	5,169	5,458	5,076	4,188
Net profit / (loss) attributable to shareholders	3,965	4,107	758	3,351
<b>Balance sheet <sup>2</sup></b>				
Total assets	971,916	958,055	940,020	919,236
Total financial liabilities measured at amortized cost <sup>1</sup>	-	612,174	660,498	612,884
<i>of which: customer deposits <sup>1</sup></i>	-	421,986	423,058	418,129
<i>of which: debt issued measured at amortized cost <sup>1</sup></i>	-	91,245	107,458	77,617
<i>of which: subordinated debt <sup>1</sup></i>	-	7,511	9,217	11,352* <sup>3</sup>
Total financial liabilities measured at fair value through profit or loss <sup>1</sup>	-	283,717	217,814	236,727
<i>of which: debt issued designated at fair value <sup>1</sup></i>	-	57,031	50,782	49,057
Loans and advances to customers <sup>1</sup>	-	321,482	328,952	300,678
Total equity <sup>1</sup>	-	52,432	52,046	53,627
Equity attributable to shareholders	53,754	52,256	51,987	52,957
<b>Profitability and growth</b>				
Return on equity (%)	7.4	7.9*	1.4*	6.0*
Return on tangible equity (%)	8.5	9.1*	1.6*	6.9*
Return on common equity tier 1 capital (%)	11.3	11.9*	2.3*	10.2*
Return on risk-weighted assets, gross (%)	11.2	12.0*	12.8*	13.1*
Return on leverage ratio denominator, gross (%)	3.2	3.4*	3.4*	3.2*

Cost / income ratio (%)	82.1	81.9*	82.7*	85.4*
Net profit growth (%)	(3.4)	441.9*	(77.4)*	(48.5)*
<b>Resources</b>				
Common equity tier 1 capital <sup>4, 5</sup>	35,280	34,608	34,100*	31,879*
Risk-weighted assets <sup>4</sup>	257,831	262,840*	242,725*	219,330*
Common equity tier 1 capital ratio (%) <sup>4</sup>	13.7	13.2*	14.0*	14.5*
Going concern capital ratio (%) <sup>4</sup>	18.3	16.1*	15.6*	16.3*
Total loss-absorbing capacity ratio (%) <sup>4</sup>	33.9	31.3*	31.4*	29.6*
Leverage ratio denominator <sup>4</sup>	911,232	904,458*	910,133*	855,718*
Common equity tier 1 leverage ratio (%) <sup>4</sup>	3.87	3.83*	3.75*	3.73*
Going concern leverage ratio (%) <sup>4</sup>	5.2	4.7*	4.2*	4.2*
Total loss-absorbing capacity leverage ratio (%) <sup>4</sup>	9.6	9.1*	8.4*	7.6*
<b>Other</b>				
Invested assets (USD billion) <sup>6</sup>	3,607	3,101	3,262	2,761
Personnel (full-time equivalents)	47,033	47,643*	46,009*	56,208*

\* unaudited

<sup>1</sup> The information for the full year 2019 will only be available with the publication of the UBS Group AG and UBS AG annual report 2019 on 28 February 2020.

<sup>2</sup> As reflected in the Annual Report 2018, the balance sheet figures under the column 31.12.2016 are as of 1.1.2017 for comparison purposes due to the adoption of IFRS 9, which was effective 1.1.2018.

<sup>3</sup> This amount has been translated from the audited financials of the Annual Report 2017, which was reported in Swiss francs, into US dollars at closing exchange rates prevailing on the balance sheet date.

<sup>4</sup> Based on the Swiss systemically relevant bank framework as of 1 January 2020.

<sup>5</sup> The information as published in Swiss francs in the Annual Report 2017 for the period ended on 31 December 2017 (CHF 33,240 million) and in the UBS Group AG and UBS AG annual report 2016 for the period ended on 31 December 2016 (CHF 32,447 million) was audited.

<sup>6</sup> Includes invested assets for Global Wealth Management, Asset Management and Personal & Corporate Banking.

..

**In the section headed "7. Trend Information" (page 33 of the Registration Document) the subsection "7.2 Significant Changes in the Financial Performance of the UBS AG Group" shall be completely replaced as follows:**

"There has been no significant change in the financial performance of UBS AG since 31 December 2019, which is the end of the last financial period for which financial information has been published."

**In the section headed "7. Trend Information" (page 33 of the Registration Document) the subsections "7.3 Recent Developments" and "7.4 Trend Information" shall be completely replaced as follows:**

### **"7.3 Recent Developments**

#### **Business and strategic developments**

##### Sale of majority stake in UBS Fondcenter

UBS has agreed to sell a majority stake in UBS Fondcenter to Clearstream, Deutsche Börse Group's post-trade services provider. UBS will retain a minority (48.8%) shareholding in the business and will enter into an agreement under which it may sell its remaining shareholding to Clearstream at a later date. As part of the transaction, UBS and Clearstream will enter into long-term commercial cooperation arrangements for the provision of services to UBS's Global Wealth Management, Asset Management and the Corporate and Institutional Clients unit of Personal & Corporate Banking. Upon closing of the transaction, UBS Fondcenter will be combined with Clearstream's Fund Desk, creating a top two B2B fund distribution platform with a presence in Europe, Switzerland and Asia. The transaction is subject to customary closing conditions and is expected to close in the second half of 2020. UBS expects to record a post-tax gain of around USD 600 million and an increase in CET1 capital of around USD 400 million upon closing of the transaction. UBS will deconsolidate UBS Fondcenter and account for minority interest as an investment in an associate.

##### Strategic partnership with Banco do Brasil

In November 2019, UBS signed a binding agreement with Banco do Brasil to establish a strategic investment banking partnership that will provide investment banking services and institutional securities brokerage in Brazil and selected countries in South America. By building on the complementary strengths of both firms, UBS and Banco do Brasil believe that the formation of a strategic long-term partnership will create a leading investment bank platform in South America with global coverage.

The partnership is expected to be established through a combination of assets from both stakeholders. UBS intends to contribute its operational investment banking platform in Brazil and Argentina, as well as its institutional brokerage business in Brazil. Banco do Brasil intends to contribute the exclusive access rights to its corporate clients. UBS will hold a controlling interest of 50.01% in the entity and be entitled to 50% of the economic returns, requiring UBS to consolidate it for accounting and regulatory reporting. Closing of the transaction is subject to regulatory approvals and is currently expected in the first half of 2020.

##### Strategic partnership with Sumitomo Mitsui Trust Holdings

In June 2019, UBS entered into a strategic wealth management partnership in Japan with Sumitomo Mitsui Trust Holdings, Inc. ("SuMi Trust Holdings"). In January 2020, the first phase was launched, with operations commencing in the newly established joint venture, UBS SuMi TRUST Wealth Advisory, which is owned equally by UBS Japan Securities and SuMi Trust Holdings and is accounted for as an investment in a joint venture by UBS. UBS and SuMi Trust Holdings have also started offering each other's products and services to their respective current clients.

The second phase of the partnership is expected to launch in 2021 with the establishment of a new entity which will be 51% owned and controlled by UBS, requiring UBS to consolidate this entity for accounting and regulatory reporting.

## **Accounting, regulatory, legal and other developments**

### Swiss Federal Council adopts new rules on gone concern capital for G-SIBs

In November 2019, the Swiss Federal Council adopted amendments to the Capital Adequacy Ordinance, which became effective 1 January 2020. The revisions introduce gone concern capital requirements for Switzerland-based intermediate parent banks of global systemically important banks ("G-SIBs") on a standalone basis. As a consequence, UBS AG will be subject to (i) a gone concern capital requirement on its third-party exposure on a standalone basis, (ii) an additional gone concern capital buffer requirement equal to 30% of the Group's gone concern capital requirement on UBS AG's consolidated exposure, and (iii) a gone concern capital requirement equal to the nominal value of the gone concern instruments issued by UBS entities and held by the parent bank. A transitional period until 2024 will be granted for the buffer requirement.

Based on current estimates, and once the new requirements have been fully phased in, UBS expects UBS Group to be required to maintain a gone concern leverage ratio of around 75 to 100 basis points higher than what would be required to meet the Group requirements alone. The actual total loss absorbing capital Group requirement at the end of the transition phase will depend on a number of components, including the subsidiaries' loss absorbing capacity at the time.

The revisions also reduced the gone concern requirement of UBS Switzerland AG to 62% of the Group's gone concern requirement (before rebate) and increased the minimum gone concern requirement for the Group (after rebate) from 3% to 3.75% (based on leverage ratio denominator), effective 1 January 2022.

Finally, instruments available to meet gone concern requirements remain eligible until one year before maturity; however, the current haircut of 50% in the last year of eligibility is no longer applied under the revised rules.

### Swiss Federal Council communicated its intention to bring NSFR into force by mid-2021

Having delayed the introduction of Net Stable Funding Ratio ("NSFR") requirements in Switzerland over the previous two years to align with developments in the EU and the US, the Swiss Federal Council communicated its intention in November 2019 to adopt the associated ordinance amendments in early summer 2020, and bring them into force by mid-2021. The Federal Department of Finance was mandated to finalize the regulatory texts jointly with relevant stakeholders, including affected banks, in the coming months. If implemented as originally proposed in the 2017 consultation, the introduction of NSFR could result in a significant increase in long-term funding requirements on a legal entity level.

### Swiss investor protection rules entered into force

The Financial Services Act ("FinSA") and the Financial Institutions Act ("FinIA"), together with implementing ordinances, entered into force on 1 January 2020. The acts, together with the ordinances, introduce new investor protection rules and new code of conduct provisions for financial services and product providers. The new provisions significantly enhance information and documentation duties. UBS has made changes to its processes and client documentation to comply with FinSA and FinIA and the implementing ordinances.

### Update on the UK's withdrawal from the EU

Based on recent developments, the UK and EU are expected to negotiate the terms of their future relationship during a transition period intended to end 31 December 2020, including the granting of equivalence determinations for the UK under existing EU financial services legislation.

UBS implemented contingency plans through the combined UK business transfer and cross-border merger of UBS Limited into UBS Europe SE ("UBS ESE") in March 2019.

The European Commission has confirmed an extension of the temporary equivalence for UK central counterparties ("CCPs") until 31 January 2021. Should the UK exit the transition period without the necessary equivalence determination in place, UBS ESE's exposures to UK CCPs would need to be migrated to an EU CCP ahead of the 31 January 2021 deadline. In the absence of an agreement on the future EU-UK relationship or equivalence determinations covering relevant financial services, however, the industry would face a number of market structure issues that await resolution between the UK and EU in 2020, such as the operation of the derivatives and share trading obligations under the EU's Markets in Financial Instruments Directive II.

#### Final BEAT tax regulations issued

In December 2019, the US Treasury Department and the Internal Revenue Service issued final regulations regarding the base erosion and anti-abuse tax ("BEAT"). BEAT was introduced as part of the Tax Cuts and Jobs Act of 2017 with the intended purpose of preventing US corporations from unduly reducing their US taxable income through payments to related foreign parties. While generally retaining most features of the proposed regulations issued in December 2018, including those that were considered helpful to foreign banks operating through branches and subsidiaries in the US (such as UBS), the final regulations contain a number of meaningful clarifications and changes. UBS continues to expect to have nil to limited exposure to BEAT for the foreseeable future, primarily because payments that UBS's US branches and subsidiaries make to related parties outside the US are expected to remain below the applicable BEAT thresholds.

#### US Securities and Exchange Commission adopts the US security-based swaps regulation

In December 2019, the Securities and Exchange Commission (the "SEC") adopted a package of rule amendments guidance and a related order, to expand and improve the framework for regulating cross-border security-based swaps. The adoption of this package triggers the compliance date for security-based swap entities to register with the SEC and the implementation period for the SEC's securities-based swaps regulations, including its margin, capital, segregation, recordkeeping and reporting, and business conduct requirements. Registration as a securities-based swap dealer will not be required before 1 September 2021. The package modifies certain of the thresholds requiring foreign securities-based swap dealers ("SBSDs") to register with the SEC, allows foreign SBSDs to provisionally register without meeting certain requirements, including the requirement to furnish a legal opinion on access to information. The SEC also published guidance on the process for obtaining substituted compliance for non-US SBSDs. UBS expects that UBS AG will be required to register as an SBSD.

#### Transition away from IBORs – Amendments to IAS 39, IFRS 9 and IFRS 7 (Interest Rate Benchmark Reform)

As part of the ongoing efforts by regulators and others to facilitate the transition from interbank offered rates ("IBORs") to new alternative reference rates ("ARR"), the IASB published Interest Rate Benchmark Reform, Amendments to IFRS 9, IAS 39 and IFRS 7. The amendments permit hedge accounting to continue during the period of uncertainty before IBORs are replaced with ARRs, limiting the consequential impact on the financial statements. UBS early adopted the amendments in the fourth quarter of 2019 and will provide additional disclosure in its Annual Report 2019.

## **7.4 Trend Information**

As indicated in the Fourth Quarter 2019 Report, stimulus measures and easing of monetary policy by central banks contributed to a strong performance in financial markets in the fourth quarter and are likely to prevail. A favorable credit environment and a partial resolution of trade disputes should

mitigate slowing global economic growth. While the macroeconomic and geopolitical situation remains uncertain, for the first quarter UBS expects more typical seasonality, supporting earnings. Clients are more active, which should lead to an improvement in transaction-related revenues. Higher asset prices should have a positive effect on recurring fee income in UBS's asset gathering businesses. Low and persistently negative interest rates and expectations of continuing easy monetary policy will continue to provide some headwinds to net interest income. As it executes on its strategy, UBS is balancing investments to take advantage of opportunities for growth across its businesses and regions, while managing for efficiency. UBS remains committed to delivering on its financial targets, creating further value through even closer collaboration across all divisions to drive sustainable long-term value for UBS's clients and shareholders."

**In the section headed "9 Administrative, Management and Supervisory Bodies of UBS AG" (page 36 of the Registration Document) the subsection "9.2 Members of the Board of Directors (as of the date of this Registration Document)" shall be completely replaced as follows:**

**"9.2 Members of the Board of Directors**

The current members of the BoD are listed below. In addition, the BoD announced it will nominate Nathalie Rachou and Mark Hughes for election to the BoD at the next annual general meeting, and David Sidwell and Isabelle Romy not standing for re-election.

<b>Member and business address</b>	<b>Title</b>	<b>Term of office</b>	<b>Current principal activities outside UBS AG</b>
Axel A. Weber  UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Chairman	2020	Chairman of the Board of Directors of UBS Group AG; board member of the Swiss Bankers Association; Trustees Board member of Avenir Suisse; Advisory Board member of the "Beirat Zukunft Finanzplatz"; board member of the Swiss Finance Council; Chairman of the board of the Institute of International Finance; member of the European Financial Services Round Table; member of the European Banking Group; member of the International Advisory Councils of the China Banking and Insurance Regulatory Commission and the China Securities Regulatory Commission; member of the International Advisory Panel, Monetary Authority of Singapore; member of the Group of Thirty, Washington, D.C.; Chairman of the Board of Trustees of DIW Berlin; Advisory Board member of the Department of Economics, University of Zurich; member of the Trilateral Commission.
David Sidwell  UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Vice Chairman	2020	Vice Chairman and Senior Independent Director of the Board of Directors of UBS Group AG; Senior Advisor at Oliver Wyman, New York; board member of Chubb Limited; board member of GAVI Alliance; Chairman of the Board of Village Care, New York.
Jeremy Anderson  UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2020	Member of the Board of Directors of UBS Group AG; trustee of the UK's Productivity Leadership Group; trustee of Kingham Hill Trust; trustee of St. Helen Bishopsgate.
William C. Dudley  UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2020	Member of the Board of Directors of UBS Group AG; senior research scholar at the Griswold Center for Economic Policy Studies at Princeton University; member of the Group of Thirty; member of the Council on Foreign Relations; member of the Bretton Woods Committee's Advisory Council.
Reto Francioni  UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2020	Member of the Board of Directors of UBS Group AG; professor at the University of Basel; board member of Coca-Cola HBC AG (Senior Independent Non-Executive Director); Chairman of the board of Swiss International Air Lines AG; board member of MedTech Innovation Partners AG; executive director and member of my TAMAR GmBH.
Fred Hu  UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2020	Member of the Board of Directors of UBS Group AG; non-executive chairman of the board of Yum China Holdings; board member of Industrial and Commercial Bank of China; board member of Hong Kong Exchanges and Clearing Ltd.; founder and chairman of Primavera Capital Group; board member of China Asset Management; board member of Minsheng Financial Leasing Co.; trustee of the China Medical Board; Governor of the Chinese International School; co-chairman of the Nature Conservancy Asia Pacific Council; director and member of the Executive Committee of China Venture Capital and Private Equity Association Ltd.; Global Advisory Board member of the Council on Foreign Relations.
Julie G. Richardson  UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2020	Member of the Board of Directors of UBS Group AG; board member of The Hartford Financial Services Group, Inc. (chairman of the audit committee); board member of Yext (chairman of the audit committee); board member of Vereit, Inc. (chairman of the compensation committee); board member of Datalog.
Isabelle Romy  UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2020	Member of the Board of Directors of UBS Group AG; partner and board member at Froriep Legal AG; professor at the University of Fribourg and at the Federal Institute of Technology, Lausanne; board member of Central Real Estate Holding AG (Zurich); board member of Central Real Estate Basel AG; Vice Chairman of the Sanction Commission of SIX Swiss Exchange; member of the Fundraising Committee of the Swiss National Committee for UNICEF; Supervisory Board member of the CAS program Financial Regulation of the University of Bern and University of Geneva.

Robert W. Scully UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2020	Member of the Board of Directors of UBS Group AG; board member of Chubb Limited (chairperson of the audit committee); board member of Zoetis Inc.; board member of KKR & Co Inc.; board member of Teach For All.
Beatrice Weder di Mauro UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2020	Member of the Board of Directors of UBS Group AG; Research Professor and Distinguished Fellow at INSEAD in Singapore; Supervisory Board member of Robert Bosch GmbH; board member of Bombardier Inc.; member of the Foundation Board of the International Center for Monetary and Banking Studies (ICMB).
Dieter Wemmer UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2020	Member of the Board of Directors of UBS Group AG; board member of Ørsted A/S; member of the Berlin Center of Corporate Governance.
Jeanette Wong UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2020	Member of the Board of Directors of UBS Group AG; board member of Essilor International and EssilorLuxottica; board member of Jurong Town Corporation; board member of PSA International; board member of FFMC Holdings Pte. Ltd.; board member of Fullerton Fund Management Company Ltd.; member of the NUS Business School Management Advisory Board; member of the Global Advisory Board, Asia, University of Chicago Booth School of Business; member of the Securities Industry Council.

»



**In the section headed "11. Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses" (page 40 of the Registration Document) the subsections "11.3 Interim Financial Information" and "11.4 Significant Changes in the Financial Position of UBS AG Group" shall be replaced as follows:**

**"11.3 Interim Financial Information**

Reference is also made to (i) the UBS Group First Quarter 2019 Report (as incorporated by reference into this Registration Document; cf. item 4.3 "Information incorporated by Reference" of this Registration Document), and the UBS AG First Quarter 2019 Report (as incorporated by reference into this Registration Document; cf. item 4.3 "Information incorporated by Reference" of this Registration Document), which contain information on the financial condition and results of operations, including the interim financial statements, of UBS Group AG consolidated and UBS AG consolidated, respectively, as of and for the period ended 31 March 2019; to (ii) the UBS Group Second Quarter 2019 Report (as incorporated by reference into this Registration Document; cf. item 4.3 "Information incorporated by Reference" of this Registration Document) and the UBS AG Second Quarter 2019 Report (as incorporated by reference into this Registration Document; cf. item 4.3 "Information incorporated by Reference" of this Registration Document), which contain information on the financial condition and results of operations, including the interim financial statements, of UBS Group AG consolidated and UBS AG consolidated, respectively, as of and for the period ended 30 June 2019; to (iii) the UBS Group Third Quarter 2019 Report and the UBS AG Third Quarter 2019 Report, which contain information on the financial condition and results of operations, including the interim financial statements, of UBS Group AG consolidated and UBS AG consolidated, respectively, as of and for the period ended 30 September 2019, and to (iv) the Fourth Quarter 2019 Report, which contains information on the financial condition and results of operations of UBS Group AG and of UBS AG, as of and for the quarter and the period ended 31 December 2019. The interim consolidated financial statements are not audited and no review report is published.

**11.4 Significant Changes in the Financial Position of UBS AG Group**

There has been no significant change in the financial position of UBS AG Group since 31 December 2019, which is the end of the last financial period for which financial information has been published."

**The section headed "12. Litigation, Regulatory and Similar Matters" (page 40 of the Registration Document) shall be replaced as follows:**

"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 such matters could be significant. Developments relating to a matter that occur after the relevant reporting period, but prior to the issuance of financial statements, which affect management's assessment of the provision for such matter (because, for example, the developments provide evidence of conditions that existed at the end of the reporting period), are adjusting events after the reporting period under IAS 10 and must be recognized in the financial statements for the reporting period.

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 the "Provisions" table in the "Provisions and contingent liabilities" section of the Fourth Quarter 2019 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, that 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 described in item 5 of this section, which UBS entered into with the US Department of Justice ("DOJ"), Criminal Division, Fraud Section in connection with UBS's 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 pleaded guilty to one count of wire fraud for conduct in the LIBOR matter, paid a fine and was subject to probation, which ended in early January 2020.

A guilty plea to, or conviction of, a crime 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 UBS's capital requirements and the calculation of operational risk for this purpose is included in the "Capital management" section of the Fourth Quarter 2019 Report.

#### Provisions for litigation, regulatory and similar matters by business division and in Corporate Center<sup>1</sup>

<i>USD million</i>	Global Wealth Manage- ment	Personal & Corporate Banking	Asset Manage- ment	Investme- nt Bank	Corporat e Center	UBS
<b>Balance as of 31 December 2018</b>	1,003	117	0	269	1,438	2,827
<b>Balance as of 30 September 2019</b>	867	110	0	197	1,329	2,503
Increase in provisions recognized in the income statement	64	0	0	57	10	<b>131</b>
Release of provisions recognized in the income statement	(17)	0	0	(3)	(6)	<b>(25)</b>
Provisions used in conformity with designated purpose	(147)	0	0	0	(9)	<b>(156)</b>
Foreign currency translation / unwind of discount	14	3	0	3	1	<b>22</b>
<b>Balance as of 31 December 2019</b>	<b>782</b>	<b>113</b>	<b>0</b>	<b>255</b>	<b>1,325</b>	<b>2,475</b>

<sup>1</sup> Provisions, if any, for matters described in this section are recorded in Global Wealth Management (item 3, item 4 and item 7) and Corporate Center (item 2). Provisions, if any, for the matters described in items 1 and 6 of this section are allocated between Global 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 and Corporate Center.

### 12.1 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 the implementation of automatic tax information exchange and other measures relating to cross-border provision of financial services could give rise to further inquiries in the future. UBS has received disclosure orders from the Swiss Federal Tax Administration ("FTA") to transfer information based on requests for international administrative assistance in tax matters. The requests concern a number of UBS account numbers pertaining to current and former clients and are based on data from 2006 and 2008. UBS has taken steps to inform affected clients about the administrative assistance proceedings and their procedural rights, including the right to appeal. The requests are based on data received from the German authorities, who seized certain data related to UBS clients booked in Switzerland during their investigations and have apparently shared this data with other European countries. UBS expects additional countries to file similar requests.

The Swiss Federal Administrative Court ruled in 2016 that, in the administrative assistance proceedings related to a French bulk request, UBS has the right to appeal all final FTA client data

disclosure orders. On 30 July 2018, the Swiss Federal Administrative Court granted UBS's appeal by holding the French administrative assistance request inadmissible. The FTA filed a final appeal with the Swiss Federal Supreme Court. On 26 July 2019, the Supreme Court reversed the decision of the Federal Administrative Court. In December 2019, the court released its written decision. The decision requires the FTA to obtain confirmation from the French authorities that transmitted data will be used only for the purposes stated in their request before transmitting any data. The stated purpose of the original request was to obtain information relating to taxes owed by account holders. Accordingly, any information transferred to the French authorities must not be passed to criminal authorities or used in connection with the ongoing case against UBS discussed in this item.

Since 2013, UBS (France) S.A., UBS AG and certain former employees have been under investigation in France for alleged complicity in unlawful solicitation of clients on French territory, regarding the laundering of proceeds of tax fraud, and banking and financial solicitation by unauthorized persons. In connection with this investigation, the investigating judges ordered UBS AG to provide bail ("caution") of EUR 1.1 billion and UBS (France) S.A. to post bail of EUR 40 million, which was reduced on appeal to EUR 10 million.

A trial in the court of first instance took place from 8 October 2018 until 15 November 2018. On 20 February 2019, the court announced a verdict finding UBS AG guilty of unlawful solicitation of clients on French territory and aggravated laundering of the proceeds of tax fraud, and UBS France S.A. guilty of aiding and abetting unlawful solicitation and laundering the proceeds of tax fraud. The court imposed fines aggregating EUR 3.7 billion on UBS AG and UBS France S.A. and awarded EUR 800 million of civil damages to the French state. UBS has appealed the decision. Under French law, the judgment is suspended while the appeal is pending. The trial in the Court of Appeal is scheduled for June 2020. The Court of Appeal will retry the case de novo as to both the law and the facts, and the fines and penalties can be greater than or less than those imposed by the court of first instance. A subsequent appeal to the Cour de Cassation, France's highest court, is possible with respect to questions of law.

UBS believes that based on both the law and the facts the judgment of the court of first instance should be reversed. UBS believes it followed its obligations under Swiss and French law as well as the European Savings Tax Directive. Even assuming liability, which it contests, UBS believes the penalties and damage amounts awarded greatly exceed the amounts that could be supported by the law and the facts. In particular, UBS believes the court incorrectly based the penalty on the total regularized assets rather than on any unpaid taxes on those assets for which a fraud has been characterized and further incorrectly awarded damages based on costs that were not proven by the civil party. Notwithstanding that UBS believes it should be acquitted, UBS's balance sheet at 31 December 2019 reflected provisions with respect to this matter in an amount of EUR 450 million (USD 505 million at 31 December 2019). The wide range of possible outcomes in this case contributes to a high degree of estimation uncertainty. The provision reflected on UBS's balance sheet at 31 December 2019 reflects its best estimate of possible financial implications, although it is reasonably possible that actual penalties and civil damages could exceed the provision amount.

In 2016, UBS was notified by the Belgian investigating judge that it is under formal investigation ("inculpé") regarding the laundering of proceeds of tax fraud, of banking and financial solicitation by unauthorized persons, and of serious tax fraud. In 2018, tax authorities and a prosecutor's office in Italy asserted that UBS is potentially liable for taxes and penalties as a result of its activities in Italy from 2012 to 2017. In June 2019, UBS entered into a settlement agreement with the Italian tax authorities under which it paid EUR 101 million to resolve the claims asserted by the authority related to UBS AG's potential permanent establishment in Italy. In October 2019, the Judge of Preliminary Investigations of the Milan Court approved an agreement with the Milan prosecutor under Article 63 of Italian Administrative Law 231 under which UBS AG, UBS Switzerland AG and UBS Monaco have paid an aggregate of EUR 10.3 million to resolve claims premised on the alleged inadequacy of historical internal controls. No admission of wrongdoing was required in connection with this resolution.

UBS's balance sheet at 31 December 2019 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.

## **12.2 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 totalled approximately USD 19 billion in original principal balance.

UBS was not a significant originator of US residential loans. A branch 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.

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. In 2012, certain RMBS trusts filed an action in the US District Court for the Southern District of New York seeking to enforce UBS RESI's obligation to repurchase loans in the collateral pools for three RMBS securitizations issued and underwritten by UBS with an original principal balance of approximately USD 2 billion. In July 2018, UBS and the trustee entered into an agreement under which UBS will pay USD 850 million to resolve this matter. A significant portion of this amount will be borne by other parties that indemnified UBS. In January 2020 the settlement was approved by the court. Proceedings to determine how the settlement funds will be distributed to RMBS holders are ongoing. After giving effect to this settlement, UBS considers claims relating to substantially all loan repurchase demands to be resolved and believes that new demands to repurchase US residential mortgage loans are time-barred under a decision rendered by the New York Court of Appeals.

Mortgage-related regulatory matters: Since 2014, the US Attorney's Office for the Eastern District of New York has sought information from UBS pursuant to the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA"), related to UBS's RMBS business from 2005 through 2007. On 8 November 2018, the DOJ filed a civil complaint in the District Court for the Eastern District of New York. The complaint seeks unspecified civil monetary penalties under FIRREA related to UBS's issuance, underwriting and sale of 40 RMBS transactions in 2006 and 2007. UBS moved to dismiss the civil complaint on 6 February 2019. On 10 December 2019 the district court denied UBS's motion to dismiss.

UBS's balance sheet at 31 December 2019 reflected a provision with respect to matters described in this item 2 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 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.

## **12.3 Madoff**

In relation to the Bernard L. Madoff Investment Securities LLC ("BMIS") investment fraud, UBS AG, UBS (Luxembourg) S.A. (now UBS Europe SE, Luxembourg branch) 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. 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 faced severe losses, and the Luxembourg funds are in liquidation. 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.

In 2009 and 2010, the liquidators of the two Luxembourg funds filed claims against UBS entities, non-UBS entities and certain individuals, including current and former UBS employees, seeking amounts totalling approximately EUR 2.1 billion, which includes amounts that the funds may be held liable to pay the trustee for the liquidation of BMIS ("BMIS Trustee").

A large number of alleged beneficiaries have filed claims against UBS entities (and non-UBS entities) for purported losses relating to the Madoff fraud. The majority of these cases have been filed in Luxembourg, where decisions that the claims in eight test cases were inadmissible have been affirmed by the Luxembourg Court of Appeal, and the Luxembourg Supreme Court has dismissed a further appeal in one of the test cases.

In the US, the BMIS Trustee filed claims 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. In 2014, the US Supreme Court rejected the BMIS Trustee's motion for leave to appeal decisions dismissing all claims except those for the recovery of approximately USD 125 million of payments alleged to be fraudulent conveyances and preference payments. In 2016, the bankruptcy court dismissed these claims against the UBS entities. The BMIS Trustee appealed. In February 2019, the Court of Appeals reversed the dismissal of the BMIS Trustee's remaining claims. In August 2019, the defendants, including UBS, filed a petition to the US Supreme Court requesting that it review the Court of Appeals' decision. The bankruptcy proceedings have been stayed pending a decision with respect to that petition.

#### **12.4 Puerto Rico**

Declines since 2013 in the market prices of Puerto Rico municipal bonds and of closed-end funds ("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 USD 3.4 billion, of which claims with aggregate claimed damages of USD 2.4 billion have been resolved through settlements, arbitration or withdrawal of the claim. The claims have been 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 and a request for permission to appeal that ruling was denied by 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. Following denial of the plaintiffs' motion for class certification, the case was dismissed in October 2018.

In 2014 and 2015, UBS entered into settlements with the Office of the Commissioner of Financial Institutions for the Commonwealth of Puerto Rico, the US Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority in relation to their examinations of UBS's operations.

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 USD 3 billion of bonds by the System in 2008 and sought damages of over USD 800 million. In 2016, the court granted the System's request to join the action as a plaintiff, but

ordered that plaintiffs must file an amended complaint. In 2017, the court denied defendants' motion to dismiss the amended complaint.

Beginning in 2015, and continuing through 2017, certain agencies and public corporations of the Commonwealth of Puerto Rico ("Commonwealth") defaulted on certain interest payments on Puerto Rico bonds. In 2016, US federal legislation created an oversight board with power to oversee Puerto Rico's finances and to restructure its debt. The oversight board has imposed a stay on the exercise of certain creditors' rights. In 2017, the oversight board placed certain of the bonds into a bankruptcy-like proceeding under the supervision of a Federal District Judge. These events, further defaults or 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.

In May 2019, the oversight board filed complaints in Puerto Rico federal district court bringing claims against financial, legal and accounting firms that had participated in Puerto Rico municipal bond offerings, including UBS, seeking a return of underwriting and swap fees paid in connection with those offerings. UBS estimates that it received approximately USD 125 million in fees in the relevant offerings.

In August 2019, two US insurance companies that insured issues of Puerto Rico municipal bonds sued UBS and seven other underwriters of Puerto Rico municipal bonds, alleging an aggregate of USD 720 million in damages from the defendants. The plaintiffs claim that defendants failed to reasonably investigate financial statements in the offering materials for the insured Puerto Rico bonds issued between 2002 and 2007, which plaintiffs argue they relied upon in agreeing to insure the bonds notwithstanding that they had no contractual relationship with the underwriters.

UBS's balance sheet at 31 December 2019 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.

## **12.5 Foreign exchange, LIBOR and benchmark rates, and other trading practices**

Foreign exchange-related regulatory matters: Beginning in 2013, numerous authorities commenced investigations concerning possible manipulation of foreign exchange markets and precious metals prices. In 2014 and 2015, UBS reached settlements with the UK Financial Conduct Authority ("FCA") and the US Commodity Futures Trading Commission ("CFTC") in connection with their foreign exchange investigations, FINMA issued an order concluding its formal proceedings relating to UBS's foreign exchange and precious metals businesses, and the Board of Governors of the Federal Reserve System (Federal Reserve Board) and the Connecticut Department of Banking issued a Cease and Desist Order and assessed monetary penalties against UBS AG. In 2015, the DOJ's Criminal Division terminated the 2012 non-prosecution agreement with UBS AG related to UBS's submissions of benchmark interest rates, and UBS AG pleaded guilty to one count of wire fraud, paid a fine and was subject to probation, which ended in early January 2020. In 2019 the European Commission announced two decisions with respect to foreign exchange trading. UBS was granted immunity by the European Commission in these matters and therefore was not fined. UBS has ongoing obligations to cooperate with these authorities and to undertake certain remediation measures. UBS has also been granted conditional immunity by the Antitrust Division of the DOJ and by authorities in other jurisdictions in connection with potential competition law violations relating to foreign exchange and precious metals businesses. Investigations relating to foreign exchange matters by certain authorities remain ongoing notwithstanding these resolutions.

Foreign exchange-related civil litigation: Putative class actions have been filed since 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. UBS has resolved US federal court class actions relating to foreign currency transactions with the defendant banks and persons who transacted in foreign exchange futures contracts and options on such futures under a settlement agreement that provides for UBS to pay an aggregate of USD 141 million

and provide cooperation to the settlement classes. Certain class members have excluded themselves from that settlement and have filed individual actions in US and English courts against UBS and other banks, alleging violations of US and European competition laws and unjust enrichment.

In 2015, a putative class action was filed in federal court against UBS and numerous other banks on behalf of persons and businesses in the US who directly purchased foreign currency from the defendants and alleged co-conspirators for their own end use. In March 2017, the court granted UBS's (and the other banks') motions to dismiss the complaint. The plaintiffs filed an amended complaint in August 2017. In March 2018, the court denied the defendants' motions to dismiss the amended complaint.

In 2017, two putative class actions were filed in federal court in New York against UBS and numerous other banks on behalf of persons and entities who had indirectly purchased foreign exchange instruments from a defendant or co-conspirator in the US, and a consolidated complaint was filed in June 2017. In March 2018, the court dismissed the consolidated complaint. In October 2018, the court granted plaintiffs' motion seeking leave to file an amended complaint.

LIBOR and other benchmark-related regulatory matters: Numerous government agencies, including the SEC, the CFTC, the DOJ, the FCA, the UK Serious Fraud Office, the Monetary Authority of Singapore, the Hong Kong Monetary Authority, FINMA, various state attorneys general in the US and competition authorities in various jurisdictions, have conducted investigations regarding potential improper attempts by UBS, among others, to manipulate LIBOR and other benchmark rates at certain times. UBS reached settlements or otherwise concluded investigations relating to benchmark interest rates with the investigating authorities. UBS has ongoing obligations to cooperate with the authorities with whom UBS has reached resolutions and to undertake certain remediation measures with respect to benchmark interest rate submissions. UBS has been granted conditional leniency or conditional immunity from authorities in certain jurisdictions, including the Antitrust Division of the DOJ and the Swiss Competition Commission ("WEKO"), in connection with potential antitrust or competition law violations related to certain rates. However, UBS has not reached a final settlement with WEKO, as the Secretariat of WEKO has asserted that UBS does not qualify for full immunity.

LIBOR and other benchmark-related civil litigation: A number of putative class actions and other actions are pending in 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 in the US and in other jurisdictions are a number of other actions asserting losses related to various products whose interest rates were linked to LIBOR and other benchmarks, including adjustable rate mortgages, preferred and debt securities, bonds pledged as collateral, loans, depository accounts, investments and other interest-bearing instruments. The complaints allege manipulation, through various means, of certain benchmark interest rates, including USD LIBOR, Euroyen TIBOR, Yen LIBOR, EURIBOR, CHF LIBOR, GBP LIBOR, SGD SIBOR and SOR and Australian BBSW, and seek unspecified compensatory and other damages under varying legal theories.

USD LIBOR class and individual actions in the US: In 2013 and 2015, the district court in the USD LIBOR actions dismissed, in whole or in part, certain plaintiffs' antitrust claims, federal racketeering claims, CEA claims, and state common law claims. Although the Second Circuit vacated the district court's judgment dismissing antitrust claims, the district court again dismissed antitrust claims against UBS in 2016. Certain plaintiffs have appealed that decision to the Second Circuit. Separately, in 2018, the Second Circuit reversed in part the district court's 2015 decision dismissing certain individual plaintiffs' claims and certain of these actions are now proceeding. UBS entered into an agreement in 2016 with representatives of a class of bondholders to settle their USD LIBOR class action. The agreement has received preliminary court approval and remains subject to final approval. In 2018, the district court denied plaintiffs' motions for class certification in the USD class actions for claims pending against UBS, and plaintiffs sought permission to appeal that ruling to the Second Circuit. In July 2018, the Second Circuit denied the petition to appeal of the class of USD lenders and in November 2018 denied the petition of the USD exchange class. In December 2019, UBS entered into an agreement with representatives of the class of USD lenders to settle their USD LIBOR class action. The agreement is subject to approval by the court. In January 2019, a putative class action was filed in the District Court for the Southern District of New York against UBS and numerous other banks on behalf of US residents who, since 1 February 2014, directly transacted with a defendant



bank in USD LIBOR instruments. The complaint asserts antitrust claims. The defendants moved to dismiss the complaint on 30 August 2019.

Other benchmark class actions in the US: In 2014, the court in one of the Euroyen TIBOR lawsuits dismissed certain of the plaintiffs' claims, including a federal antitrust claim, for lack of standing. In 2015, this court dismissed the plaintiffs' federal racketeering claims on the same basis and affirmed its previous dismissal of the plaintiffs' antitrust claims against UBS. In 2017, this court also dismissed the other Yen LIBOR / Euroyen TIBOR action in its entirety on standing grounds, as did the court in the CHF LIBOR action. Also in 2017, the courts in the EURIBOR lawsuit dismissed the cases as to UBS and certain other foreign defendants for lack of personal jurisdiction. Plaintiffs in the other Yen LIBOR, Euroyen TIBOR and the EURIBOR actions have appealed the dismissals. In October 2018, the court in the SIBOR / SOR action dismissed all but one of plaintiffs' claims against UBS. Plaintiffs in the CHF LIBOR and SIBOR / SOR actions filed amended complaints following the dismissals, and the courts granted renewed motions to dismiss in July 2019 (SIBOR / SOR) and in September 2019 (CHF LIBOR). Plaintiffs in the SIBOR / SOR action have appealed the dismissal. In November 2018, the court in the BBSW lawsuit dismissed the case as to UBS and certain other foreign defendants for lack of personal jurisdiction. Following that dismissal, plaintiffs in the BBSW action filed an amended complaint in April 2019, which UBS and other defendants named in the amended complaint have moved to dismiss. The court dismissed the GBP LIBOR action in August 2019, and plaintiffs appealed the dismissal in September 2019.

Government bonds: Putative class actions have been filed since 2015 in US federal courts against UBS and other banks on behalf of persons who participated in markets for US Treasury securities since 2007. A consolidated complaint was filed in 2017 in the US District Court for the Southern District of New York alleging that the banks colluded with respect to, and manipulated prices of, US Treasury securities sold at auction and in the secondary market and asserting claims under the antitrust laws and for unjust enrichment. Defendants' motions to dismiss the consolidated complaint are pending. Similar class actions have been filed concerning European government bonds and other government bonds.

Government sponsored entities ("GSE") bonds: Starting in February 2019, class action complaints were filed in the US District Court for the Southern District of New York against UBS and other banks on behalf of plaintiffs who traded GSE bonds. A consolidated complaint was filed alleging collusion in GSE bond trading between 1 January 2009 and 1 January 2016. In December 2019, UBS and eleven other defendants agreed to settle the class action for a total of USD 250 million.

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 orders referred to above, UBS's balance sheet at 31 December 2019 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.

## **12.6 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. 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 other

things, 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 31 December 2019 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.

## **12.7 Securities transaction pricing and disclosure**

UBS identified and reported to the relevant authorities instances in which some Global Wealth Management clients booked in Hong Kong and Singapore may have been charged inappropriate spreads on debt securities transactions between 2008 and 2015. In November 2019, UBS AG entered into a settlement with the Hong Kong Securities and Futures Commission ("SFC") under which it was reprimanded and fined HKD 400 million (USD 51 million) and a settlement with the Monetary Authority of Singapore (MAS) under which it was fined SGD 11 million (USD 8.3 million). In addition, UBS has commenced reimbursing affected customers an aggregate amount equivalent to USD 47 million, including interest.

UBS's balance sheet at 31 December 2019 reflected a provision with respect to the matter described in this item 7 in an amount that UBS believes to be appropriate under the applicable accounting standard.

The specific litigation, regulatory and other matters described above under items (1) to (7) 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 the section "Provisions and contingent liabilities" of the UBS Group AG's interim consolidated financial information included in the Fourth Quarter 2019 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 below, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which UBS AG is aware) that 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.

Hong Kong initial public offerings ("IPOs"): The SFC conducted investigations into UBS's role as a sponsor of certain initial public offerings listed on the Hong Kong Stock Exchange. In March 2018, the SFC issued a decision notice in relation to one of the offerings under investigation. On 13 March 2019, UBS Securities Hong Kong Limited and UBS AG entered into a settlement agreement with the SFC resolving all of the SFC's pending investigations related to sponsorship of IPOs by UBS. The agreement provides for a fine of HKD 375 million (USD 48 million) and the suspension of UBS Securities Hong Kong Limited's ability to act as a sponsor for Hong Kong-listed IPOs for one year. The suspension was lifted on 14 January 2020.

FIFA investigation: UBS, and reportedly numerous other financial institutions, 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 cooperated with authorities in these inquiries.

## 2. Update of the Appendix 1 of the Registration Document

The "APPENDIX 1 - INFORMATION FOR THE PURPOSES OF ART. 26 (4) OF THE REGULATION (EU) 2017/1129" shall be completely replaced as follows:

Key information on the issuer																							
<b>Who is the issuer of the securities?</b>																							
<p><b>Domicile and legal form of the issuer</b> UBS AG is incorporated and domiciled in Switzerland and operates under the Swiss Code of Obligations as an Aktiengesellschaft, a corporation limited by shares. UBS AG's Legal Entity Identifier (LEI) code is BFM8T61CT2L1QCEMIK50.</p> <p><b>Principal activities of the issuer</b> 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 borrow and invest money on the capital markets. It may provide loans, guarantees and other kinds of financing and security for group companies.</p> <p><b>Major shareholders of the issuer</b> UBS Group AG owns 100% of the outstanding shares of UBS AG.</p> <p><b>Identity of the key managing directors of the issuer</b> The key managing directors of the issuer are the members of the issuer's Executive Board. These are: Sergio P. Ermotti, Christian Bluhm, Markus U. Diethelm, Kirt Gardner, Suni Harford, Robert Karofsky, Sabine Keller-Busse, Iqbal Khan, Edmund Koh, Tom Naratil, Piero Novelli, and Markus Ronner.</p> <p><b>Identity of the statutory auditors of the issuer</b> The statutory auditors of the issuer are Ernst &amp; Young Ltd, Aeschengraben 9, CH-4002 Basel.</p>																							
<b>What is the key financial information regarding the issuer?</b>																							
<p>UBS AG derived the selected consolidated financial information included in the table below for the years ended 31 December 2018, 2017 and 2016 from the Annual Report 2018, except where noted. The selected consolidated financial information included in the table below for the year ended 31 December 2019 and 31 December 2018 was derived from the Fourth Quarter 2019 Report, which contains selected unaudited interim consolidated financial information of UBS AG.</p> <p>The consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").</p>																							
<table border="1"> <thead> <tr> <th rowspan="2"></th> <th>As of or for the year ended</th> <th colspan="3">As of or for the year ended</th> </tr> <tr> <th>31.12.19</th> <th>31.12.18</th> <th>31.12.17</th> <th>31.12.16</th> </tr> </thead> <tbody> <tr> <td><i>USD million, except where indicated</i></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td><i>unaudited</i></td> <td colspan="3"><i>audited, except where indicated</i></td> </tr> </tbody> </table>						As of or for the year ended	As of or for the year ended			31.12.19	31.12.18	31.12.17	31.12.16	<i>USD million, except where indicated</i>						<i>unaudited</i>	<i>audited, except where indicated</i>		
	As of or for the year ended	As of or for the year ended																					
	31.12.19	31.12.18	31.12.17	31.12.16																			
<i>USD million, except where indicated</i>																							
	<i>unaudited</i>	<i>audited, except where indicated</i>																					
<b>Results</b>																							
<b>Income statement</b>																							
Operating income	29,307	30,642	30,044	28,831																			
Net interest income <sup>1</sup>	-	5,949	6,607	6,457																			
Net fee and commission income <sup>1</sup>	-	17,930	17,550	16,644																			
Credit loss (expense) / recovery <sup>1</sup>	-	(117)	(131)	(38)																			
Other net income from financial instruments measured at fair value through profit or loss <sup>1</sup>	-	5,977	5,067	5,018																			

Operating expenses	24,138	25,184	24,969	24,643
Operating profit / (loss) before tax	5,169	5,458	5,076	4,188
Net profit / (loss) attributable to shareholders	3,965	4,107	758	3,351
<b>Balance sheet <sup>2</sup></b>				
Total assets	971,916	958,055	940,020	919,236
Total financial liabilities measured at amortized cost <sup>1</sup>	-	612,174	660,498	612,884
<i>of which: customer deposits <sup>1</sup></i>	-	421,986	423,058	418,129
<i>of which: debt issued measured at amortized cost <sup>1</sup></i>	-	91,245	107,458	77,617
<i>of which: subordinated debt <sup>1</sup></i>	-	7,511	9,217	11,352* <sup>3</sup>
Total financial liabilities measured at fair value through profit or loss <sup>1</sup>	-	283,717	217,814	236,727
<i>of which: debt issued designated at fair value <sup>1</sup></i>	-	57,031	50,782	49,057
Loans and advances to customers <sup>1</sup>	-	321,482	328,952	300,678
Total equity <sup>1</sup>	-	52,432	52,046	53,627
Equity attributable to shareholders	53,754	52,256	51,987	52,957
<b>Profitability and growth</b>				
Return on equity (%)	7.4	7.9*	1.4*	6.0*
Return on tangible equity (%)	8.5	9.1*	1.6*	6.9*
Return on common equity tier 1 capital (%)	11.3	11.9*	2.3*	10.2*
Return on risk-weighted assets, gross (%)	11.2	12.0*	12.8*	13.1*
Return on leverage ratio denominator, gross (%)	3.2	3.4*	3.4*	3.2*
Cost / income ratio (%)	82.1	81.9*	82.7*	85.4*
Net profit growth (%)	(3.4)	441.9*	(77.4)*	(48.5)*
<b>Resources</b>				
Common equity tier 1 capital <sup>4,5</sup>	35,280	34,608	34,100*	31,879*
Risk-weighted assets <sup>4</sup>	257,831	262,840*	242,725*	219,330*
Common equity tier 1 capital ratio (%) <sup>4</sup>	13.7	13.2*	14.0*	14.5*
Going concern capital ratio (%) <sup>4</sup>	18.3	16.1*	15.6*	16.3*
Total loss-absorbing capacity ratio (%) <sup>4</sup>	33.9	31.3*	31.4*	29.6*
Leverage ratio denominator <sup>4</sup>	911,232	904,458*	910,133*	855,718*
Common equity tier 1 leverage ratio (%) <sup>4</sup>	3.87	3.83*	3.75*	3.73*
Going concern leverage ratio (%) <sup>4</sup>	5.2	4.7*	4.2*	4.2*
Total loss-absorbing capacity leverage ratio (%) <sup>4</sup>	9.6	9.1*	8.4*	7.6*
<b>Other</b>				
Invested assets (USD billion) <sup>6</sup>	3,607	3,101	3,262	2,761
Personnel (full-time equivalents)	47,033	47,643*	46,009*	56,208*
* unaudited				
<sup>1</sup> The information for the full year 2019 will only be available with the publication of the UBS Group AG and UBS AG annual report 2019 on 28 February 2020.				
<sup>2</sup> As reflected in the Annual Report 2018, the balance sheet figures under the column 31.12.2016 are as of 1.1.2017 for comparison purposes due to the adoption of IFRS 9, which was effective 1.1.2018.				
<sup>3</sup> This amount has been translated from the audited financials of the Annual Report 2017, which was reported in Swiss francs, into US dollars at closing exchange rates prevailing on the balance sheet date.				
<sup>4</sup> Based on the Swiss systemically relevant bank framework as of 1 January 2020.				
<sup>5</sup> The information as published in Swiss francs in the Annual Report 2017 for the period ended on 31 December 2017 (CHF 33,240 million) and in the UBS Group AG and UBS AG annual report 2016 for the period ended on 31 December 2016 (CHF 32,447 million) was audited.				
<sup>6</sup> Includes invested assets for Global Wealth Management, Asset Management and Personal & Corporate Banking.				

**What are the key risks that are specific to the issuer?**

Credit risk in relation to UBS AG as issuer

Each investor in securities issued by UBS AG as Issuer is exposed to the credit risk of UBS AG. The assessment of UBS AG's creditworthiness may be affected by a number of factors and developments. These include changes in market and macroeconomic conditions, credit risk exposure to clients and counterparties, results of claims, disputes, legal proceedings and government investigations, availability of funding sources, changes in the laws and regulations affecting financial institutions, heightened regulatory expectations and regulatory changes, and reputational damage and operational risks.

If UBS experiences financial difficulties, FINMA has the power to open restructuring or liquidation proceedings or impose protective measures in relation to UBS Group AG, UBS AG or UBS Switzerland AG, and such proceedings or measures may have a material adverse effect on UBS's shareholders and creditors.

If restructuring or liquidation proceedings are instituted against UBS AG, holders of securities may suffer a substantial or total loss on the securities.

## ADDRESS LIST

### ISSUER

#### Registered Head Office

UBS AG  
Bahnhofstrasse 45  
8001 Zurich  
Switzerland

#### **Executive Office of UBS AG, Jersey Branch**

UBS AG, Jersey Branch  
24 Union Street  
St. Helier JE2 3RF  
Jersey  
Channel Islands

UBS AG  
Aeschenvorstadt 1  
4051 Basel  
Switzerland

#### **Executive Office of UBS AG, London Branch**

UBS AG, London Branch  
5 Broadgate  
London EC2M 2QS  
United Kingdom

## **Availability of Documents**

The Registration Document dated 21 November 2019,

and all supplements thereto, if any, 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 <https://keyinvest-de.ubs.com/rechtliche-dokumentation>.

In addition, the annual and quarterly financial reports of UBS AG and UBS Group AG are published on UBS's website, at <https://www.ubs.com/global/en/investor-relations.html> or any successor address notified by the Issuer to the Securityholders for this purpose by way of publication on <http://keyinvest-de.ubs.com/bekanntmachungen>.