

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

Dated 27 August 2019 to the Base Prospectus of UBS AG, [London] [Jersey] [Branch], dated 13 May 2019,

in relation to Securities.

The Base Prospectus was approved and registered by the Swedish Financial Supervisory Authority ("**SFSA**"). Registration number at the SFSA is 19-9431. This Supplement is a part of the Base Prospectus and shall be read in conjunction with the Base Prospectus and the previous supplement.

Supplement No. 1 was approved by the SFSA on 12 June 2019. The Supplement was published by UBS AG on 12 June 2019. Registration number at the SFSA is 19-12183.

This Supplement No. 2 was approved by the SFSA on 27 August 2019. This Supplement was published by UBS AG on 27 August 2019. Registration number at the SFSA is 19-18048.

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

Publication of the second quarter 2019 financial report as per 30 June 2019 of UBS Group AG on 23 July 2019 and of UBS AG on 26 July 2019.

In the course of supplementing the Base Prospectus due to the publication of the second quarter financial report, as mentioned above, UBS AG has also taken the occasion to update in this supplement certain other updated information that has become available after the date of the Base Prospectus:

| Updated information | Updated sections |
|---|---|
| <p>Information regarding UBS AG has been updated pursuant to the above-mentioned second quarter 2019 financial report</p> | <p>Certain parts in the section "C. Risk Factors, 1. Issuer specific Risks".</p> <p>"C. Risk Factors, 2. Security specific Risks, 6. UBS has announced its intention to make certain structural changes in light of regulatory trends and requirements and the Conditions of the Securities do not contain any restrictions on the Issuer's or UBS's ability to restructure its business".</p> <p>The following subsections in the section "I. Information about UBS AG": "1. General Information on UBS AG", "2. Business Overview", chapters "Corporate Center" and "Recent Developments", "3. Organisational Structure of the Issuer", "4. Trend Information", "7. Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses, Interim Financial Information", "8. Litigation, Regulatory and Similar Matters", "9. Significant Changes in the Financial or Trading Position; Material Adverse Change in Prospects".</p> <p>The section "L. General Information, 7. Documents incorporated by Reference"</p> <p>The information in Elements B.4b, B.5 and B.12 of the Summary.</p> |
| <p>Other updated information:</p> | |
| <p>Update in relation to the General Conditions of the Securities</p> | <p>"F. Conditions of the Securities, 3. General Conditions of the Securities, § 4 Form of Securities; Title and Transfer; Status, (1) Form of Securities"</p> |
| <p>Update in relation to the business overview of UBS AG</p> | <p>The chapters "Asset Management" and "Investment Bank" in the section "I. Information about UBS AG, 2. Business Overview"</p> |
| <p>Update in relation to the members of the Board of Directors</p> | <p>"I. Information about UBS AG, 5. Administrative, Management and Supervisory Bodies of UBS AG, Members of the Board of Directors"</p> |

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| Update in relation to the members of the Executive Board | "1. Information about UBS AG, 5. Administrative, Management and Supervisory Bodies of UBS AG, Members of the Executive Board" |
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The attention of the investors is in particular drawn to the following: Investors who have already agreed to purchase or subscribe for the Securities before this supplement is published have, pursuant to the Financial Instruments Trading Act (SFS 1991:980) chapter 2 section 34, the right, exercisable within a time limit of two working days after the publication of this supplement, to withdraw their acceptances, provided that the new circumstances or the incorrectness causing the supplement occurred before the closing of the public offering and before the delivery of the securities. This means that the last day to withdrawal is before close of business on 29 August 2019. A withdrawal, if any, of an order must be communicated in writing to the Issuer at its registered office specified in the address list hereof.

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

In the section "C. RISK FACTORS" the following changes are made:

In the section "1. Issuer specific Risks" in the subsection "Regulatory and legal risks" in the chapter "Substantial changes in the regulation may adversely affect UBS's businesses and its ability to execute its strategic plans" the last paragraph is completely replaced as follows:

"In many instances, UBS 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'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'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 will generally need to rely on jurisdictions' willingness to collaborate."

In the section "1. Issuer specific Risks" in the subsection "Regulatory and legal risks" the chapter "Discontinuance of, or changes to, benchmark rates may require adjustments to UBS's agreements with clients and other market participants, as well as to UBS's systems and processes" is completely replaced as follows:

"Discontinuance of, or changes to, benchmark rates may require adjustments to UBS's agreements with clients and other market participants, as well as to UBS'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 the remaining issues associated with transitioning away from IBORs. Regulatory authorities continue to focus on transitioning to ARR by the end of 2021. In May 2019, the International Accounting Standards Board ("**IASB**") issued an exposure draft Interest Rate Benchmark Reform addressing hedge accounting issues that arise before the IBORs are replaced to provide some relief during this period of uncertainty, with work continuing on those issues that are expected to arise after replacement.

UBS 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's internal systems, limits and processes make use of IBORs as reference rates. Transition to replacement reference rates will require significant effort."

In the section “1. Issuer specific Risks” in the subsection “Regulatory and legal risks” in the chapter “UK withdrawal from the EU” the first two paragraphs are completely replaced as follows:

“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 the section “1. Issuer specific Risks” in the subsection “Strategy, management and operations risks” in the chapter “UBS may not be successful in the ongoing execution of its strategic plans” the first paragraph is completely replaced as follows:

“Over the last seven years, UBS has transformed its business to focus on its Global Wealth Management business and its universal bank in Switzerland, complemented by Asset Management and a significantly smaller and more capital efficient Investment Bank; UBS has substantially reduced the RWA and LRD usage in the Non-core and Legacy Portfolio; and made significant cost reductions. UBS has recently provided an update on the execution of its strategy, updated its performance targets and provided guidance on capital and resources. Risk remains that UBS may not succeed in executing its strategy or achieving its performance targets, or may be delayed in doing so. Market events or other factors may adversely affect UBS's ability to achieve its objectives. Macroeconomic conditions, geopolitical uncertainty, changes to regulatory requirements and the continuing costs of meeting these requirements have prompted UBS to adapt its targets and ambitions in the past and UBS may need to do so again in the future.”

In the section “1. Issuer specific Risks” in the subsection “Strategy, management and operations risks” in the chapter “UBS may not be successful in implementing changes in its wealth management businesses to meet changing market, regulatory and other conditions” the first paragraph is completely replaced as follows:

“UBS's wealth and asset management businesses operate in an environment of increasing regulatory scrutiny and changing standards with respect to fiduciary and other standards of care and the focus on mitigating or eliminating conflicts of interest between a manager or advisor and the client, which require effective implementation across the global systems and processes of investment managers and other industry participants. For example, the SEC has adopted a new "Regulation Best Interest" that is intended to enhance and clarify the duties of brokers and investment advisers to retail customers. Regulation Best Interest will apply to a large portion of Global Wealth Management's business in the US, and UBS will likely be required to materially change business processes, policies and the terms on which it interacts with these clients in order to comply with these rules. In addition, MiFID II imposes new requirements on UBS when providing advisory services to clients in the EU, including new requirements for agreements with clients.”

In the section “2. Security specific Risks”, in the subsection entitled “6. UBS has announced its intention to make certain structural changes in light of regulatory trends and requirements and the Conditions of the Securities do not contain any restrictions on the Issuer’s or UBS’s ability to restructure its business” the second paragraph is completely replaced as follows:

“In 2015, UBS AG transferred its personal & corporate banking and wealth management businesses booked in Switzerland to the newly established UBS Switzerland AG, a banking subsidiary of UBS AG in Switzerland. In 2016, UBS Americas Holding LLC was designated as the intermediate holding company for UBS’s US subsidiaries and UBS merged its wealth management subsidiaries in various European countries into UBS Europe SE, UBS’s German-headquartered European subsidiary. Additionally, UBS transferred the majority of Asset Management’s operating subsidiaries to UBS Asset Management AG. Effective 1 April 2019, the portion of the Asset Management business in Switzerland conducted by UBS AG was transferred from UBS AG to its indirect subsidiary, UBS Asset Management Switzerland AG.”

In the section “F. CONDITIONS OF THE SECURITIES” the following changes are made:

In the section “3. General Conditions of the Securities” in the paragraph “§ 4 Form of Securities; Title and Transfer; Status”, in the subparagraph “(1) Form of Securities” the alternatives (a) and (b) are completely replaced as follows:

“

**§ 4
Form of Securities; Title and Transfer;
Status**

(1) Form of Securities

(a) In case the Securities (i) are as of the Issue Date represented by a **Global Security** as specified in the applicable Product Terms in the definition “**Securities**”, and (ii) do not constitute Swedish Securities, Finnish Securities, Norwegian Securities, Danish Securities, the following applies:

The bearer Securities issued by the Issuer are represented by one or more permanent global bearer security/securities (the “**Global Security**”) without coupons which shall be signed by two authorised signatories of the Issuer. No definitive securities will be issued. The right to request the delivery of definitive securities is excluded.

The Global Security is deposited with the Clearing System or, if specified in the applicable Product Terms in the definition “**Clearing System**”, a common depository on behalf of the Clearing System in accordance with the applicable rules and regulations.

(b) In case the Securities (i) are initially represented by a **Temporary Global Security**, as specified in the applicable Product Terms in the definition “**Securities**”, and (ii) do not constitute Swedish Securities, Finnish Securities, Norwegian Securities, Danish Securities, the following applies:

(i) The bearer Securities issued by the Issuer are initially represented by a temporary global bearer security (the “**Temporary Global Security**”) without coupons which will be exchangeable for a permanent global bearer security (the “**Permanent Global Security**”) and, together with the Temporary Global Security, each a “**Global Security**”) without coupons. Each Global Security shall be signed by two authorised signatories of the Issuer. No definitive securities will be issued. The right to request the delivery of definitive securities is excluded.

(ii) The Temporary Global Security shall be exchanged for the Permanent Global Security on a date (the “**Exchange Date**”) not earlier than 40 days after the Issue Date. Such exchange and any payment of interest on Securities represented by a Temporary Global Security shall only be made upon delivery of certifications to the effect that the beneficial owner or owners of the Securities represented by the Temporary Global Security is not a U.S. person as defined by the U.S. Securities Act of 1933. Any such certification received by the Principal Paying Agent on or after the 40th day after the Issue Date will be treated as a request to exchange such Temporary Global Security as described above. Any securities delivered in exchange for the

Temporary Global Security shall be delivered only outside of the United States.

Each Global Security is deposited with the Clearing System or, if specified in the applicable Product Terms in the definition "**Clearing System**", a common depository on behalf of the Clearing System in accordance with the applicable rules and regulations.

"

In the section "I. INFORMATION ABOUT UBS AG" the following changes are made:

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

"On 30 June 2019, UBS Group's common equity tier 1 ("**CET1**") capital ratio was 13.3%, the CET1 leverage ratio was 3.83%, the total loss-absorbing capacity ratio was 33.3%, and the total loss-absorbing capacity leverage ratio was 9.6%.¹ On the same date, invested assets stood at USD 3,381 billion, equity attributable to shareholders was USD 53,180 million and market capitalisation² was USD 43,491 million. On the same date, UBS employed 66,922 people³.

On 30 June 2019, UBS AG consolidated CET1 capital ratio was 13.7%, the CET1 leverage ratio was 3.94%, the total loss-absorbing capacity ratio was 33.0%, and the total loss-absorbing capacity leverage ratio was 9.5%.¹ On the same date, invested assets stood at USD 3,381 billion and equity attributable to UBS AG shareholders was USD 52,359 million. On the same date, UBS AG Group employed 47,072 people³."

In the section "2. Business Overview" the paragraph headed "Asset Management" is completely replaced as follows:

"Asset Management

Asset Management is a large-scale and diversified global asset manager. It offers investment capabilities and styles across all major traditional and alternative asset classes, as well as platform solutions and advisory support to institutions, wholesale intermediaries and Global Wealth Management clients around the world. Asset Management offers clients a wide range of investment products and services in different asset classes in the form of segregated, pooled or advisory mandates as well as registered investment funds in various jurisdictions. It covers the main asset management markets globally, with a presence grouped in four regions: the Americas; Europe, Middle East and Africa; Switzerland; and Asia Pacific."

In the section "2. Business Overview" the chapter headed "Investment Bank" is completely replaced as follows:

"Investment Bank

The Investment Bank provides a range of services to institutional, corporate and wealth management clients to help them raise capital, grow their businesses, invest and manage risks. It is focused on its traditional strengths in advisory, capital markets, equities and

¹ All figures based on the Swiss systemically relevant bank framework as of 1 January 2020. Refer to the "*Capital management*" section of the Annual Report 2018 and of the Second Quarter 2019 Report, as defined herein, for more information.

² The calculation of market capitalization has been amended to reflect total shares outstanding multiplied by the share price at the end of the period. The calculation was previously based on total shares issued multiplied by the share price at the end of the period.

³ Full-time equivalents.

foreign exchange, complemented by a targeted rates and credit platform. The Investment Bank uses its research and technology capabilities to support its clients as they adapt to the evolving market structures and changes in the regulatory, technological, economic and competitive landscape. The Investment Bank delivers solutions to corporate, institutional and wealth management clients, using its intellectual capital and electronic platforms. It also provides services to Global Wealth Management, Personal & Corporate Banking and Asset Management. It has a global reach, with principal offices in all major financial hubs.”

In the section “2. Business Overview” in the chapter “Corporate Center” the second paragraph is completely replaced as follows:

“Beginning with the first quarter 2019 report, UBS provides results for total Corporate Center only and does not separately report Corporate Center – Services, Group ALM and Non-core and Legacy Portfolio. Furthermore, UBS has operationally combined Group Treasury with Group ALM and calls this combined function Group Treasury.”

In the section “2. Business Overview” the chapter “Recent Developments” is completely replaced as follows:

“Recent Developments

1. UBS AG consolidated key figures

UBS AG derived the selected consolidated financial information included in the table below for the years ended 31 December 2018, 2017 and 2016 from the Annual Report 2018, except where noted. The selected consolidated financial information included in the table below for the six months ended 30 June 2019 and 30 June 2018 was derived from the UBS AG second quarter 2019 report, published on 26 July 2019 (“**UBS AG Second Quarter 2019 Report**”).

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.

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 (to the extent indicated in the section “L. General Information – 7. Documents incorporated by Reference” of this Base Prospectus) and the UBS AG Second Quarter 2019 Report are incorporated by reference herein.

Prospective investors should read the whole of this Prospectus and the information incorporated by reference herein and should not rely solely on the summarized information set out below:

| | As of or for the six months ended | | As of or for the year ended | | |
|--|-----------------------------------|---------|-----------------------------|----------|----------|
| <i>USD million, except where indicated</i> | 30.6.19 | 30.6.18 | 31.12.18 | 31.12.17 | 31.12.16 |

| | <i>unaudited</i> | | <i>audited, except where indicated</i> | | |
|--|------------------|---------|--|----------|----------------------|
| Results | | | | | |
| Income statement | | | | | |
| Operating income | 14,975 | 16,033 | 30,642 | 30,044 | 28,831 |
| Net interest income ¹ | 2,104 | 2,604 | 5,949 | 6,607 | 6,457 |
| Net fee and commission income | 8,631 | 9,194 | 17,930 | 17,550 | 16,644 |
| Credit loss (expense) / recovery | (33) | (54) | (117) | (131) | (38) |
| Other net income from financial instruments measured at fair value through profit or loss ¹ | 3,872 | 3,968 | 5,977 | 5,067 | 5,018 |
| Operating expenses | 11,864 | 12,557 | 25,184 | 24,969 | 24,643 |
| Operating profit / (loss) before tax | 3,110 | 3,476 | 5,458 | 5,076 | 4,188 |
| Net profit / (loss) attributable to shareholders | 2,375 | 2,692 | 4,107 | 758 | 3,351 |
| Balance sheet ² | | | | | |
| Total assets | 968,645 | | 958,055 | 940,020 | 919,236 |
| Total financial liabilities measured at amortized cost | 615,153 | | 612,174 | 660,498 | 612,884 |
| <i>of which: customer deposits</i> | 435,582 | | 421,986 | 423,058 | 418,129 |
| <i>of which: subordinated debt</i> | 7,649 | | 7,511 | 9,217 | 11,352* ³ |
| Total financial liabilities measured at fair value through profit or loss | 292,684 | | 283,717 | 217,814 | 236,727 |
| Loans and advances to customers | 324,288 | | 321,482 | 328,952 | 300,678 |
| Total equity | 52,529 | | 52,432 | 52,046 | 53,627 |
| Equity attributable to shareholders | 52,359 | | 52,256 | 51,987 | 52,957 |
| Profitability and growth | | | | | |
| Return on equity (%) ⁴ | 9.0 | 10.3 | 7.9* | 1.4* | 6.0* |
| Return on tangible equity (%) ⁵ | 10.3 | 11.8 | 9.1* | 1.6* | 6.9* |
| Return on common equity tier 1 capital (%) ⁶ | 13.5 | 15.6 | 11.9* | 2.3* | 10.2* |
| Return on risk-weighted assets, gross (%) ⁷ | 11.4 | 12.5 | 12.0* | 12.8* | 13.1* |
| Return on leverage ratio denominator, gross (%) ⁸ | 3.3 | 3.5 | 3.4* | 3.4* | 3.2* |
| Cost / income ratio (%) ⁹ | 79.1 | 78.1 | 81.9* | 82.7* | 85.4* |
| Net profit growth (%) ¹⁰ | (11.8) | 16.4 | 441.9* | (77.4)* | (48.5)* |
| Resources | | | | | |
| Common equity tier 1 capital ^{11, 12} | 35,881 | 33,984 | 34,608 | 34,100* | 31,879* |
| Risk-weighted assets ¹¹ | 261,364 | 253,873 | 262,840* | 242,725* | 219,330* |
| Common equity tier 1 capital ratio (%) ¹¹ | 13.7 | 13.4 | 13.2* | 14.0* | 14.5* |
| Going concern capital ratio (%) ¹¹ | 17.8 | 16.2 | 16.1* | 15.6* | 16.3* |
| Total loss-absorbing capacity ratio (%) ¹¹ | 33.0 | 31.7 | 31.3* | 31.4* | 29.6* |
| Leverage ratio denominator ¹¹ | 911,601 | 911,453 | 904,458* | 910,133* | 855,718* |
| Common equity tier 1 leverage ratio (%) ¹¹ | 3.94 | 3.73 | 3.83* | 3.75* | 3.73* |
| Going concern leverage ratio (%) ¹¹ | 5.1 | 4.5 | 4.7* | 4.2* | 4.2* |
| Total loss-absorbing capacity leverage ratio (%) ¹¹ | 9.5 | 8.8 | 9.1* | 8.4* | 7.6* |
| Other | | | | | |
| Invested assets (USD billion) ¹³ | 3,381 | 3,271 | 3,101 | 3,262 | 2,761 |
| Personnel (full-time equivalents) | 47,072 | 46,597 | 47,643* | 46,009* | 56,208* |

* unaudited

¹ Effective from the first quarter of 2019, UBS refined the presentation of dividend income and expense. This resulted in a reclassification of dividends from *Interest income (expense) from financial instruments measured at fair value through profit or loss* into *Other net income from financial instruments measured at fair value through profit or loss* (prior to 1 January 2019: *Other net income from fair value changes on financial instruments*). *Net Interest Income* and *Other net income from financial instruments measured at fair*

value through profit or loss for the periods ending 30.06.2019 and 30.06.2018 have been restated.

² 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.

³ This amount has been translated from 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.

⁴ Calculated as net profit attributable to shareholders (annualized as applicable) / average equity attributable to shareholders. This measure provides information on the profitability of the business in relation to equity.

⁵ Calculated as net profit attributable to shareholders (annualized as applicable) / average equity attributable to shareholders less average goodwill and intangible assets. The definition of the numerator for return on tangible equity has been revised to align with numerators for return on equity and return on CET1 capital; i.e., it is no longer adjusted for amortization and impairment of goodwill and intangible assets. Prior periods have been restated. This measure provides information on the profitability of the business in relation to tangible equity.

⁶ Calculated as net profit attributable to shareholders (annualized as applicable) / average common equity tier 1 capital. This measure provides information on the profitability of the business in relation to common equity tier 1 capital.

⁷ Calculated as operating income before credit loss expense or recovery (annualized as applicable) / average risk-weighted assets. This measure provides information on the revenues of the business in relation to risk-weighted assets.

⁸ Calculated as operating income before credit loss expense or recovery (annualized as applicable) / average leverage ratio denominator. This measure provides information on the revenues of the business in relation to leverage ratio denominator.

⁹ Calculated as operating expenses / operating income before credit loss expense or recovery. This measure provides information on the efficiency of the business by comparing operating expenses with gross income.

¹⁰ Calculated as change in net profit attributable to shareholders from continuing operations between current and comparison periods / net profit attributable to shareholders from continuing operations of comparison period. This measure provides information on profit growth in comparison with the prior-year period.

¹¹ Based on the Swiss systemically relevant bank framework as of 1 January 2020.

¹² 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.

¹³ Includes invested assets for Global Wealth Management, Asset Management and Personal & Corporate Banking.

2. Accounting, regulatory and legal developments

Swiss Corporate Tax Reform

In May 2019, the Swiss electorate approved corporate tax reform measures that abolish preferential corporate tax regimes and introduce a series of tax measures aligned with Organisation for Economic Co-operation and Development (OECD) standards, while seeking to maintain Switzerland's competitiveness as a business location. The federal changes resulting from this tax reform are not expected to have a significant effect on the tax expenses for the Group, as increases resulting from the reform are expected to be largely offset by tax rate reductions and other changes currently under consideration at the cantonal level. The federal reform will become effective on 1 January 2020.

The reform measures also provide that for Swiss domiciled companies with shares listed on a stock exchange no more than 50% of dividends may be, and at least 50% of share repurchases for redemption must be, paid out of capital contribution reserves, with the remainder required to be paid from retained earnings.

As a result, at least 50% of all dividends paid after 1 January 2020, including dividends in respect of the financial year 2019, will be paid from retained earnings, and will be subject to a 35% Swiss withholding tax. As of 30 June 2019, UBS held USD 13 billion in approved capital contribution reserves for potential future distributions to shareholders, either in the form of dividends or share buybacks.

Separately, following a change in Swiss tax law as of 1 January 2019 that applies to holding companies of systemically relevant banks issuing loss-absorbing additional tier 1 or TLAC-eligible senior unsecured debt instruments, UBS will no longer issue such instruments out of UBS Group Funding (Switzerland) AG and existing instruments will be migrated to UBS Group AG during the second half of 2019.

EU equivalence for Swiss trading venues

On 18 June 2019, the European Commission decided not to extend its equivalence decision for Swiss trading venues beyond the end of June 2019, citing a perceived lack of progress

toward the conclusion of an institutional framework agreement between Switzerland and the EU as the reason for this decision. In reaction, the Swiss Federal Council activated a contingency measure to protect the Swiss stock exchange infrastructure, effective as of 1 July 2019. The Swiss measure introduced a recognition requirement for foreign trading venues that admit shares issued by Swiss incorporated companies to trading, with all EU trading venues having their recognition revoked due to the lack of reciprocity.

To comply with this measure, trading in Swiss shares on EU trading venues ceased on and was redirected from EU to Swiss trading venues as of 1 July 2019 as permitted under EU law in the absence of an EU trading venue.

UBS has prepared for this scenario and has, as of 1 July 2019, routed relevant trade flows in Swiss shares from EU to Swiss trading venues, with limited adjustment costs for UBS.

BCBS initial margin offset in the leverage ratio and new disclosure requirements

The Basel Committee on Banking Supervision ("**BCBS**") agreed to align the leverage ratio measurement of client-cleared derivatives with the standardized approach to measuring counterparty credit risk exposures (SA-CCR). UBS expects these provisions will become effective as of 1 January 2022. This treatment permits both cash and non-cash forms of segregated initial margin, as well as cash and non-cash variation margin, received from a client to offset the replacement cost and potential future exposure for client-cleared derivatives only. This will help to mitigate any potential effect on the leverage ratio denominator from the finalization of the Basel III capital framework, which takes effect from 1 January 2022.

The BCBS also introduced a new disclosure standard, effective as of 1 January 2022, which sets out additional requirements for banks to disclose their leverage ratios based on quarter-end and daily average values of securities financing transactions.

Consultation regarding revision of the Swiss Banking Act

In March 2019, the Swiss Federal Council commenced a consultation process with regard to a partial revision of the Swiss Banking Act. The consultation process ended in June 2019.

Among the proposed measures to strengthen the depositor protection scheme is a requirement that banks deposit half of their contribution obligations for the deposit protection scheme in securities or cash with a custodian.

An adjustment to the Intermediated Securities Act would introduce a requirement that all custodians of intermediated securities separate their own portfolios from the portfolios of their clients.

UBS expects the final rules to enter into effect no earlier than 2021 and to result in moderate additional costs for all Switzerland-based Group entities in scope.

US Regulation Best Interest

The US Securities and Exchange Commission ("**SEC**") has adopted rules and interpretations to enhance customer protection of retail investors. The effective date of these new provisions will be 30 June 2020. The new rules are intended to align the legal requirements and mandated disclosures for broker-dealers and investment advisers with reasonable investor expectations, while preserving access, in terms of choice and cost, to a variety of investment services and products.

Regulation Best Interest elevates the standard of care for broker-dealers from the current "suitability" requirement to a newly defined "best interest" standard, which applies to any securities transaction or investment strategy involving securities offered to a retail customer and makes clear that a broker-dealer may not put its financial interests ahead of the interests of a retail customer when making recommendations. The regulation also creates new disclosure requirements and additional compliance program requirements. Implementation of these changes will require operational and supervisory changes for UBS's US broker-dealers.

SEC amendments to cross-border application of US security-based swap regulations / Capital, margin and segregation requirements for security-based swap dealers

The SEC recently proposed amendments to previously proposed measures on the cross-border application of US security-based swap regulations, as well as adopting capital, margin and segregation requirements for security-based swap dealers.

The amendments to the cross-border application of US security-based swap regulations would allow greater involvement by US-based personnel in transactions by non-US security-based swap dealers with non-US persons without requiring the non-US dealer to register with the SEC. The SEC also proposed interpretative guidance on its registration requirements, including the requirements for representations and legal opinions on access to books and records of a non-US dealer and requests for substituted compliance. UBS continues to expect that UBS AG will be required to register with the SEC as a security-based swap dealer, most likely not before 2021.

Developments related to the transition away from IBORs

Liquidity and activity in Alternative Reference Rates ("**ARR**") continue to develop in markets globally, with work progressing to resolve the remaining issues associated with transitioning away from interbank offered rates ("**IBORs**"). Regulatory authorities continue to focus on transitioning to ARR by the end of 2021.

In May 2019, the International Accounting Standards Board ("**IASB**") issued an exposure draft Interest Rate Benchmark Reform addressing hedge accounting issues that arise before the IBORs are replaced to provide some relief during this period of uncertainty, with work continuing on those issues that are expected to arise after replacement.

UBS has a substantial number of contracts linked to IBORs. The new risk-free ARRs do not currently provide a term structure, which will require a change in the contractual terms of products currently indexed on terms other than overnight. UBS has established a cross-divisional, cross-regional governance structure and change program to address the scale and complexity of the transition.

Strategic optimization initiatives

In June 2019, UBS announced a strategic wealth management partnership in Japan with Sumitomo Mitsui Trust Holdings, Inc. ("**SuMi Trust Holdings**"). Subject to receiving all necessary regulatory and other approvals, UBS and SuMi Trust Holdings plan to offer each other's products and services to their respective current and future clients from the end of 2019 through the establishment of a marketing joint venture. Subject to the same approvals, an operational joint venture entity will be established in 2021, which will be 51% owned and controlled by UBS, requiring UBS to consolidate the new company for accounting and regulatory reporting. UBS and SuMi Trust Holdings will, through the overall joint venture arrangement, be able to offer a more extensive range of products and services than either partner is currently able to offer on its own.

Effective 1 April 2019, as part of UBS's efforts to improve the resolvability of the Group, the portion of the Asset Management business in Switzerland conducted by UBS AG was transferred from UBS AG to its indirect subsidiary, UBS Asset Management Switzerland AG. With this transfer, UBS has completed the transfer of its Swiss Asset Management business and all Asset Management subsidiaries outside the US into a separate Asset Management sub-group structure.

UBS is continuing to execute on its strategic initiatives and is considering other strategic optimization opportunities that would leverage UBS's technology capabilities, build on its strengths and focus resources on growth areas. These opportunities may include strategic partnerships, additional collaboration across business divisions, evolution of UBS's business models and optimization of its legal entities.

Refer to the "Recent developments" section of the UBS Group Second Quarter 2019 Report published on 23 July 2019 ("**UBS Group Second Quarter 2019 Report**"), as well as to the "Regulatory and legal developments" in the "Our strategy, business model and environment" section of the Annual Report 2018 for further information on key accounting, regulatory and legal developments."

In the section "3. Organisational Structure of the Issuer" the third paragraph is completely replaced as follows:

"In 2015, UBS AG transferred its personal & corporate banking and wealth management businesses booked in Switzerland to the newly established UBS Switzerland AG, a banking subsidiary of UBS AG in Switzerland. In 2016, UBS Americas Holding LLC was designated as the intermediate holding company for UBS's US subsidiaries and UBS merged its wealth management subsidiaries in various European countries into UBS Europe SE, UBS's German-headquartered European subsidiary. Additionally, UBS transferred the majority of Asset Management's operating subsidiaries to UBS Asset Management AG. Effective 1 April 2019, the portion of the Asset Management business in Switzerland conducted by UBS AG was transferred from UBS AG to its indirect subsidiary, UBS Asset Management Switzerland AG."

The section "4. Trend Information" is completely replaced as follows:

"4. Trend Information

As indicated in the UBS Group Second Quarter 2019 Report, the overall pace of global growth has stabilized at a lower level after a synchronized global slowdown in prior quarters. Downside risks remain due to political uncertainties and geopolitical tensions. Central banks are indicating a reversal of monetary policy normalization and embarking on new stimulus measures. A sharp drop in interest rates and expected rate cuts will continue to adversely affect net interest income compared with last year. UBS's regional and business diversification, along with higher invested assets benefitting recurring revenues, will help to mitigate this. An improvement in investor sentiment and higher market volatility could help to offset the typical third quarter seasonality. UBS is executing its strategy with discipline, focusing on balancing efficiency and investments for growth, to deliver on our capital return objectives and to create sustainable long-term value for UBS shareholders.

Refer to "Our environment" in the "Our strategy, business model and environment" section of the Annual Report 2018 and the section "C. Risk Factors – 1. Issuer specific Risks" of this Base Prospectus for more information."

In the section "5. Administrative, Management and Supervisory Bodies of UBS AG" the chapter "Members of the Board of Directors" is completely replaced as follows:

"Members of the Board of Directors

| Member and business address | Title | Term of office | Current principal positions outside UBS AG |
|---|---------------------------|-----------------------|--|
| 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 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 | Independent Vice Chairman | 2020 | Senior Independent Director and Independent Vice Chairman 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 |

| | | | |
|---|--------|------|---|
| 45, CH-8001 Zurich | | | 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. |
| 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 ICBC; 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's 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). |
| 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; 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; 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 ETH Zurich Foundation Board of Trustees; 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 FFM 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, for the University of Chicago Booth School of Business; member of the Securities Industry Council. |

“

In the section “5. Administrative, Management and Supervisory Bodies of UBS AG” the chapter “Members of the Executive Board” is completely replaced as follows:

“Members of the Executive Board

| Member and business address | Function | Current principal positions outside UBS AG |
|-----------------------------|----------------------------------|---|
| Sergio P. Ermotti | President of the Executive Board | Member of the Group Executive Board and Group Chief Executive Officer of UBS Group AG; board member of UBS Switzerland AG; Chairman of the UBS Optimus Foundation board; Chairman of the Fondazione Ermotti, Lugano; board member of the Swiss-American Chamber of Commerce; board member of the Global Apprenticeship Network; |

| | | |
|---|---|--|
| UBS AG, Bahnhofstrasse 45, CH-8001 Zurich | | member of the Institut International D'Etudes Bancaires; member of the Said Business School Global Leadership Council, University of Oxford. |
| Martin Blessing UBS AG, Bahnhofstrasse 45, CH-8001 Zurich..... | co-President Global Wealth Management | Member of the Group Executive Board and co-President Global Wealth Management of UBS Group AG; member of the Executive Board of Baden-Baden Entrepreneur Talks. |
| Christian Bluhm UBS AG, Bahnhofstrasse 45, CH-8001 Zurich | Chief Risk Officer | Member of the Group Executive Board and Group Chief Risk Officer of UBS Group AG; board member of UBS Switzerland AG; chairman of the Foundation Board – International Financial Risk Institute. |
| Markus U. Diethelm UBS AG, Bahnhofstrasse 45, CH-8001 Zurich | General Counsel | Member of the Group Executive Board and Group General Counsel of UBS Group AG; chairman of the Swiss-American Chamber of Commerce's legal committee; Chairman of the Swiss Advisory Council of the American Swiss Foundation; member of the Foundation Council of the UBS International Center of Economics in Society; member of the Supervisory Board of the Fonds de Dotation LUMA / Arles. |
| Kirt Gardner UBS AG, Bahnhofstrasse 45, CH-8001 Zurich | Chief Financial Officer | Member of the Group Executive Board and Group Chief Financial Officer of UBS Group AG; board member of UBS Business Solutions AG. |
| Robert Karofsky UBS AG, 1285 Avenue Of The Americas, New York, NY 10019, USA | Co-President Investment Bank | Member of the Group Executive Board and co-President Investment Bank of UBS Group AG; president and board member of UBS Securities LLC; trustee of the UBS Americas Inc. Political Action Committee. |
| Sabine Keller-Busse UBS AG, Bahnhofstrasse 45, CH-8001 Zurich | Chief Operating Officer | Member of the Group Executive Board and Group Chief Operating Officer of UBS Group AG; board member of UBS Business Solutions AG; vice-chairman of the Board of Directors of SIX Group (Chairman of the nomination & compensation committee); Foundation Board member of the UBS Pension Fund; Foundation Board member of the University Hospital Zurich. |
| Edmund Koh UBS AG, One Raffles Quay North Tower, Singapore 048583 | President UBS Asia Pacific | Member of the Group Executive Board of UBS Group AG and President UBS Asia Pacific; member of the Wealth Management Institute at Nanyang Technological University Singapore; member of the Ministry of Finance's Committee on the Future Economy Sub-Committees; member of the Board of Next50 Limited; trustee of the Cultural Matching Fund; member of the Board of Medico Suites (S) Pte Ltd; member of the Board of Medico Republic (S) Pte Ltd. |
| Ulrich Körner UBS AG, Bahnhofstrasse 45, CH-8001 Zurich | President Asset Management and President UBS Europe, Middle East and Africa | Member of the Group Executive Board, President Asset Management and President UBS Europe, Middle East and Africa at UBS Group AG; member of the Supervisory Board of UBS Europe SE; Chairman of the Foundation Board of the UBS Pension Fund; member of the UBS Optimus Foundation Board; Vice President of the board of Lyceum Alpinum Zuoz; member of the Financial Service Chapter Board of the Swiss- American Chamber of Commerce; Advisory Board member of the Department of Banking and Finance at the University of Zurich; member of the business advisory council of the Laureus Foundation Switzerland. |
| Tom Naratil UBS AG, 1285 Avenue Of The Americas, New York, NY 10019 USA | co-President Global Wealth Management and President UBS Americas | Member of the Group Executive Board and co-President Global Wealth Management and President UBS Americas of UBS Group AG; CEO and board member of UBS Americas Holding LLC; board member of the American Swiss Foundation; member of the Board of Consultors for the College of Nursing at Villanova University. |
| Piero Novelli UBS AG, Bahnhofstrasse 45, CH-8001 Zurich | Co-President Investment Bank | Member of the Group Executive Board and co-President Investment Bank at UBS Group AG. |
| Markus Ronner UBS AG, Bahnhofstrasse 45, CH-8001 Zurich | Chief Compliance and Governance Officer | Member of the Group Executive Board and Group Chief Compliance and Governance Officer at UBS Group AG. |

“

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

“Interim Financial Information

Reference is also made to (i) the UBS Group AG first quarter 2019 report published on 25 April 2019 (“**UBS Group First Quarter 2019 Report**”), and the UBS AG first quarter 2019 report published on 30 April 2019 (“**UBS AG First 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 31 March 2019; and to (ii) the UBS Group Second Quarter 2019 Report and the UBS AG Second 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 June 2019. The interim consolidated financial statements are not audited.”

The section “8. Litigation, Regulatory and Similar Matters” is completely replaced as follows:

“8. Litigation, Regulatory and Similar Matters

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

Such matters are subject to many uncertainties, and the outcome and the timing of resolution are often difficult to predict, particularly in the earlier stages of a case. There are also situations where UBS may enter into a settlement agreement. This may occur in order to avoid the expense, management distraction or reputational implications of continuing to contest liability, even for those matters for which UBS believes it should be exonerated. The uncertainties inherent in all such matters affect the amount and timing of any potential outflows for both matters with respect to which provisions have been established and other contingent liabilities. UBS makes provisions for such matters brought against it when, in the opinion of management after seeking legal advice, it is more likely than not that UBS has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required, and the amount can be reliably estimated. Where these factors are otherwise satisfied, a provision may be established for claims that have not yet been asserted against UBS, but are nevertheless expected to be, based on UBS’s experience with similar asserted claims. If any of those conditions is not met, such matters result in contingent liabilities. If the amount of an obligation cannot be reliably estimated, a liability exists that is not recognized even if an outflow of resources is probable. Accordingly, no provision is established even if the potential outflow of resources with respect to 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 "Note 15a Provisions" of the UBS AG's interim consolidated financial statements included in the UBS AG Second 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 is subject to probation through 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 UBS Group Second Quarter 2019 Report.

Provisions for litigation, regulatory and similar matters by business division and in Corporate Center¹

| <i>USD million</i> | Global Wealth Management | Personal & Corporate Banking | Asset Management | Investme nt Bank | Corporat e Center | UBS |
|---|--------------------------------|---------------------------------------|---------------------|---------------------|----------------------|--------------|
| Balance as of 31 December 2018 | 1,003 | 117 | 0 | 269 | 1,438 | 2,827 |
| Balance as of 31 March 2019 | 943 | 114 | 0 | 201 | 1,419 | 2,677 |
| Increase in provisions recognized in the income statement | 39 | 0 | 0 | 0 | 0 | 40 |
| Release of provisions recognized in the income statement | (19) | 0 | 0 | (1) | (15) | (35) |
| Provisions used in conformity with designated purpose | (113) | (1) | 0 | 0 | (70) | (184) |
| Foreign currency translation / unwind of discount | 7 | 2 | 0 | 2 | 0 | 11 |
| Balance as of 30 June 2019 | 858 | 114 | 0 | 202 | 1,334 | 2,509 |

¹ Provisions, if any, for the matters described in this section are recorded in Global Wealth Management (item 3 and item 4) 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.

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. The Supreme Court on 26 July 2019, reversed the decision of the Federal Administrative Court. The judges also stated that FTA must ensure that the French authorities respect the principle of "speciality", i.e. that the information provided may only be used for the purposes specified in the request. The court will issue a written decision in due course.

Since 2013, UBS (France) S.A., UBS AG and certain former employees have been under investigation in France for alleged complicity in having illicitly solicited 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 illicitly soliciting 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 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, its balance sheet at 30 June 2019 reflected provisions with respect to this matter in an amount of USD 516 million. 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 30 June 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.

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

UBS's balance sheet at 30 June 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.

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. The settlement remains subject to court approval and proceedings to determine how the settlement funds will be distributed to RMBS holders. 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.

UBS's balance sheet at 30 June 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.

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. The defendants, including UBS, are preparing 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.

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 3.2 billion, of which claims with aggregate claimed damages of USD 2.2 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.

UBS's balance sheet at 30 June 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.

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 is subject to probation through 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 or are continuing to conduct investigations regarding potential improper attempts by UBS, among others, to manipulate LIBOR and other benchmark rates at certain times. In 2012, UBS reached settlements relating to benchmark interest rates with the UK Financial Services Authority, the CFTC and the Criminal Division of the DOJ, and FINMA issued an order in its proceedings with respect to UBS relating to benchmark interest rates. In addition, UBS entered into settlements with the European Commission and with the Swiss Competition Commission ("**WEKO**") regarding its investigation of bid-ask spreads in connection with Swiss franc interest rate derivatives. 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. In December 2018, UBS

entered into a settlement agreement with the New York and other state attorneys general under which it has paid USD 68 million to resolve claims by the attorneys general related to LIBOR. UBS has been granted conditional leniency or conditional immunity from authorities in certain jurisdictions, including the Antitrust Division of the DOJ and 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, USD and 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. 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 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 and unjust enrichment claims.

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. 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 have filed amended complaints following the dismissals, which UBS and other defendants have moved to dismiss. 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. UBS and other defendants also moved to dismiss the GBP LIBOR action in December 2016, but that motion was denied as to UBS in December 2018. UBS moved for reconsideration of that decision in January 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.

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 30 June 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.

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 30 June 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.

The specific litigation, regulatory and other matters described above under items (1) to (6) 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 "Note 15 Provisions and contingent liabilities" to the UBS AG's interim consolidated financial statements included in the UBS AG Second 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 Hong Kong Securities and Futures Commission ("**SFC**") has been conducting investigations into UBS's role as a sponsor of certain initial public offerings listed on the Hong Kong Stock Exchange. The SFC has previously indicated that it intended to take enforcement action against UBS and certain employees in relation to certain of these offerings. 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."

Section "9. Significant Changes in the Financial or Trading Position; Material Adverse Change in Prospects" is completely replaced as follows:

"9. Significant Changes in the Financial or Trading Position; Material Adverse Change in Prospects

There has been no material adverse change in the prospects of UBS AG or UBS AG Group since 31 December 2018.

There has been no significant change in the financial or trading position of UBS AG or UBS AG Group since 30 June 2019, which is the end of the last financial period for which financial information has been published."

In the section "L. GENERAL INFORMATION" in the subsection "7. Documents incorporated by Reference" a new paragraph (g) is inserted and the numbering of the successive paragraphs is adjusted accordingly. Consequently, the subsection 7. reads as follows:

"7. Documents incorporated by Reference

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

- (a) The annual report of UBS Group AG and UBS AG as of 31 December 2018 (other than the section "(1) Our strategy, business model and environment - Risk factors" on pages 50 to 61 (including)), comprising the introductory section, as well as the sections (1) Our strategy, business model and environment, (2) Financial and operating performance, (3) Risk, treasury and capital management, (4) Corporate governance and compensation, (5) Consolidated financial statements (including the "Statutory auditor's report on the audit of the consolidated financial statements" and the "Report of Independent Registered Public Accounting Firm"), (6) Standalone financial statements, (7) Significant regulated subsidiary and sub-group information, (8) Additional regulatory information, and the Appendix; (published on the UBS website, at <https://www.ubs.com/global/en/investor-relations/financial-information/annual-reporting/2018.html>);
- (b) The UBS AG standalone financial statements and regulatory information for the year ended 31 December 2018 (including the "Report of the statutory auditor on the financial statements") (published on the UBS website, at <https://www.ubs.com/global/en/investor-relations/complementary-financial-information/disclosure-legal-entities/ubs-ag-standalone.html>);
- (c) The annual report of UBS Group AG and UBS AG as of 31 December 2017 (other than the section "(1) Operating environment and strategy - Risk factors" on pages 45 to 56 (including)), comprising the introductory section, as well as the sections (1) Operating environment and strategy, (2) Financial and operating performance, (3) Risk, treasury and capital management, (4) Corporate governance, responsibility and compensation, (5) Consolidated financial statements (including the "Statutory auditor's report on the audit of the consolidated financial statements" and the "Report of Independent Registered Public Accounting Firm"), (6) Standalone financial statements, (7) Significant regulated subsidiary and sub-group information, (8) Additional regulatory information, and the Appendix;

- (published on the UBS website, at <https://www.ubs.com/global/en/investor-relations/financial-information/annual-reporting/ar-archive.html>);
- (d) The UBS AG standalone financial statements and regulatory information for the year ended 31 December 2017 (including the "Report of the statutory auditor on the financial statements") (published on the UBS website, at <https://www.ubs.com/global/en/investor-relations/complementary-financial-information/disclosure-legal-entities/ubs-ag-standalone.html>);
 - (e) The annual report of UBS Group AG and UBS AG as of 31 December 2016 (other than the section "(1) Operating environment and strategy - Risk factors" on pages 44 to 55 (including)), comprising the introductory section, as well as the sections (1) Operating environment and strategy (other than the section "Risk factors" on pages 44 to 55 (including)), (2) Financial and operating performance, (3) Risk, treasury and capital management, (4) Corporate governance, responsibility and compensation, (5) Financial statements (including the "Statutory auditor's report on the audit of the consolidated financial statements" and the "Report of Independent Registered Public Accounting Firm"), (6) Additional regulatory information, and the Appendix (published on the UBS website, at <https://www.ubs.com/global/en/investor-relations/financial-information/annual-reporting/ar-archive.html>);
 - (f) The UBS AG standalone financial statements and regulatory information for the year ended 31 December 2016 including the "Report of the statutory auditor on the financial statements" (published on the UBS website, at <https://www.ubs.com/global/en/investor-relations/complementary-financial-information/disclosure-legal-entities/ubs-ag-standalone.html>);
 - (g) The UBS Group First Quarter 2019 Report and the UBS AG First Quarter 2109 Report (published on the UBS website, at <https://www.ubs.com/global/en/investor-relations/financial-information/quarterly-reporting/2019.html>);
 - (h) The UBS Group Second Quarter 2019 Report and the UBS AG Second Quarter 2109 Report (published on the UBS website, at <https://www.ubs.com/global/en/investor-relations/financial-information/quarterly-reporting/2019.html>);
 - (i) the Conditions of the Securities as contained on pages 157 to 241 of the Base Prospectus dated 23 June 2014 of UBS AG as filed with SFSA (published on the UBS website, at <http://keyinvest-eu.ubs.com/legal-documents>);
 - (j) the Conditions of the Securities as contained on pages 212 to 318 of the Base Prospectus dated 17 April 2015 of UBS AG as filed with SFSA (published on the UBS website, at <http://keyinvest-eu.ubs.com/legal-documents>);
 - (k) the Conditions of the Securities as contained on pages 192 to 289 of the Base Prospectus dated 8 January 2016 of UBS AG as filed with SFSA (published on the UBS website, at <http://keyinvest-eu.ubs.com/legal-documents>);
 - (l) the Conditions of the Securities as contained on pages 187 to 286 of the Base Prospectus dated 27 September 2016 of UBS AG as filed with SFSA (published on the UBS website, at <http://keyinvest-eu.ubs.com/legal-documents>);
 - (m) the Conditions of the Securities as contained on pages 147 to 246 of the Base Prospectus dated 21 June 2017 of UBS AG as filed with SFSA (published on the UBS website, at <http://keyinvest-eu.ubs.com/legal-documents>);
 - (n) the Conditions of the Securities as contained on pages 149 to 252 of the Base Prospectus dated 1 March 2018 of UBS AG as filed with SFSA (published on the UBS website, at <http://keyinvest-eu.ubs.com/legal-documents>), and
 - (o) the Conditions of the Securities as contained on pages 149 to 252 of the Base Prospectus dated 12 October 2018 of UBS AG as filed with SFSA (published on the UBS website, at <http://keyinvest-eu.ubs.com/legal-documents>),

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

- 2) In relation to the Base Prospectus for Securities of UBS AG, [London] [Jersey] [Branch] dated 13 May 2019 in the section headed "A. Summary of the Base Prospectus (in the English language)" the following changes shall be made:

In the section headed "Section B – Issuer":

Element B.4b is completely replaced as follows:

| | | |
|-------------|--|---|
| B.4b | A description of any known trends affecting the issuer or the industries in which it operates. | <p>Trend Information</p> <p>As indicated in the UBS Group Second Quarter 2019 Report, the overall pace of global growth has stabilized at a lower level after a synchronized global slowdown in prior quarters. Downside risks remain due to political uncertainties and geopolitical tensions. Central banks are indicating a reversal of monetary policy normalization and embarking on new stimulus measures. A sharp drop in interest rates and expected rate cuts will continue to adversely affect net interest income compared with last year. UBS's regional and business diversification, along with higher invested assets benefitting recurring revenues, will help to mitigate this. An improvement in investor sentiment and higher market volatility could help to offset the typical third quarter seasonality. UBS is executing its strategy with discipline, focusing on balancing efficiency and investments for growth, to deliver on our capital return objectives and to create sustainable long-term value for UBS shareholders.</p> |
|-------------|--|---|

In Element B.5 the third paragraph is completely replaced. Consequently, Element B.5 reads as follows:

| | | |
|------------|--|--|
| B.5 | Description of the group and the issuer's position within the group. | <p>UBS AG is a Swiss bank and the parent company of the UBS AG Group. It is 100% owned by UBS Group AG, which is the holding company of the UBS Group. UBS operates as a group with four business divisions and a Corporate Center.</p> <p>In 2014, UBS began adapting its legal entity structure to improve the resolvability of the Group in response to too big to fail requirements in Switzerland and recovery and resolution regulation in other countries in which the Group operates. In December 2014, UBS Group AG became the holding company of the Group.</p> <p>In 2015, UBS AG transferred its personal & corporate banking and wealth management businesses booked in Switzerland to the newly established UBS Switzerland AG, a banking subsidiary of UBS AG in Switzerland. In 2016, UBS Americas Holding LLC was designated as the intermediate holding company for UBS's US subsidiaries and UBS merged its wealth management subsidiaries in various European countries into UBS Europe SE, UBS's German-headquartered European subsidiary. Additionally, UBS transferred the majority of Asset Management's operating subsidiaries to UBS Asset Management AG. Effective 1 April 2019, the portion of the Asset Management business in Switzerland conducted by UBS AG was transferred from UBS AG to its indirect subsidiary, UBS Asset Management Switzerland AG.</p> <p>UBS Business Solutions AG, a wholly owned subsidiary of UBS Group AG, was established in 2015 and acts as the Group service company. In 2017, UBS's shared services functions in Switzerland and the UK were transferred from UBS AG to UBS Business Solutions AG. UBS also completed the transfer of shared services functions in the US to its US service company, UBS Business Solutions US LLC, a wholly owned subsidiary of UBS Americas Holding LLC.</p> |
|------------|--|--|

| | | |
|--|--|---|
| | | <p>In March 2019, UBS Limited, UBS's UK headquartered subsidiary, was merged into UBS Europe SE prior to the UK's scheduled departure from the EU. Former clients and other counterparties of UBS Limited who can be serviced by UBS AG's London Branch were migrated to UBS AG's London Branch prior to the merger.</p> <p>UBS continues to consider further changes to the Group's legal structure in response to regulatory requirements and other external developments. Such changes may include further consolidation of operating subsidiaries in the EU and adjustments to the booking entity or location of products and services.</p> |
|--|--|---|

Element B.12 is completely replaced as follows:

| | | |
|-------------|---|--|
| B.12 | <p>Selected historical key financial information / Material adverse change statement / Significant changes statement.</p> | <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 six months ended 30 June 2019 and 30 June 2018 was derived from the UBS AG Second Quarter 2019 Report.</p> <p>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, <i>The Effects of Changes in Foreign Exchange Rates</i>. 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.</p> <p>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.</p> |
|-------------|---|--|

| | As of or for the six months ended | | As of or for the year ended | | |
|--|-----------------------------------|---------|--|----------|----------|
| <i>USD million, except where indicated</i> | 30.6.19 | 30.6.18 | 31.12.18 | 31.12.17 | 31.12.16 |
| | <i>unaudited</i> | | <i>audited, except where indicated</i> | | |
| Results | | | | | |
| Income statement | | | | | |
| Operating income | 14,975 | 16,033 | 30,642 | 30,044 | 28,831 |
| Net interest income ¹ | 2,104 | 2,604 | 5,949 | 6,607 | 6,457 |
| Net fee and commission income | 8,631 | 9,194 | 17,930 | 17,550 | 16,644 |
| Credit loss (expense) / recovery | (33) | (54) | (117) | (131) | (38) |
| Other net income from financial instruments measured at fair value through profit or loss ¹ | 3,872 | 3,968 | 5,977 | 5,067 | 5,018 |
| Operating expenses | 11,864 | 12,557 | 25,184 | 24,969 | 24,643 |

| | | | | | |
|---|---------|---------|----------|----------|----------------------|
| Operating profit / (loss) before tax | 3,110 | 3,476 | 5,458 | 5,076 | 4,188 |
| Net profit / (loss) attributable to shareholders | 2,375 | 2,692 | 4,107 | 758 | 3,351 |
| Balance sheet ² | | | | | |
| Total assets | 968,645 | | 958,055 | 940,020 | 919,236 |
| Total financial liabilities measured at amortized cost | 615,153 | | 612,174 | 660,498 | 612,884 |
| <i>of which: customer deposits</i> | 435,582 | | 421,986 | 423,058 | 418,129 |
| <i>of which: subordinated debt</i> | 7,649 | | 7,511 | 9,217 | 11,352* ³ |
| Total financial liabilities measured at fair value through profit or loss | 292,684 | | 283,717 | 217,814 | 236,727 |
| Loans and advances to customers | 324,288 | | 321,482 | 328,952 | 300,678 |
| Total equity | 52,529 | | 52,432 | 52,046 | 53,627 |
| Equity attributable to shareholders | 52,359 | | 52,256 | 51,987 | 52,957 |
| Profitability and growth | | | | | |
| Return on equity (%) ⁴ | 9.0 | 10.3 | 7.9* | 1.4* | 6.0* |
| Return on tangible equity (%) ⁵ | 10.3 | 11.8 | 9.1* | 1.6* | 6.9* |
| Return on common equity tier 1 capital (%) ⁶ | 13.5 | 15.6 | 11.9* | 2.3* | 10.2* |
| Return on risk-weighted assets, gross (%) ⁷ | 11.4 | 12.5 | 12.0* | 12.8* | 13.1* |
| Return on leverage ratio denominator, gross (%) ⁸ | 3.3 | 3.5 | 3.4* | 3.4* | 3.2* |
| Cost / income ratio (%) ⁹ | 79.1 | 78.1 | 81.9* | 82.7* | 85.4* |
| Net profit growth (%) ¹⁰ | (11.8) | 16.4 | 441.9* | (77.4)* | (48.5)* |
| Resources | | | | | |
| Common equity tier 1 capital ^{11,12} | 35,881 | 33,984 | 34,608 | 34,100* | 31,879* |
| Risk-weighted assets ¹¹ | 261,364 | 253,873 | 262,840* | 242,725* | 219,330* |
| Common equity tier 1 capital ratio (%) ¹¹ | 13.7 | 13.4 | 13.2* | 14.0* | 14.5* |
| Going concern capital ratio (%) ¹¹ | 17.8 | 16.2 | 16.1* | 15.6* | 16.3* |
| Total loss-absorbing capacity ratio (%) ¹¹ | 33.0 | 31.7 | 31.3* | 31.4* | 29.6* |
| Leverage ratio denominator ¹¹ | 911,601 | 911,453 | 904,458* | 910,133* | 855,718* |
| Common equity tier 1 leverage ratio (%) ¹¹ | 3.94 | 3.73 | 3.83* | 3.75* | 3.73* |
| Going concern leverage ratio (%) ¹¹ | 5.1 | 4.5 | 4.7* | 4.2* | 4.2* |
| Total loss-absorbing capacity leverage ratio (%) ¹¹ | 9.5 | 8.8 | 9.1* | 8.4* | 7.6* |
| Other | | | | | |
| Invested assets (USD billion) ¹³ | 3,381 | 3,271 | 3,101 | 3,262 | 2,761 |
| Personnel (full-time equivalents) | 47,072 | 46,597 | 47,643* | 46,009* | 56,208* |

* unaudited

¹ Effective from the first quarter of 2019, UBS refined the presentation of dividend income and expense. This resulted in a reclassification of dividends from *Interest income (expense) from financial instruments measured at fair value through profit or loss* into *Other net income from financial instruments measured at fair value through profit or loss* (prior to 1 January 2019: *Other net income from fair value changes on financial instruments*). *Net Interest Income* and *Other net income from financial instruments measured at fair value through profit or loss* for the periods ending 30.06.2019 and 30.06.2018 have been restated.

² 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.

³ This amount has been translated from 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.

⁴ Calculated as net profit attributable to shareholders (annualized as applicable) / average equity attributable to shareholders. This measure provides information on the profitability of the business in relation to equity.

⁵ Calculated as net profit attributable to shareholders (annualized as applicable) / average equity attributable to shareholders less average goodwill and intangible assets. The definition of the numerator for return on tangible equity has been revised to align with numerators for return on equity and return on CET1 capital; i.e., it is no longer adjusted for amortization and impairment of goodwill and intangible assets. Prior periods have been restated. This measure provides information on the profitability of the business in relation to tangible equity.

⁶ Calculated as net profit attributable to shareholders (annualized as applicable) / average common equity tier 1 capital. This measure provides information on the profitability of the business in relation to common equity tier 1 capital.

⁷ Calculated as operating income before credit loss expense or recovery (annualized as applicable) / average risk-weighted assets. This measure provides information on the revenues of the business in relation to risk-weighted assets.

⁸ Calculated as operating income before credit loss expense or recovery (annualized as applicable) / average leverage ratio denominator. This measure provides information on the revenues of the business in relation to leverage ratio denominator.

⁹ Calculated as operating expenses / operating income before credit loss expense or recovery. This measure provides information on the efficiency of the business by comparing operating expenses with gross income.

¹⁰ Calculated as change in net profit attributable to shareholders from continuing operations between current and comparison periods / net profit attributable to shareholders from continuing operations of comparison period. This measure provides information on profit growth in comparison with the prior-year period.

¹¹ Based on the Swiss systemically relevant bank framework as of 1 January 2020.

¹² 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.

¹³ Includes invested assets for Global Wealth Management, Asset Management and Personal & Corporate Banking.

| | | |
|--|------------------------------------|---|
| | Material adverse change statement. | There has been no material adverse change in the prospects of UBS AG or UBS AG Group since 31 December 2018. |
| | Significant changes statement. | There has been no significant change in the financial or trading position of UBS AG or UBS AG Group since 30 June 2019, which is the end of the last financial period for which financial information has been published. |

- 3) In relation to the Base Prospectus for Securities of UBS AG, [London] [Jersey] [Branch] dated 13 May 2019 in the section headed "B. Summary of the Base Prospectus (in the Swedish language)" the following changes shall be made:

In the section headed "Avsnitt B – Emittent":

Element B.4b is completely replaced as follows:

| | | |
|-------------|--|--|
| B.4b | En beskrivning av varje känd trend som påverkar emittenten eller de branscher där emittenten är verksam. | <p>Information om trender</p> <p>Som visats i UBS-koncernens Rapport för Andra Kvartalet 2019 har den totala globala tillväxttakten stabiliserats på en lägre nivå efter en synkroniserad global avmattning som inträffade föregående kvartal. De negativa riskerna kvarstår på grund av politisk osäkerhet och geopolitiska spänningar. Centralbankerna indikerar en omsvängning av penningpolitikens normalisering och ett införande av nya stimulansåtgärder. En kraftigt sänkt ränta och förväntade räntesänkningar kommer att fortsätta att påverka nettoränteintäkterna negativt jämfört med förra året. UBS:s regionala och affärsmässiga diversifiering, jämsides med en högre andel investerade tillgångar gynnades av återkommande intäkter och det kommer att dämpa detta. Ett förbättrat förtroende bland investerarna och högre marknadsvolatilitet kan bidra till att jämna ut tredje kvartalets vanliga säsongsbundna faktorer. UBS kommer att genomföra sin strategi med disciplin och en satsning på att balansera effektivitet och investeringar för tillväxt, leverera kapitalavkastningsmål och skapa ett hållbart långsiktigt värde för aktieägarna.</p> |
|-------------|--|--|

In Element B.5 the third paragraph is completely replaced. Consequently, Element B.5 reads as follows:

| | | |
|------------|--|---|
| B.5 | Beskrivning av koncernen och emittentens plats inom koncernen. | <p>UBS AG är en schweizisk bank och moderbolaget till UBS AG-koncernen. Det ägs till 100 % av UBS Group AG, som är holdingbolaget för UBS-koncernen. UBS bedrivs som en koncern med fyra affärsdivisioner samt ett Corporate Center.</p> <p>Under 2014 började UBS att anpassa sin juridiska enhetsstruktur för att förbättra Koncernens förmåga till avveckling för att möta kraven i Schweiz och rekonstruktions- och avvecklingsplaner av andra länder där Koncernen är verksam, avseende företag som anses för stora för att tillåtas fallera. I december 2014 blev UBS Group AG Koncernens holdingbolag.</p> <p>Under 2015 överförde UBS AG sin verksamhet inom Personal & Corporate Banking och Wealth Management, som bokförs i Schweiz, till det nyligen etablerade UBS Switzerland AG, ett bankdotterföretag till UBS AG i Schweiz. Under 2016 utsågs UBS Americas Holding LLC till det mellanliggande holdingbolaget för UBS:s dotterbolag i USA, och UBS slog ihop sina Wealth Management-dotterbolag i olika europeiska länder till UBS Europe SE, UBS europeiska dotterbolag med säte i Tyskland. Dessutom överförde UBS majoriteten av de rörelsedrivande dotterbolagen inom Asset Management till UBS Asset Management AG. Från och med den 1 april 2019 överfördes den del av verksamheten inom Asset Management i Schweiz som utförts av UBS AG från UBS AG till dess indirekta dotterbolag, UBS Asset Management Switzerland AG.</p> <p>UBS Business Solutions AG, ett helägt dotterföretag till UBS Group AG, etablerades 2015 och agerar som Koncernens serviceföretag. Under 2017 överfördes UBS delade servicefunktioner i Schweiz och Storbritannien från UBS AG till UBS Business Solutions AG. UBS slutförde också överföringen av delade tjänstefunktioner i USA till sitt amerikanska serviceföretag, UBS Business</p> |
|------------|--|---|

| | | |
|--|--|---|
| | | <p>Solutions US LLC, ett helägt dotterbolag till UBS Americas Holding LLC.</p> <p>I mars 2019 fusionerades UBS Limited, UBS dotterbolag i Storbritannien, med UBS Europe SE före Storbritanniens planerade utträde ur EU. Tidigare kunder och andra motparter till UBS Limited, som kan betjänas av UBS AG:s kontor i London, migrerades till UBS AG:s kontor i London före fusionen.</p> <p>UBS fortsätter att överväga ytterligare förändringar beträffande Koncernens juridiska struktur för att möta regulatoriska krav och andra externa utvecklingar. Sådana förändringar kan inkludera ytterligare konsolidering av rörelsedrivande dotterföretag i EU och justeringar beträffande bokförande enhet eller placeringen av produkter och tjänster.</p> |
|--|--|---|

Element B.12 is completely replaced as follows:

| | | |
|-------------|--|--|
| B.12 | <p>Utvald historisk finansiell nyckelinformation / Uttalande om väsentliga negativa förändringar / Uttalande om väsentliga förändringar.</p> | <p>UBS AG erhöll utvald konsoliderad finansiell information, inkluderad i tabellen nedan för åren som slutade 31 december 2018, 2017 och 2016 från Årsredovisningen för 2018, utom där det anges. Den valda konsoliderade finansinformationen som finns i tabellen nedan för de sex månaderna som avslutades den 30 juni 2019 och den 30 juni 2018 hänför sig från UBS AG:s Rapport för Andra Kvartalet 2019.</p> <p>De konsoliderade finansiella räkenskaperna har tagits fram i enlighet med International Financial Reporting Standards ("IFRS"), utfärdade av International Accounting Standards Board ("IASB"). Med ikraftträdande den 1 oktober 2018 ändrades den funktionella valutan i UBS Group AG och UBS AG:s huvudkontor i Schweiz från schweiziska franc till amerikanska dollar och valutan för UBS AG:s London-filial från brittiska pund till amerikanska dollar i enlighet med kraven i International Accounting Standard (IAS) 21, The Effects of Changes in Foreign Exchange Rates. Presentationsvalutan för UBS AG:s konsoliderade finansiella information har ändrats från schweiziska franc till amerikanska dollar som en anpassning till de funktionella valutaförändringarna inom betydande koncernenheter. Tidigare perioder har omformulerats för denna ändring av presentationsvalutan. Tillgångar, skulder och totalkapital har omräknats till amerikanska dollar i enlighet med valutakurs vid stängning för de aktuella datumen i balansräkningen och utgifter har omräknats till respektive genomsnittliga kurser för de relevanta perioderna.</p> <p>Information för åren som slutade 31 december 2018, 2017 och 2016 vilken indikeras som oreviderad i tabellen nedan, inkluderades i Årsredovisningen för 2018 men har inte reviderats på grund av att de respektive beskrivningarna inte krävs enligt IFRS och därför inte utgör del av de reviderade finansiella räkenskaperna.</p> |
|-------------|--|--|

| | Per eller för de sex månaderna som slutade | | Per eller för året som slutade | | |
|--|--|----------|---|----------|----------|
| <i>USD miljoner, förutom där indikerat</i> | 30.06.19 | 30.06.18 | 31.12.18 | 31.12.17 | 31.12.16 |
| | <i>Oreviderat</i> | | <i>Reviderat, förutom där indikerat</i> | | |
| Resultat | | | | | |
| Resultaträkning | | | | | |
| Rörelseintäkter | 14 975 | 16 033 | 30 642 | 30 044 | 28 831 |
| Nettoränteintäkt ¹ | 2 104 | 2 604 | 5 949 | 6 607 | 6 457 |
| Nettoavgift och provisionsintäkter | 8 631 | 9 194 | 17 930 | 17 550 | 16 644 |
| Kreditförlust (kreditkostnad)/återvinning | (33) | (54) | (117) | (131) | (38) |

| | | | | | |
|---|---------|---------|----------|----------|----------------------|
| Övriga nettointäkter av finansiella instrument till verkligt värde i resultaträkningen ¹ | 3 872 | 3 968 | 5 977 | 5 067 | 5 018 |
| Rörelsekostnader | 11 864 | 12 557 | 25 184 | 24 969 | 24 643 |
| Rörelsevinst / (förlust) före skatt | 3 110 | 3 476 | 5 458 | 5 076 | 4 188 |
| Nettovinst / (förlust) hänförlig till aktieägare | 2 375 | 2 692 | 4 107 | 758 | 3 351 |
| Balansräkning ² | | | | | |
| Totala tillgångar | 968 645 | | 958 055 | 940 020 | 919 236 |
| Summa finansiella skulder som värderats till upplupet anskaffningsvärde | 615 153 | | 612 174 | 660 498 | 612 884 |
| av vilket: kundinsättningar | 435 582 | | 421 986 | 423 058 | 418 129 |
| av vilket: efterställda skuldinstrument | 7 649 | | 7 511 | 9 217 | 11 352* ³ |
| Summa finansiella skulder värderade till verkligt värde via resultaträkningen | 292 684 | | 283 717 | 217 814 | 236 727 |
| Utlåning och förskott till kunder | 324 288 | | 321 482 | 328 952 | 300 678 |
| Summa eget kapital | 52 529 | | 52 432 | 52 046 | 53 627 |
| Eget kapital hänförligt till aktieägare | 52 359 | | 52 256 | 51 987 | 52 957 |
| Lönsamhet och tillväxt | | | | | |
| Avkastning på eget kapital (%) ⁴ | 9,0 | 10,3 | 7,9* | 1,4* | 6,0* |
| Avkastning på synligt eget kapital (%) ⁵ | 10,3 | 11,8 | 9,1* | 1,6* | 6,9* |
| Avkastning på primärkapital (%) ⁶ | 13,5 | 15,6 | 11,9* | 2,3* | 10,2* |
| Avkastning på riskvägda tillgångar, brutto (%) ⁷ | 11,4 | 12,5 | 12,0* | 12,8* | 13,1* |
| Avkastning på hävstångsrelationsnämna, brutto (%) ⁸ | 3,3 | 3,5 | 3,4* | 3,4* | 3,2* |
| Kostnads / intäktrelations (%) ⁹ | 79,1 | 78,1 | 81,9* | 82,7* | 85,4* |
| Nettovinsttillväxt (%) ¹⁰ | (11,8) | 16,4 | 441,9* | (77,4)* | (48,5)* |
| Resurser | | | | | |
| Primärkapital (Common equity tier 1 capital) ^{11, 12} | 35 881 | 33 984 | 34 608 | 34 100* | 31 879* |
| Riskvägda tillgångar ¹¹ | 261 364 | 253 873 | 262 840* | 242 725* | 219 330* |
| Primärkapitalrelation (Common equity tier 1 capital ratio) (%) ¹¹ | 13,7 | 13,4 | 13,2* | 14,0* | 14,5* |
| Kapitalrelation enligt going concern (%) ¹¹ | 17,8 | 16,2 | 16,1* | 15,6* | 16,3* |
| Total förlustabsorberingskvot (%) ¹¹ | 33,0 | 31,7 | 31,3* | 31,4* | 29,6* |
| Hävstångsrelationsnämna ¹¹ | 911 601 | 911 453 | 904 458* | 910 133* | 855 718* |
| Hävstångsrelation för primärkapital (%) ¹¹ | 3,94 | 3,73 | 3,83* | 3,75* | 3,73* |
| Hävstångsrelation enligt "going concern" (%) ¹¹ | 5,1 | 4,5 | 4,7* | 4,2* | 4,2* |
| Total förlustabsorberingskapacitetskvot på hävstången (%) ¹¹ | 9,5 | 8,8 | 9,1* | 8,4* | 7,6* |
| Övrigt | | | | | |
| Investerade tillgångar (USD miljarder) ¹³ | 3 381 | 3 271 | 3 101 | 3 262 | 2 761 |
| Anställda (motsvarande heltidstjänster) | 47 072 | 46 597 | 47 643* | 46 009* | 56 208* |

* oreviderat

¹ Med verkan från första kvartalet 2019 har UBS utvecklat presentationen av utdelningsintäkter och kostnader. Detta har lett till en omklassificering av utdelningen från *Nettointäkter (Nettoutgifter) av finansiella instrument till verkligt värde i resultaträkningen* till *Övriga nettointäkter av finansiella instrument till verkligt värde i resultaträkningen* (före den 1 januari 2019: *Övriga nettointäkter av finansiella instrument till verkligt värde*). *Nettoränteintäkter* och *Övriga nettointäkter av finansiella instrument till verkligt värde i resultaträkningen* för de perioder som löpte ut den 30 juni 2019 och den 30 juni 2018 har omformulerats.

² Enligt vad som återges i Årsredovisningen för 2018 har siffrorna i balansräkningen i kolumnen 31.12.2016 hämtats från den 1 januari 2017 för att ge en jämförelse på grund av anpassningen till IFRS 9, som trädde i kraft den 1 januari 2018.

³ Detta belopp har omräknats från de reviderade finansiella räkenskaperna i Årsredovisningen från 2017, som redovisades i schweiziska franc, till amerikanska dollar enligt de växelkurser som gällde vid stängning på datumet för balansräkningen.

⁴ Beräknat som nettovinst hänförlig till aktieägares vinst (på årsbasis där tillämpligt)/genomsnittligt eget kapital hänförligt till aktieägare. Detta mått tillhandahåller information om verksamhetens lönsamhet i förhållande till kapital.

⁵ Beräknat som nettovinst hänförlig till aktieägares vinst (på årsbasis där tillämpligt)/genomsnittligt eget kapital hänförligt till aktieägare som kan anses bero på mindre genomsnittlig goodwill och på immateriella tillgångar. Definitionen på täljaren för avkastning på eget kapital har reviderats till att anpassas till täljarna för avkastning på eget kapital och avkastning på CET1 kapital d.v.s. det är inte längre justerat för avskrivning och nedskrivning av goodwill och immateriella tillgångar. Tidigare perioder har korrigerats. Detta mått tillhandahåller information om verksamhetens lönsamhet i förhållande till materiellt kapital.

⁶ Beräknat som nettovinst hänförlig till aktieägares vinst (på årsbasis där tillämpligt)/genomsnittliga primärkapital. Detta mått tillhandahåller information om verksamhetens lönsamhet i förhållande till primärkapital.

⁷ Beräknat som rörelseintäkter före kreditförlustkostnad eller återvinning (på årsbasis där tillämpligt)/genomsnittliga tillämpade riskavvägda tillgångar. Detta mått tillhandahåller information om företagets intäkter i förhållande till riskavvägda tillgångar.

⁸ Beräknat som rörelseintäkter före kreditförlustkostnad eller återvinning (på årsbasis där tillämpligt)/genomsnittlig hävstångsrelationsnämnerare. Detta mått tillhandahåller information om företagets intäkter i förhållande till hävstångsrelationsnämneraren.

⁹ Beräknat som rörelsekostnader/rörelseintäkter före kreditförlustkostnader eller återvinning. Detta mått tillhandahåller information om företagets effektivitet genom att jämföra rörelsekostnader med bruttointäkt.

¹⁰ Beräknat som förändring i nettovinst hänförlig till aktieägare från fortsatt bedrivna verksamheter mellan innevarande och jämförelseperioder/nettovinst hänförlig till aktieägare från fortsatt bedrivna verksamheter under jämförelseperiod. Detta mått tillhandahåller information om vinsttillväxt i förhållande till tidigare - år period.

¹¹ Baserat på de reviderade schweiziska SRB-reglerna gällande från och med den 1 januari 2020.

¹² Informationen som publicerades i schweiziska franc i Årsredovisningen 2017 för perioden som avslutades den 31 december 2017 (CHF 33 240 miljoner) och i UBS Group AG och UBS AG:s årsredovisning 2016 för perioden som avslutades den 31 december 2016 (CHF 32 447 miljoner) har granskats.

¹³ Inkluderar investerade tillgångar inom Global Wealth Management, Asset Management och Personal & Corporate Banking.

| | | |
|--|--|--|
| | Uttalande om väsentliga negativa förändringar. | Det har inte inträffat någon väsentlig negativ förändring i framtidsutsikterna för UBS AG eller UBS AG-koncernen sedan den 31 december 2018. |
| | Uttalande om väsentliga förändringar. | Det har inte inträffat någon väsentlig förändring i den finansiella positionen eller handelspositionen för UBS AG eller UBS AG-koncernen sedan den 30 juni 2019, vilket är slutet på den senaste finansiella perioden för vilken finansiell information har publicerats. |

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The Base Prospectus for Securities of UBS AG, [London] [Jersey] [Branch] dated 13 May 2019 and all supplements thereto, shall be maintained in printed format, for free distribution, at the offices of the Issuer for a period of twelve months after the publication of this document and are published on the website <http://keyinvest-eu.ubs.com/base-prospectus>, or any successor address notified by the Issuer to the Securityholders for this purpose by way of publication on www.ubs.com/keyinvest.

In addition, the annual reports and quarterly result materials of UBS Group AG and UBS AG are published on UBS's website, at <http://ubs.com/investors> or a successor address notified by the Issuer to the Securityholders for this purpose by way of publication on www.ubs.com.

Zurich, 27 August 2019

UBS AG