



General Terms and Conditions for Structured Products on Equity, Commodity and Index Underlyings

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1. Preliminary Remarks

UBS AG (the "Issuer" or "UBS AG") may from time to time issue structured products in securitized form (the "Products"). The Products will be issued based (i) on the information set out in these 'General Terms and Conditions for Structured Products on Equity, Commodity and Index Underlyings', as amended from time to time (the "General Terms and Conditions") and (ii) on the relevant final terms of each Product (the "Final Terms"). The General Terms and Conditions and the Final Terms shall form the entire documentation for each Product (the "Product Documentation") and should always be read in conjunction with each other. In case of inconsistency between the General Terms and Conditions and the Final Terms, the Final Terms shall prevail.

In the event that the Product is listed (see item 'Listing' under 'General Information' in the relevant Final Terms), the Product Documentation will be amended in accordance with the listing requirements of the relevant Exchange.

The Issuer accepts responsibility for all information contained in the Product Documentation and has taken all reasonable care to ensure that the facts stated herein are true and accurate in all material aspects and that there are no other material facts, the omission of which would make misleading any statement herein, whether of fact or opinion.

The offering or sale of the Products in certain jurisdictions may be restricted by law. Persons, who obtain possession of the Product Documentation, are required to inform themselves about and to adhere to any such restrictions which are set out in more detail in the relevant Final Terms under the section headed 'Selling Restrictions'. The Product Documentation does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

During the whole term of the Product, the Product Documentation can be ordered free of charge from the Lead Manager at P.O. Box, CH-8098 Zurich (Switzerland) via telephone (+41 (0)44 239 47 03), fax (+41 (0)44 239 69 14) or via e-mail (swiss-prospectus@ubs.com). In addition, the Product Documentation is available on the internet at www.ubs.com/keyinvest.

2. Risk Factors

An investment in the Products involves certain risks. If one or more of the risks described below occur, potential investors in the Products (the "Potential Investors") may incur a partial loss or even a total loss of their invested capital. Potential Investors should carefully consider the following factors prior to investing in the Products. This section of the General Terms and Conditions does not purport to be an extensive and comprehensive list of all possible risks associated with an investment in the Products.

*Investment decisions should **not** be made solely on the basis of the risk warnings set out in the Product Documentation, since such information cannot serve as a substitute for individual advice and information which is tailored to the requirements, objectives, experience, knowledge and circumstances of each Potential Investor individually.*

2.1 General Risk Factors

2.1.1 Advice from your Principal Bank

This information is not intended to replace the advice Potential Investors should always obtain from their respective principal bank before making a decision to invest in the Products. Only Potential Investors who are fully aware of the risks associated with the investment in the Products and who are financially able to bear any losses that may arise, should consider engaging in transactions of this type.

2.1.2 Buying Products on Credit

Potential Investors financing the purchase of Products with loans should note that, should their expectations fail to materialise, they would not only have to bear the loss resulting from the investment in the Products, but also have to pay interest on the loan as well as repay the principal amount. It is therefore imperative that Potential Investors verify their financial resources in advance, in order to determine whether they would be able to pay the interest and repay the loan at short notice should they incur losses instead of realising the anticipated profit.

2.1.3 Independent Review and Advice

Prior to entering into a transaction Potential Investors should consult their own legal, regulatory, tax, financial and accounting advisors to the extent they consider necessary, and make their own investment, hedging and trading decisions (including decisions regarding the suitability of an investment in the Products) based upon their own independent review and judgment and advice from those advisers they consider necessary.

Furthermore, Potential Investors should conduct such independent investigation and analysis regarding the Issuer and all other relevant persons or entities and such market and economic factors as they deem appropriate to evaluate the merits and risks of an investment in the Products. However, as part of such independent investigation and analysis, Potential Investors should consider carefully all the information set forth in the Product Documentation.

Investment in the Products may involve a loss of principal by virtue of the terms of the Products even where there is no default by the Issuer. Potential Investors will at all times be solely responsible for making their own independent appraisal of, and investigation into, the business, financial condition, prospects, creditworthiness, status and affairs of the Issuer in respect of the charged assets. None of the Issuer, the Lead Manager, the Paying Agent, the Calculation Agent, or any other agent nor any affiliate of any of them (or any person or entity on their behalf) will have any responsibility or duty to make any such investigations,

to keep any such matters under review, to provide the Potential Investors with any information in relation to such matters or to advise as to the accompanying risks.

2.1.4 Investor Suitability

The purchase of the Products involves substantial risks. Potential Investors should be familiar with instruments having the characteristics of the Products and should fully understand the terms and conditions set out in the Product Documentation and the nature and extent of their exposure to risk of loss.

In addition, Potential Investors must determine, based on their own independent review and such legal, business, tax and other advice as they deem appropriate under the circumstances, that the acquisition of the Products (i) is fully consistent with their financial needs, objectives and conditions, (ii) complies and is fully consistent with all constituent documents, investment policies, guidelines, authorisations and restrictions (including as to their capacity) applicable to them, (iii) has been duly approved in accordance with all applicable laws and procedures and (iv) is a fit, proper and suitable investment for them.

2.1.5 Changes in Tax Law and Tax Call

The tax considerations set forth in the Product Documentation reflect the view of the Issuer based on the legislation applicable at the date of issuance of the Product Documentation. It cannot, however, be ruled out that the tax treatment by the tax authorities and courts could be interpreted differently. Additionally, the tax considerations set forth herein may not be used as the sole basis for the decision to invest in the Products from a tax perspective, since the individual situation of each Potential Investor must also be taken into account. Thus, the considerations regarding taxation contained in the Product Documentation do not constitute any sort of material information or tax advice nor are they in any way to be construed as a representation or warranty with respect to specific tax consequences.

In accordance with the terms and conditions set out herein, the Issuer may redeem all outstanding Products early for tax reasons. Accordingly, Potential Investors should consult their personal tax advisors before making any decision to purchase the Products and must be aware of and be prepared to bear the risk of a potential early redemption due to tax reasons. The Issuer and the Lead Manager do not accept any liability for adverse tax consequences of an investment in the Products.

2.1.6 Effect of Ancillary Costs

Commissions and other transaction costs incurred in connection with the purchase or sale of Products may result in charges, particularly in combination with a low order value, which can substantially reduce any redemption amount. Before acquiring Products, Potential Investors should therefore inform themselves of all costs incurred with the purchase or sale of the Product, including any costs charged by their custodian banks upon purchase and redemption of the Products.

2.1.7 No Reliance

The Issuer and all of its affiliates respectively disclaim any responsibility to advise Potential Investors of the risks and investment considerations associated with the purchase of the Products as they may exist at the date hereof or from time to time hereafter.

2.1.8 Legality of Purchase

The Issuer has no and assumes no responsibility for (i) the lawfulness of the acquisition of the Products by

Investors or for (ii) the compliance by Investors with any law, regulation or regulatory policy applicable to them.

2.2 Market Risk Factors

2.2.1 No Liquidity or Secondary Market

As the Products might not be listed or traded on any exchange, pricing information regarding the Products may be more difficult to obtain and the liquidity of the Products may be adversely affected. The liquidity of the Products may also be affected by restrictions on the purchase and sale of the Products in some jurisdictions.

The Issuer or the Lead Manager, as applicable, intends, under normal market conditions, to provide bid and offer prices for the Products at their sole discretion and without a duty to do so. The Issuer or the Lead Manager, as applicable, makes no firm commitment to provide liquidity by means of bid and offer prices for the Products, and assumes no legal obligation to quote any such prices or with respect to the level or determination of such prices. Potential Investors therefore should not rely on the ability to sell Products at a specific time or at a specific price. Additionally, the Issuer has the right (but no obligation) to purchase Products at any time and at any price in the open market or by tender or private agreement. Any Products so purchased may be held or resold or surrendered for cancellation.

2.2.2 Expansion of the Spread between Bid and Offer Prices

In special market situations, where the Issuer is completely unable to enter into hedging transactions, or where such transactions are very difficult to enter into, the spread between the bid and offer prices may be temporarily expanded, in order to limit the economic risks of the Issuer.

2.2.3 Emerging Markets

Investments in emerging markets should only be effected by persons who have a sound knowledge of these markets, who are well aware of and are able to weigh the diverse risks (political, social and economic risks, currency, liquidity and settlement risks, regulatory and legal risks) involved and who have sufficient financial resources to bear the substantial risks associated with such investments.

2.2.4 Risks Factors associated with Currency Exchange Rates

An investment in Products may involve risk exposure to fluctuations in exchange rates of the relevant currencies in which the Products are denominated and the Underlying is traded or evaluated. For example (i) the Underlying may be denominated in a currency other than that of the Products, (ii) the Products may be denominated in a currency other than the currency of the Investor's home jurisdiction and/or (iii) the Products may be denominated in a currency other than the currency in which an Investor wishes to receive funds.

Currency values may be affected by complex political and economic factors, including governmental action to fix or support the value, regardless of other market forces.

If the Potential Investor's right vested in the Products is determined on the basis of a currency other than the Settlement Currency, or if the value of the Underlying is determined in a currency other than the Settlement Currency, Potential Investors should be aware that investments in these Products could entail risks due to fluctuating exchange rates, and that the risk of loss does not depend solely on the

performance of the Underlying, but also on unfavourable developments in the value of such other currency.

2.3 Risk Factors relating to the Products

2.3.1 Risk-hedging Transactions

The ability to eliminate or to restrict the initial risks of the Products arising from their purchase by concluding any hedging transactions during their lifetime depends mainly on the market conditions and the terms and conditions of the specific Product. As a consequence, such transactions may be concluded at unfavourable market prices to the effect that corresponding losses may arise.

Potential Investors should therefore not rely on the ability to conclude transactions at any time during the term of the Products that will allow them to offset or limit relevant risks.

2.3.2 Features of Products on Currencies, Exchange Rates, Commodities or Precious Metals

In cases where the Underlyings are currencies, exchange rates, commodities or precious metals, it should be noted that such Underlyings are traded 24 hours a day through the time zones of Australia, Asia, Europe and America. It is therefore possible that a relevant limit, barrier or threshold pursuant to the relevant Final Terms may be reached, exceeded or fallen below outside of local or Lead Managers' business hours.

2.3.3 Market Disruption Events

In accordance with the terms and conditions set out in the General Terms and Conditions, the Issuer or the Calculation Agent may determine in its absolute sole discretion that a Market Disruption Event has occurred or exists at a relevant time. Any such determination may have an adverse effect on the value of the Products.

2.3.4 Other Factors affecting Value

The value of a Product is determined not only by changes in the price of the Underlying, but also by a number of other factors. Since several risk factors may have simultaneous effects on the Products, the effect of a particular risk factor cannot be predicted. In addition, several risk factors may have a compounding effect which may not be predictable. No assurance can be given with regard to the effect that any combination of risk factors may have on the value of the Products.

These factors include, *inter alia*, the terms and conditions of the specific Product, the frequency and intensity of price fluctuations (volatility) in the Underlying, as well as the prevailing interest rate. A decline in the value of the Product may therefore occur even if the price or level, as the case may be, of the Underlying remains constant.

Potential Investors should be aware that an investment in the Products involves a valuation risk with regard to the Underlying. They should have experience with transactions in Products with a value derived from an underlying. The value of an underlying may vary over time and may increase or decrease by reference to a variety of factors which may include corporate actions, macro economic factors and speculation. If the Underlying comprises a basket of various assets, fluctuations in the value of any one asset may be offset or intensified by fluctuations in the value of other basket components. In addition, the historical performance of an underlying is not an indication of its future performance. The historical

price of an underlying does not indicate its future performance. Changes in the market price of an underlying will affect the trading price of the Products, and it is impossible to predict whether the market price of an underlying will rise or fall.

2.3.5 Information with regard to the Underlying

Information with regard to the Underlying consists of extracts from or summaries of information that is publicly available in respect of the Underlying and is not necessarily the latest information available. The Issuer accepts responsibility for accurately extracting and summarizing the underlying information. No further or other responsibility (express or implied) in respect of the underlying information is accepted by the Issuer. The Issuer makes no representation that the underlying information, any other publicly available information or any other publicly available documents regarding the underlying asset, index or other item(s) to which the Products relate are accurate or complete. There can be no assurance that all events occurring prior to the Pricing Date of the relevant Products that would affect the trading price of the underlying asset, index or other item(s) to which the Products relate (and therefore the trading price and value of the Products) have been publicly disclosed. Subsequent disclosure of any such events or the disclosure or failure to disclose material future events concerning the underlying asset, index or other item(s) to which the Products relate could affect the trading price and value of the Products.

2.3.6 Fluctuations in Market Volatility may affect the Value of Products

Market volatility reflects the degree of instability and expected instability of the performance of the equity or commodity market over time. The level of market volatility is not purely a measurement of the actual market volatility, but is largely determined by the prices for derivative instruments that offer Potential Investors protection against such market volatility. The prices of these instruments are determined by forces such as actual market volatility, expected market volatility, other economic and financial conditions and trading speculations.

2.3.7 Risk to Products on a Share or Basket of Shares

Neither the Issuer nor any affiliates of the Issuer have performed any investigations or review of any company issuing any share, including any public filings by such companies. Potential Investors should not conclude that the inclusion of the shares is any form of investment recommendation. Consequently, there can be no assurance that all events occurring prior to the relevant Issue Date, that would affect the trading price of the share(s), will have been publicly disclosed. Subsequent disclosure of or failure to disclose material future events concerning a company issuing any Underlying could affect the trading price of the share and therefore the trading price of the Product.

2.3.8 Investing in the Products is not the same as Investing in the Underlying

Potential Investors should be aware that the market value of the Products may not have a direct relationship with the prevailing price of shares or commodities, and changes in the prevailing price of a share or commodity will not necessarily result in a comparable change in the market value of the Products.

As an Investor in Products, Investors will not have voting rights or rights to receive dividends, interest or other distributions, as applicable, or any other rights with respect to any underlying share. The responsibility for registration of the Shares, where applicable, is borne by the Investor.

2.3.9 Possible decline in Underlying Value in case of Physical Settlement

To the extent that physical settlement is provided for in the relevant Final Terms, Potential Investors should note that any fluctuations in the price of the Underlying between the Expiration Date of the Product and the delivery of the Underlying on the Redemption Date are borne by the Investors. Losses in the value of the Underlying can therefore still occur after the corresponding Expiration Date, and are borne by the Investors.

2.3.10 Protection Amount

If and to the extent that a capital protection has been declared applicable in the relevant Final Terms, the Products will be redeemed for an amount no less than the specified protection. A capital protection may apply at a level below, at, or above the Nominal of the Product. The capital protection, if any, will not be due if the Products are redeemed prior to their Redemption Date or upon the occurrence of a Market Disruption Event or upon the occurrence of a Tax Call. If no capital protection is applicable the full amount invested by the Investor may be lost. Even if a capital protection applies, the return may be less than the capital protection specified on the Final Terms. The payment of the protection amount may be affected by the condition (financial or otherwise) of the Issuer.

2.3.11 Investors must be willing and prepared to hold their Product until Maturity

Investors must be willing and prepared to hold their Product until the Expiration Date. In the case of capital protection, the invested amount is protected only if the Investor holds this Product until the Expiration Date. If an Investor sells the Product in the secondary market prior to the Expiration Date, the Investor will not have capital protection on the portion of the Product sold.

2.3.12 Risks associated with the regulation and reform of benchmarks

Indices, reference rates, interests rates used as Underlying or, as the case may be, a basket component generally constitute benchmarks and as such may be subject to supervisory law regulations and reform proposals; the same applies to certain other Underlyings or, as the case may be, basket components used for the purposes of the Product, e.g. currency exchange rates or certain baskets (such Underlying or, as the case may be, basket component is also referred to as "**Benchmark**").

Innovations such as the ones introduced by IOSCO's Principles for Financial Benchmarks (the "**IOSCO Principles**") and the Regulation (EU) 2016/1011 on indices used as benchmarks in certain financial instruments and financial contracts or to measure the performance of investment funds (the "**EU Benchmarks Regulation**") may result in the different performance of the relevant Benchmarks. It may exclude Benchmarks from being used as Underlying or, as the case may be, basket component for example, because the indices may incur higher costs if regulatory requirements for the administrator are tightened or because certain uses by EU supervised entities of Benchmarks provided by administrators that are not authorised or registered (or, if located outside the EU, deemed equivalent or recognised or endorsed) is prohibited by the EU Benchmarks Regulation.

Benchmarks such as indices, reference rates or interest rates used as Underlying or, as the case may be, basket component may also be affected by regulatory guidance and reform or changes in policy at national, as well as at international level. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. For example, on 27 July 2017, the UK Financial Conduct Authority announced that it will no longer persuade or compel banks to submit

rates for the calculation of the London Interbank Offered Rate ("**LIBOR**") benchmark after 2021 (the "**FCA Announcement**"). The FCA Announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. This may, in particular, lead to a substitution of LIBOR as Underlying or, as the case may be, basket component in accordance with the terms and conditions of the Product. Further national or international regulatory reforms may have other effects which are not foreseeable at present.

More generally, any of the above changes or any other consequential changes to LIBOR, EURIBOR, or any other Benchmark as a result of international, national, or other proposals for reform or other initiatives or investigations, or any further uncertainty in relation to the timing and manner of implementation of such changes, may have the effect of discouraging market participants from continuing to administer or participate in certain Benchmarks, trigger changes in the rules or methodologies used in certain Benchmarks or lead to the disappearance of certain Benchmarks. The disappearance of a Benchmark or changes in the manner of administration of a Benchmark could result in adjustments to the terms and conditions of the Product, early redemption or termination, subject to discretionary valuation by the Calculation Agent, delisting or other consequences in relation to Products linked to such Benchmark. In addition, fallback provisions specified in the terms and conditions of the Product may apply or the Issuer may adjust the terms and conditions of the Product in the event a Benchmark materially changes or ceases to be provided in order to comply with the provisions of the EU Benchmarks Regulation. Any such consequence could have a material adverse effect on the value, volatility of and return on any Product based on or linked to a Benchmark. Potential investors should be aware that each of these changes may have a material adverse effect on the level or availability of the Benchmark and consequently on the value of the Products.

2.3.13 Section 871(m) of the US Tax Code

A 30 per cent. withholding tax is imposed on certain "dividend equivalents" paid or deemed paid to a non-U.S. holder with respect to a "specified equity-linked instrument" that references one or more dividend-paying U.S. equity Products. The withholding tax can apply even if the instrument does not provide for payments that reference dividends. U.S. Treasury Department regulations provide that the withholding tax applies to all dividend equivalents paid or deemed paid on specified equity-linked instruments that have a delta of one ("Delta-One Products") issued after 2016 and to all dividend equivalents paid or deemed paid on all other specified equity-linked instruments issued after 2018.

The Issuer will determine whether dividend equivalents on the Products are subject to withholding as of the close of the relevant market(s) on the pricing date and the relevant Final Terms will indicate whether the Products are specified equity-linked instruments that are subject to withholding on dividend equivalents. If withholding is required, the Issuer (or the applicable paying agent) will withhold 30 per cent. in respect of dividend equivalents paid or deemed paid on the Products and will not pay any additional amounts with respect to any such taxes withheld. If the terms of the Products provide that all or a portion of the dividends on U.S. underlying equity Products are reinvested in the underlyings during the term of the Product, the terms of the Product may also provide that only 70 per cent. of a deemed dividend equivalent will be reinvested. The remaining 30 per cent. of such deemed dividend equivalent will be treated, solely for U.S. federal income tax purposes, as having been withheld from a gross dividend equivalent payment due to the investor and remitted to the U.S. Internal Revenue Service on behalf of the investor. The Issuer will withhold this amount regardless of whether an investor is a United States person for U.S. federal income tax purposes or a non-United States person that may otherwise be entitled to an exemption or reduction of tax on U.S. source dividend payments pursuant to an income tax treaty.

Even if the Issuer determines that a holder's Products are not specified equity-linked instruments that are

subject to withholding on dividend equivalents, it is possible that a holder's Products could be deemed to be reissued for tax purposes upon the occurrence of certain events affecting the relevant Underlying or Basket Component or a holder's Products, and following such occurrence a holder's Products could be treated as specified equity-linked instruments that are subject to withholding on dividend equivalent payments. It is also possible that withholding tax or other tax under Section 871(m) of the U.S. Internal Revenue Code of 1986, as amended, ("Section 871(m)") could apply to the Products under these rules if a non-U.S. holder enters, or has entered, into certain other transactions in respect of the relevant Underlying or Basket Component. As described above, if withholding is required, the Issuer will withhold 30 per cent. in respect of dividend equivalents paid or deemed paid on the Products and will not pay any additional amounts with respect to any such taxes withheld.

Additionally, in the event that withholding is required, the Issuer hereby notifies each holder that for purposes of Section 871(m), that the Issuer will withhold in respect of dividend equivalents paid or deemed paid on the Products on the dividend payment date as described in U.S. Treasury Department regulations section 1.1441-2(e)(4) and section 3.03(B) of the form of Qualified Intermediary Agreement contained in Revenue Procedure 2017-15, as applicable, regardless of whether such investor would otherwise be entitled to an exemption from or reduction of withholding on such payments (e.g., a United States person for U.S. federal income tax purposes or a non-United States person eligible for an exemption from or reduction in withholding pursuant to an income tax treaty). No assurance can be given that a holder will be able to successfully claim a refund of the tax withheld in excess of the tax rate that would otherwise apply to such payments.

Each holder acknowledges and agrees that in the event that a Product references an index as the Underlying or Basket Component, then regardless of whether the relevant Underlying or Basket Component is a net price return, a price return or a total return index, the payments on the Products (including any amounts deemed reinvested in the Product) will reflect the gross dividend payments paid by the issuers of the Products comprising the index less applicable withholding tax amounts in respect of such gross dividends, which in the case of U.S. source dividends, will be paid by or on behalf of the Issuer to the U.S. Internal Revenue Service in accordance with the U.S. withholding tax rules under Section 871(m). holders should consult with their tax advisors regarding the application of Section 871(m) and the regulations thereunder in respect of their acquisition and ownership of the Products, including a non-U.S. holder that enters, or has entered, into other transactions in respect of the relevant Underlying or Basket Component.

2.3.14 Views of the Issuer and Research Reports published by the Issuer

The Issuer and its affiliates from time to time express views on expected movements in any relevant markets in the ordinary course of their businesses. These views are sometimes communicated to clients who participate in these markets. However, these views, depending upon world-wide economic, political and other developments, may vary over differing time-horizons and are subject to change. Moreover, other professionals who deal in these markets may at any time have significantly different views from the views of the Issuer and its affiliates. Investors must derive information about the relevant markets from multiple sources. Investors should investigate these markets and not rely on views which may be expressed by the Issuer or its affiliates in the ordinary course of the Issuer's or its affiliates' businesses with respect to future market movements.

The Issuer, or one or more of its affiliates may, at present or in the future, publish research reports with respect to movements in equity or commodity markets generally or in the relevant market price specifically. This research is modified from time to time without notice and may express opinions or provide recommendations that are inconsistent with purchasing or holding the Products. Any of these

activities may affect the market value of the Products.

2.4 Risk Factors relating to the Issuer

2.4.1 Non-reliance on Financial Information of the Issuer

As a global financial services provider, the business activities of the Issuer are affected by the prevailing market situation. Different risk factors can impair the Issuer's ability to implement business strategies and may have a direct, negative impact on earnings. Accordingly, the Issuer's revenues and earnings are and have been subject to fluctuations. The revenues and earnings figures from a specific period, thus, are not evidence of sustainable results. They can change from one year to the next and affect the Issuer's ability to achieve its strategic objectives.

2.4.2 General Insolvency Risk

Each Investor bears the general risk that the financial situation of the Issuer could deteriorate. The Products constitute immediate, unsecured and unsubordinated obligations of the Issuer, which, in particular in case of insolvency of the Issuer, rank *pari passu* with each and all other current and future unsecured and unsubordinated obligations of the Issuer, with the exception of those that have priority due to mandatory statutory provisions.

2.4.3 Effect of Downgrading of the Issuer's Rating

The general assessment of the Issuer's creditworthiness may affect the value of the Products. This assessment generally depends on the ratings assigned to the Issuer or its affiliated companies by rating agencies such as Moody's, Fitch and Standard & Poor's.

2.4.4 Potential Conflicts of Interest

The Issuer and affiliated companies may participate in transactions related to the Products in some way, for their own account or for account of a client. Such transactions may not serve to benefit the Investors and may have a positive or negative effect on the value of the Underlying and consequently on the value of the Products. Furthermore, companies affiliated with the Issuer may become counterparties in hedging transactions relating to obligations of the Issuer stemming from the Products. As a result, conflicts of interest can arise between companies affiliated with the Issuer, as well as between these companies and Investors, in relation to obligations regarding the calculation of the price of the Products and other associated determinations. In addition, the Issuer and its affiliates may act in other capacities with regard to the Products, such as Calculation Agent, Paying Agent and/or Index Sponsor.

Furthermore, the Issuer and its affiliates may issue other derivative instruments relating to the respective Underlying; introduction of such competing products may affect the value of the Products. The Issuer and its affiliated companies may receive non-public information relating to the Underlying, and neither the Issuer nor any of its affiliates undertake to make this information available to Investors. In addition, one or more of the Issuer's affiliated companies may publish research reports on the Underlying. Such activities could present conflicts of interest and may affect the value of the Products.

2.4.5 Disclosure with regard to Fees

Within the context of the offering and sale of the Products, the Issuer or any of its affiliates may directly or indirectly pay fees in varying amounts to third parties, such as distributors or investment advisors, or receive payment of fees in varying amounts, including those levied in association with the distribution of

the Products, from third parties. Potential Investors should be aware that the Issuer may retain fees in part or in full. The Issuer or, as the case may be, the Lead Manager, upon request, will provide information on the amount of these fees.

2.4.6 Risks relating to UBS

For information on risks that may impact UBS's ability to execute its strategy or otherwise affect its business activities, financial condition, results of operations and prospects, refer to the "Risk factors" section of the latest annual report of UBS. The relevant annual report is incorporated by reference herein.

3. Definitions

Terms, used but not defined in the General Terms and Conditions, shall have the meaning as specified in the relevant Final Terms.

"Business Day"	means in connection with any payment procedure (i) a day on which SIX SIS AG, DTC, Clearstream Luxembourg and Euroclear are open for business, and (ii) foreign exchange markets settle payments in the Settlement Currency.
"Company"	means, for Products with Shares as Underlying, the company that has issued such Shares.
"Conversion Ratio"	means the number of Underlyings into which a given number of Products may be converted.
"Exchange"	means the stock exchange where the Product is listed, if applicable.
"Exchange Business Day"	means (i) any Trading Day on which the official closing level of the relevant Underlying is published by the Related Exchange or the Index Sponsor, as the case may be; or (ii) for Products with Commodity Indices as Underlying, any Trading Day on which the official closing level of the Underlying Component is published by the Related Exchange or the Index Sponsor, as the case may be. Subject to the provisions set forth in the section headed ' <u>Market Disruption</u> '.
"Index"	means, for Products with an Index as Underlying, the Index as specified in the Final Terms and published by the relevant Index Sponsor.
"Investor"	means the person entitled to the rights conferred by the Products.
"Rating"	means the Rating as specified in the Final Terms which refers to the long-term credit ratings of Moody's, New York, Standard & Poor's, New York, and Fitch Ratings, London.
"Related Exchange(s)"	means the exchange(s) on which the relevant Underlying or its components and relating to Products on Commodity Indices the relevant Underlying Components are traded.
"Scheduled Closing Time"	relating to Products with Commodity Indices as Underlying, means in respect of an Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.
"Settlement Currency"	means the currency used for the payment of any redemption amount or any other amount.

"Share(s)"	means, for Products with shares as Underlying, any outstanding registered or unregistered shares or non-voting equity securities of the relevant Company.
"Trading Day"	means any day that is a scheduled trading day of the Related Exchange, subject to the provisions set forth in the section headed ' <u>Market Disruption Events</u> '.
"Trading Expiration Time"	means the time on the Expiration Date until which the Products can be traded at the Related Exchange.
"Underlying Component"	relating to Products with Commodity Indices as Underlying, means in respect of each physical commodity comprised in the Index, each exchange traded future or exchange traded option contracts for that physical commodity, as determined by the Calculation Agent.
"Valuation Date"	means the Expiration Date and/or any Observation Date(s). In relation to a Basket Underlying: If this Date is not an Exchange Business Day for at least one Basket Component, the immediately succeeding Exchange Business Day is deemed to be the relevant Valuation Date in relation to all Basket Components.

4. Terms and Conditions

4.1 Status of the Products/Classification

The Products are direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank pari passu with all present and future, unsecured and unsubordinated obligations without any preference among themselves and without any preference one above the other by reason of priority of date of issue, currency of payment or otherwise, except for obligations given priority by law.

The Products do not represent a participation in any of the collective investment schemes pursuant to Art. 7 et seqq. of the Swiss Federal Act on Collective Investment Schemes (CISA) and thus are not subject to the supervision of the Swiss Financial Market Supervisory Authority (FINMA). Therefore, Investors in the Products are not eligible for the specific investor protection under the CISA.

4.2 Form of Securities

The Products may be issued in the form of bearer notes (including global notes pursuant to article 973b of the Swiss Federal Code of Obligations (CO)) or in uncertificated form as uncertificated securities (Wertrechte) pursuant to article 973c CO, as specified in the relevant Final Terms.

Global notes will be deposited with and uncertificated securities will be entered into the main register (Hauptregister) of SIX SIS AG, the Swiss Securities Service Corporation in Olten (SIS) in accordance with the Swiss Federal Act on Intermediated Securities (FISA). Once deposited or registered with SIS and booked into the accounts of one or more participants of SIS, the global notes or the uncertificated securities will constitute intermediated securities (Bucheffekten) in accordance with the provisions of the FISA. The Issuer reserves the right to select any other clearing system or any other common depositary, including UBS AG, eligible for the role of an intermediary pursuant to article 4 FISA, for the purpose of depositing global notes or registering uncertificated securities.

As long as the Products are intermediated securities, the Products are transferred and otherwise disposed of in accordance with the provisions of the FISA, i.e. by entry of the transferred Products in a securities account of the transferee. As long as the Products are intermediated securities, the holders of the Products will be the persons holding the Products in a securities account in their own name and for their own account.

The holders of the Products shall at no time have the right to effect or demand the conversion of the uncertificated securities (Wertrechte) into, or the delivery of a global note (Globalurkunde) or definitive notes (Wertpapiere).

4.3 Adjustments

4.3.1 Adjustments to Products with Shares as Underlying

4.3.1.1 Potential Adjustment Events

Following each Potential Adjustment Event (as defined below), the Issuer shall determine the appropriate adjustment, if any, to be made to any relevant level, including but not limited to, the Strike Level, the Cap Level or the Kick-Out Level, or the Conversion Ratio, and/or any other terms of the Products insofar as they relate to the Shares to account for the dilutive or concentrative effect of the Potential Adjustment Event or otherwise necessary to preserve the economic equivalent of the rights of the Investors under the

Products immediately prior to the Potential Adjustment Event, such adjustment to be effective as of the date determined by the Issuer. Any so resulting fraction per Product will be paid in cash and will not be cumulated.

For the purposes of this Section 4.3.1.1., 'Potential Adjustment Event' means the declaration by the relevant Company of any of the following:

- (i) a subdivision, consolidation or reclassification of Shares (unless they qualify as Extraordinary Event, as defined in Section 4.3.1.2 below) or a free distribution of Shares to existing holders by the way of bonus, capitalisation or similar issue;
- (ii) a distribution to existing holders of the Shares of (a) additional Shares or (b) other Share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Company equally or proportionately with such payments to holders of the Shares or (c) any other type of securities, rights or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Issuer;
- (iii) an extraordinary dividend;
- (iv) any event in respect of the Shares analogous to any of the foregoing events or otherwise having, in the reasonable opinion of the Issuer, a dilutive or concentrative effect on the market value of the Shares.

In determining to what extent an adjustment should be made as a result of the occurrence of a Potential Adjustment Event, the Issuer may take into consideration, but shall not be bound by, any adjustment to the terms of options contracts or futures contracts relating to the Shares made and announced by the exchange(s) on which such options or futures contracts are traded.

In the event that a Potential Adjustment Event would involve the distribution of shares and/or other tradable securities to existing holders of Shares, then the Issuer will endeavour to carry out the adjustment to the extent possible by way of amending the terms and conditions of the Products such that they provide for the right to purchase a combination of such shares and/or tradable securities and shares.

4.3.1.2 Extraordinary Events

If any of the following events (each an "Extraordinary Event") occurs prior to or on Expiry:

- (i) the Share is reclassified or changed (other than a change in par value, if any as a result of a subdivision or combination);
- (ii) the Company consolidates, amalgamates or merges with or into another entity (other than a consolidation, amalgamation or merger following which the Company is the surviving entity);
- (iii) the Shares are the subject to a Takeover (as defined below);
- (iv) by reason of the adoption of or any change in any applicable law, all assets of the Company or all the outstanding Shares, are nationalised, expropriated or otherwise required to be transferred to any government, governmental agency or authority; or
- (v) by reason of bankruptcy or insolvency (or other analogous event) of the Company (a) all the Shares are required to be transferred to any trustee, liquidator or similar official or (b) holders of

the Shares become legally prohibited from transferring them;

then the Issuer shall, in case the Products entitle to a delivery of Shares,

- (1) if the Extraordinary Event involves an offer solely of Shares (whether of the Company or a third party) (the 'New Shares') determine the number (or fraction) of such New Shares to which a holder of a Share would have been entitled upon the consummation of such Extraordinary Event and the Issuer shall deliver such New Shares on the Redemption Date in lieu of each Share, any so resulting fraction per Product will be paid in cash and will not be cumulated; or
- (2) if the Extraordinary Event involves an offer of (i) cash and/or securities or assets other than New Shares ('Cash Consideration') or (ii) Cash Consideration and New Shares, determine the amount (the 'Replacement Asset') in Cash Consideration and/or New Shares to which a holder of a Share would have been entitled upon the consummation of such Extraordinary Event and the amount of Replacement Assets shall be payable and/or deliverable by the Issuer on the Redemption Date in lieu of each Share. Any so resulting fraction per Product will be paid in cash and will not be cumulated; or
- (3) if the Extraordinary Event involves a merger of two or more Underlying components, or similar actions are taken, through which the Shares are concerned without a choice of the Investors, the Calculation Agent will determine the number of New Shares or fraction thereof to which the Investors would have been entitled to on the respective Redemption Date. The Calculation Agent reserves the right, in its sole and absolute discretion, to replace the affected Shares by shares of another company (the "Replacement Shares"). The Replacement Shares shall, if possible, feature a similar market capitalization, be traded in the same currency and be from the same industry sector.

The obligation by the Issuer in respect of any Products affected by such Extraordinary Event shall be satisfied by payment and/or delivery of any Replacement Asset, Replacement Shares or New Shares pursuant to sub-paragraphs (1) and (2) above.

For the purpose of this section, 'Takeover' in relation to the Shares means that, in the reasonable opinion of the Issuer, a person or several people acting in concert has (or have as the case may be) acquired (whether through a series of transactions or not) Shares amounting to a total of fifty per cent or more of (i) the aggregate nominal value of all issued Shares then outstanding less (ii) the aggregate nominal value of any Shares held by such person (or persons as the case may be) as of the Payment Date provided such acquisition(s) is (are) made on or before the Expiration Date. For the purpose of this Section the term "person" shall include any legal entity and any government, governmental agencies or authorities.

4.3.1.3 Exchange of Shares for other securities of the Company

In the event that the Company would grant to its holders of Shares the right on a discretionary basis to exchange the Shares for other securities of the Company the Investors shall be duly notified thereof in accordance with the section headed 'Notices'. Such notification shall include the date after which the Issuer, in its absolute discretion, shall have the right to replace the Shares deliverable under the Products by such new securities of the Company and such decision shall be binding upon all Investors.

The Issuer or the Lead Manager shall as soon as practicable notify the Investors of any determination made pursuant to the section headed 'Notices'.

4.3.2 Adjustments to Products with a Basket of Shares as Underlying

If the Calculating Agent determines that an event has occurred which has a dilutive concentrative or other effect on any one or more of the Shares which make up the Basket, then following each such event, the Calculation Agent shall determine any corresponding adjustments to the terms and conditions of the Products (including adjusting the Basket or the redemption amount), which in the opinion of the Calculation Agent are appropriate to account for the dilutive, concentrative or other effect of the relevant event and which adjustments shall be effective as of the date determined by the Calculation Agent. These adjustments shall include the replacement of any one or more of the Shares which are included in the Basket with shares that are not currently included in the Basket.

If an order is made or an effective resolution is passed for the dissolution or liquidation of the Issuer of any one or more of the Shares which make up the Basket of the whole or a substantial part of its undertakings, property or assets, then the relevant Shares will be deemed to have been removed from the Basket and the redemption amount will be adjusted accordingly. If all of the Shares which make up the Basket are removed from the Basket pursuant to this condition, then the Shares will become void for all purposes.

The Issuer or the Lead Manager shall as soon as practicable notify the Investors of any determination made pursuant to the section headed "Notices". The details of any determinations will be available for inspection by Investors at the office of the Lead Manager.

4.3.3 Adjustments to Products with an Index or a Basket of Indices as Underlying

If the Index is (i) not calculated and announced by the Index Sponsor, but is calculated and announced by a successor sponsor acceptable to the Issuer or (ii) replaced by a successor index using in the determination of the Issuer, the same or a substantially similar formula for, and method of calculation as used in the calculation of the Index, then the Index will be deemed to be the Index so calculated and announced by that successor sponsor or that successor index, as the case may be.

If (i) on or prior to the Expiration Date the Index Sponsor makes a material change in the formula for, or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent stock and capitalisation and other routine events) or (ii) on the Expiration Date the Index Sponsor fails to calculate and announce the Index, then the Issuer shall calculate the relevant redemption amount using, in lieu of a published level for the Index, the level for the Index as at that date as determined by the Issuer in accordance with the formula for, and method of calculating the Index, last in effect prior to that change or failure, but using only those securities that comprised the Index immediately prior to that change or failure.

The Issuer or the Lead Manager shall as soon as practicable notify the Investors of any determination made pursuant to the section headed 'Notices'.

4.3.4 Adjustment to Products where the Underlying qualifies as a Benchmark

In the event that

- I. the Issuer or the Calculation Agent, as the case may be, determines that the Underlying or any element of the amount payable in respect of the Product qualifies as a "benchmark" within the meaning of the EU Benchmarks Regulation, and
- II. the Issuer or the Calculation Agent, as the case may be, is, due to the coming into effect

(following any transitional provisions) of the EU Benchmarks Regulation on or after the Issue Date of the Product:

- (a) either no longer able to use the Benchmark in respect of the Product; or
- (b) has control over the provision of the Benchmark (administrator) within the meaning of the EU Benchmarks Regulation without having the appropriate authorisation, registration, recognition, endorsement, equivalence, approval or inclusion in any official register which, in each case, is required under any applicable law or regulation for the Issuer or the Calculation Agent, as the case may be, to perform its or their respective obligations,

then following each such event, the Calculation Agent shall determine any corresponding adjustments to the terms and conditions of the Products (including replacing the Benchmark), which in the opinion of the Calculation Agent are appropriate to account for the effect of the relevant event and which adjustments shall be effective as of the date determined by the Calculation Agent.

The Issuer or the Lead Manager shall as soon as practicable notify the Investors of any adjustment made pursuant to the section headed 'Notices'.

4.3.5 Adjustment to Products with Commodities as Underlying

The Issuer shall notify Investors, according to the provisions set out in the section headed "Notices", of any adjustments as reasonably determined by the Issuer and/or the Calculation Agent. The details of such adjustments will be available for inspection at the offices of the Calculation Agent.

4.3.6 Other Adjustments

The provisions set out in 4.3.1. – 4.3.5. shall apply mutatis mutandis to events other than those mentioned, if the concentrative or dilutive effects of these events are, in the reasonable determination of Lead Manager, comparable.

The Issuer or the Lead Manager shall notify the Investors in accordance with the section headed 'Notices' of any adjustments which have been made. The details of such adjustments will be available for inspection at the offices of the Lead Manager.

4.4 Market Disruption Event

4.4.1 Meaning of Market Disruption Event

4.4.1.1 Meaning of Market Disruption Event if Underlying of Products is related to Shares

"Market Disruption Event" means, in relation to Products with Shares as Underlying, in respect of such Share, the occurrence or existence on any Trading Day of any one or more of the following events:

- (i) any suspension of or limitation imposed on trading in one or more of the Share(s) by the Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the Related Exchange or otherwise;
- (ii) failure by the applicable Related Exchange or other price source, as applicable, to announce or publish the final closing in respect of any Share;
- (iii) the closure on any Exchange Business Day of the Related Exchange in respect of a Share, prior to

its scheduled closing time;

- (iv) any event (other than an early closure as described above) that disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for any relevant Share,

If in the determination of the Issuer or Calculation Agent, any such event is material and the disruption affects either

- (i) the Shares on the Related Exchange; or
- (ii) any options contracts or futures contracts relating to the Shares on any exchange on which options contracts or futures contracts relating to the Shares are traded.

4.4.1.2 Meaning of Market Disruption Event if Underlying of Products is related to a Basket of Shares

"Market Disruption Event" means, in relation to Products with a Basket of Shares as Underlying, in respect of such Share, the occurrence or existence on any Trading Day of any one or more of the following events:

- (i) a limitation, suspension, or disruption of trading in one or more of the Share(s) imposed on trading by the Related Exchange or otherwise and whether by movements in price exceeding limits permitted by the Related Exchange or otherwise;
- (ii) failure by the applicable Related Exchange or other price source, as applicable, to announce or publish the final closing in respect of any Share;
- (iii) the closure on any Exchange Business Day of the Related Exchange in respect of a Share, prior to its scheduled closing time;
- (iv) any event (other than an early closure as described above) that disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for any relevant Share,

if in the determination of the Issuer or Calculation Agent, any such event is material and the disruption affects either

- (i) the exchange in securities that comprise 20 per cent or more of the level of the Basket, or
- (ii) any options contracts or futures contracts relating to the Shares on any exchange on which options contracts or futures contracts on the Shares are traded.

4.4.1.3 Meaning of Market Disruption Event if Underlying of Products is related to an Index or a Basket of Indices

"Market Disruption Event" means, in relation to Products with an Index as Underlying, in respect of an Index, the occurrence or existence on any Trading Day of any one or more of the following events:

- (i) any suspension of or limitation imposed on trading in one or more of the Index/Indices by the

Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the Related Exchange or otherwise;

- (ii) failure by the applicable Related Exchange or other price source, as applicable, to announce or publish the final closing in respect of any relevant Index component;
- (iii) the closure on any Exchange Business Day of the Related Exchange in respect of any Index component, prior to its scheduled closing time;
- (iv) any event (other than an early closure as described above) that disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for any relevant Index component,

if in the determination of the Issuer or Calculation Agent, any such event is material and the disruption affects either

- (i) the exchange in securities that comprise 20 per cent or more of the level of the relevant Index, or
- (ii) any exchange on which options contracts or futures contracts on the relevant Index are traded in options contracts or futures contracts on that Index.

For the purpose of determining whether a Market Disruption Event exists in relation to an Index at any time, if trading in a component included in that Index is materially suspended or materially limited at that time, then the relevant percentage contribution of that component to the level of that Index shall be based on a comparison of (i) the portion of the level of that Index attributable to that component relative to (ii) the overall level of that Index, in each case immediately before that suspension or limitation.

4.4.1.4 Meaning of Market Disruption Event if Underlying of Products is related to Commodities (except Commodity Indices)

"Market Disruption Event" means, in relation to Products relating to Commodities or a Basket of Commodities the occurrence or existence on any Trading Day of any one or more of the following events:

- (i) a limitation, suspension, or disruption of trading in one or more of the component of the Underlying imposed on trading by the relevant Exchange or otherwise and whether by movements in price exceeding limits permitted by the relevant Exchange or otherwise;
- (ii) failure by the applicable Exchange or other price source as applicable to announce or publish the final closing in respect of any underlying component(s);
- (iii) the closure on any Exchange Business Day of any relevant Exchange in respect of a component of the Underlying, prior to its scheduled closing time;
- (iv) any event (other than an early closure as described above) that disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for any relevant component.

if in the determination of the Issuer or Calculation Agent, any such event is material and the disruption affects either

- (i) the Commodities on the Related Exchange; or
- (ii) any options contracts or futures contracts relating to the Commodity or the Basket of Commodities, as the case may be, on any exchange on which options contracts or futures contracts on the Commodities are traded.

4.4.1.5 Meaning of Market Disruption Event if Underlying of Products is related to Commodity Indices

"Market Disruption Event" means, in relation to Products with Commodity Indices as Underlying, the occurrence or existence in respect of any Underlying Component on any Trading Day or on any number of consecutive Trading Days any one or more of the following events:

- (i) a limitation, suspension, or disruption of trading in one or more of the Underlying Components imposed on trading by the Related Exchange or otherwise and whether by movements in price exceeding limits permitted by the Related Exchange or otherwise;
- (ii) the settlement price for any Underlying Component is a "limit price", which means that the settlement price for such Underlying Component for a day has increased or decreased from the previous day's closing price by the maximum amount permitted under applicable rules of the Related Exchange;
- (iii) failure by the Related Exchange or other price source as applicable to announce or publish the settlement price in respect of any Underlying Component;
- (iv) the Related Exchange fails to open for trading during its regular trading session;
- (v) the closure on any Exchange Business Day of any Related Exchange in respect of a Underlying Component, prior to its Scheduled Closing Time;
- (vi) any event (other than an early closure as described above) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for any Underlying Component,

if in the determination of the Issuer or Calculation Agent, any such event is material.

4.4.2 Consequences of a Market Disruption Event

4.4.2.1 Consequences of a Market Disruption Event if Underlying of the Products are related to Shares, a Basket of Shares, an Index or a Basket of Indices, or to Commodities (except Commodity Indices)

If the Issuer or Calculation Agent reasonably determines that a Market Disruption Event has occurred and is continuing on any Valuation Date then the Valuation Date for the relevant Underlying or underlying component shall be postponed to the first following Exchange Business Day on which there is no Market Disruption Event.

In the case of Products with a Basket as Underlying, the Valuation Date for each basket component which is not affected by the Market Disruption Event shall be the originally designated Valuation Date.

If the Issuer or the Calculation Agent reasonably determines that a Market Disruption Event has occurred

and is continuing on any day in respect of which the Issuer or the Calculation Agent, as the case may be, is in accordance with the Term and Conditions of the Product required to determine the price of a Share, an Index, a Basket of Shares or a Basket of Indices or of Commodities (such date is referred to as the “**Scheduled Determination Date**”) to determine the occurrence of a stop loss event, a barrier event or any similar event, then the Calculation Agent or the Issuer, as applicable, at its reasonable discretion and taking into account (i) the market conditions then prevailing and (ii) such other conditions or factors as the Issuer or the Calculation Agent reasonably consider to be relevant, is entitled, but is under no obligation to estimate the relevant price of the affected Share, Index or Commodity (which for the avoidance of doubt could be zero (0)) in relation to the Scheduled Determination Date on the basis of the latest available prices of the affected Share, Index or Commodity.

In the case of Products with a Basket as Underlying, the price for each component comprised in the Basket which is not affected by the Market Disruption Event shall be the officially determined price.

If a Market Disruption Event continues for several Trading Days, then the Issuer or the Calculation Agent shall determine that the relevant Valuation Date may not be further postponed and fix a Valuation Date, as the case may be, nonetheless continuing Market Disruption Events. The value of affected Underlying(s) shall then be determined by the Issuer or Calculation Agent in its sole and absolute discretion but in accordance with established market practice.

In case where a Valuation Date is postponed as a consequence of a Market Disruption Event, the Redemption Date, any coupon payment day or any other date, as applicable, will be postponed accordingly.

Upon the occurrence of a Market Disruption Event, the Issuer shall give notice as soon as practicable to the Investors in accordance with the section headed ‘Notices’ stating that a Market Disruption Event has occurred and providing details thereof. Failure of the Calculation Agent to notify the parties of the occurrence of a Market Disruption Event shall not affect the validity of the occurrence and effect of such Market Disruption Event on the Products.

All determinations made by the Issuer or the Calculation Agent pursuant to this section shall be conclusive and binding on the Investor and the Issuer. The Investor will not be entitled to any compensation from the Issuer for any loss suffered as a result of the occurrence of a Market Disruption Event.

4.4.2.2 Consequences of a Market Disruption Event if Underlying of the Products is related to Commodity Indices

If the Issuer or Calculation Agent reasonably determines that a Market Disruption Event has occurred then the level of that Index shall not be determined by reference to the official Closing Level of the Index, if any, announced or published by the Index Sponsor on that Valuation Date, but shall instead be determined by the Calculation Agent as follows:

- (i) with respect to each Underlying Component **not affected** by the occurrence of a Market Disruption Event, the level of the Index will be based on the settlement price of such Underlying Component on the relevant Valuation Date;
- (ii) with respect to each Underlying Component which **is affected** by the occurrence of a Market Disruption Event, the level of the Index will be based on the settlement prices of each such Underlying Component on the first Exchange Business Day following the applicable Valuation Date where there is no such Market Disruption Event with respect to such Underlying

Component, provided that, if there is still a Market Disruption Event on the immediately following **eight** Exchange Business Days then the price of such Underlying Component to be used in calculating the level of the Index (which for the avoidance of doubt could be zero) shall be determined by the Calculation Agent in its sole discretion and acting in good faith on the **eighth** Exchange Business Day following the relevant Valuation Date

The Calculation Agent shall determine the level of the Index in respect of the applicable Valuation Date using the settlement prices determined in sub-paragraphs (i) and (ii) above in accordance with the formula for and method of calculating the level of the Index last in effect prior to the occurrence of the Market Disruption Event.

In case where a Valuation Date is postponed as a consequence of a Market Disruption Event, the Redemption Date, any coupon payment day or any other date, as applicable, will be postponed accordingly.

Upon the occurrence of a Market Disruption Event, the Issuer or the Lead Manager shall give notice as soon as practicable to the Investors in accordance with the section headed 'Notices' stating that a Market Disruption Event has occurred and providing details thereof. Failure of the Calculation Agent to notify the parties of the occurrence of a Market Disruption Event shall not affect the validity of the occurrence and effect of such Market Disruption Event on the Products.

All determinations made by the Issuer or the Calculation Agent pursuant to this section shall be conclusive and binding on the Investor and the Issuer. The Investor will not be entitled to any compensation from the Issuer for any loss suffered as a result of the occurrence of a Market Disruption Event.

4.5 FX Disruption Event

4.5.1 Meaning of a FX Disruption Event

"FX Disruption Event" means the occurrence of any event on any day or any number of consecutive days as determined by the Calculation Agent in its sole and reasonable discretion that affects the Issuer's currency hedging (if any) with respect to the Products.

4.5.2 Consequences of an FX Disruption Event relating to the Products

Notwithstanding any other provisions contained herein the Calculation Agent may in its sole and reasonable discretion increase or decrease, as the case may be, the redemption amount to account for any income, loss, costs (including hedging costs) and expenses that are in the Calculation Agent's sole and reasonable discretion attributable to, or as a result of, the FX Disruption Event.

4.6 Settlement Disruption Event

4.6.1 Meaning of a Settlement Disruption Event

"Settlement Disruption Event" shall mean an event beyond the control of the Issuer as a result of which the Issuer cannot make delivery of the relevant asset(s) as specified in the relevant Final Terms on the Redemption Date.

4.6.2 Consequences of a Settlement Disruption Event

If the Issuer or the Calculation Agent reasonably determines that a Settlement Disruption Event has

occurred and is continuing on the Redemption Date, then such Redemption Date shall be postponed to the first Business Day following the termination of the Settlement Disruption Event.

If a Settlement Disruption Event continues for several Business Days, then the Issuer or the Calculation Agent shall determine that the Redemption Date may not be further postponed and fix a Redemption Date, as the case may be, despite continuing Settlement Disruption Events. In lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole and absolute discretion but in accordance with established market practice to satisfy and discharge its obligations in respect of the relevant Products.

For the avoidance of doubt, where a Settlement Disruption Event affects some but not all of the relevant assets comprising the redemption entitlement, the Redemption Date for the relevant assets not affected by the Settlement Disruption Event will be the originally designated Redemption Date.

Upon the occurrence of a Settlement Disruption Event, the Issuer or the Lead Manager shall give notice as soon as practicable to the Investors in accordance with the section headed 'Notices' stating that a Settlement Disruption Event has occurred and providing details thereof. Failure of the Calculation Agent to notify the parties of the occurrence of a Settlement Disruption Event shall not affect the validity of the occurrence and effect of such Settlement Disruption Event on the Products.

All determinations made by the Issuer or the Calculation Agent pursuant to this section shall be conclusive and binding on the Investor and the Issuer. The Investor will not be entitled to any compensation from the Issuer for any loss suffered as a result of the occurrence of a Settlement Disruption Event.

4.7 Listing

The Listing, if any, of the Products, will be applied for on the relevant Exchange and will be maintained on the relevant Exchange during the life of the Products.

4.8 Taxation/Tax Call

4.8.1 In General

Each Investor shall assume and be responsible for any and all taxes, duties, fees and charges imposed on or levied against (or which could be imposed on or levied against) such Investor in any jurisdiction or by any governmental or regulatory authority.

The Issuer and the Paying Agent shall have the right, but not the duty, to withhold or deduct from any amounts otherwise payable to the Investor such amount as is necessary for the payment of any such taxes, duties, fees and/or charges.

In any case where any governmental or regulatory authority imposes on the Issuer the obligation to pay any such taxes, duties, fees and/or charges the Investor shall promptly reimburse the Issuer.

Potential Investors should inform themselves with regard to any tax consequences particular to their circumstances arising in the jurisdiction in which they are resident or domiciled for tax purposes in connection with the acquisition, ownership, redemption or disposal by them of any Products.

4.8.2 In respect of Section 871(m) of the US Tax Code and FATCA

4.8.2.1 Section 871(m)

U.S. Treasury Department regulations under Section 871(m) of the U.S. Internal Revenue Code of 1986, as amended ("**Section 871(m)**") require withholding of up to 30 per cent. (depending on whether an income tax treaty or other exemption applies) on payments or deemed payments made to non-U.S. persons on certain financial instruments (such as the Products) to the extent that such payments (or deemed payments) are contingent upon or determined by reference to U.S.-source dividends. Under these regulations, certain payments or deemed payments to non-U.S. holders with respect to certain equity-linked instruments that reference U.S. stocks or indices that include U.S. equities may be treated as dividend equivalents ("**Dividend Equivalents**") that are subject to U.S. withholding tax at a rate of 30 per cent. (or lower applicable rate).

Under these regulations, withholding may be required even in the absence of any actual dividend-related payment or adjustment made pursuant to the terms and conditions of the Products and it may be difficult or not possible for investors to determine whether the Products include Dividend Equivalents.

These rules differentiate between "Delta-One" and "Non-Delta-One" Products, *i.e.* whether the Products track the relevant underlying 1:1 ("**Delta-One Products**") or not ("**Non-Delta-One Products**"). This withholding will not apply to Non-Delta-One Products issued before 1 January 2019 ("**Grandfathered Products**") unless the Grandfathered Products are "significantly modified" (including as a result of changes to the Underlying or Basket Components, as the case may be, in accordance with the terms and conditions of the Products) or re-issued after the relevant date. The Issuer's determinations as to whether the Products are considered to be "Delta-One", the amount of any Dividend Equivalent, whether a significant modification or deemed reissuance has occurred and any other determination with respect to the application of Section 871(m) to the Products will be binding on the holders, but not on the U.S. Internal Revenue Service. The rules of Section 871(m) require complex calculations in respect of the Products that directly or indirectly reference U.S. equities, and significant aspects of the application of these regulations to the Products are uncertain.

The Issuer will withhold 30 per cent. of any Dividend Equivalent payments payable under a Product (including possibly a portion of the payments at maturity of the Product). If the terms of the Product provide that all or a portion of the dividends on U.S. underlying equities are reinvested in such underlyings during the term of the Product, the terms of the Product may also provide that only 70 per cent. of a deemed dividend equivalent will be reinvested. The remaining 30 per cent. of such deemed Dividend Equivalent will be treated, solely for U.S. federal income tax purposes, as having been withheld from a gross Dividend Equivalent payment due to the investor and remitted to the IRS on behalf of the investor. The Issuer will withhold such amounts without regard to either any applicable treaty rule or the classification of an investor as a U.S. or a non-U.S. investor for U.S. federal income tax purposes.

Each holder acknowledges and agrees that in the event that a Product references an index as the Underlying or Basket Component, then regardless of whether the relevant Underlying or Basket Component is a net price return, a price return or a total return index, the payments on the Products (including any amounts deemed reinvested in the Product) will reflect the gross dividend payments paid by the issuers of the Products comprising the index less applicable withholding tax amounts in respect of such gross dividends, which in the case of U.S. source dividends, will be paid by or on behalf of the Issuer to the U.S. Internal Revenue Service in accordance with the U.S. withholding tax rules under Section 871(m).

The Issuer intends, if possible, to take any tax liability pursuant to Section 871(m) into account in the

pricing of the Products and to comply with the Section 871(m) withholding obligations. For Products structured in such a way that expected Dividend Equivalents cannot be factored into the original pricing, the Issuer intends to take the tax liability into account in its continuous adjustments of other amounts, such as the underlying price to dividends paid and other factors. Investors should note that compliance with Section 871(m) in this manner precludes the issue of tax certificates for tax payments rendered for individual investors by the Issuer and that investors should revert to their account custodian for any potential tax refund pursuant to the relevant U.S. provisions. The Issuer makes no representation regarding investors' eligibility to claim such a refund, and investors may not be able to obtain an IRS Form 1042 from the Issuer or any custodian that would assist investors in obtaining the refund.

Withholding in respect of Dividend Equivalent amounts will generally be required when the relevant payment is made on a Product or upon the date of maturity, lapse or other disposition by a non-U.S. investor of the Product. Products may be treated as paying Dividend Equivalent amounts to the extent U.S.-source dividends are expected to be paid on the underlying equity Products, even if no corresponding payment on the Product is explicitly linked to such dividends and even if, upon maturity, lapse or other disposition by the non-U.S. investor, the investor realizes a loss. The U.S. Treasury Department regulations provide exceptions to withholding, in particular for certain instruments linked to certain broad-based indices.

In the event any withholding would be required pursuant to Section 871(m) with respect to payments on the Products, neither the Issuer nor any paying agent or other person pursuant to the terms and conditions of the Products would be obliged to pay additional amounts to the holders as a result of the deduction or withholding, in which case the holders would potentially receive less than expected. It is possible that the withholding under Section 871(m) could exceed 30 per cent. of a given payment, or even reduce the payment to zero.

Prospective investors should consult their tax advisers regarding the application of Section 871(m) and the applicable regulations to the Products as well as and any available options for a potential tax mitigation.

4.8.2.2 Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act ("**FATCA**") generally imposes a 30% U.S. withholding tax on payments of certain U.S. source interest, dividends and certain other fixed or determinable annual or periodical income on the gross proceeds from the sale, maturity, or other disposition of certain assets after December 31, 2017, and on certain "foreign passthru payments" made after December 31, 2017 (or, if later, the date that final regulations defining the term "foreign passthru payment" are published) made to certain foreign financial institutions (including most foreign hedge funds, private equity funds and other investment vehicles) unless the payee foreign financial institution agrees to disclose the identity of any U.S. individuals and certain U.S. entities that directly or indirectly maintain an account with, or hold debt or equity interests in, such institution (or the relevant affiliate) and to annually report certain information about such account or interest directly, or indirectly, to the IRS (or to a non-U.S. governmental authority under a relevant Intergovernmental Agreement entered into between such non-U.S. governmental authority and the United States, which would then provide this information to the IRS). FATCA also requires withholding agents making certain payments to certain non-financial foreign entities that fail to disclose the name, address, and taxpayer identification number of any substantial direct or indirect U.S. owners of such entity to withhold a 30% tax on such payments. Accordingly, the Issuer and other foreign financial institutions may be required under FATCA to report certain account information about holders of the Products directly to the IRS (or to a non-U.S. governmental authority as described above). Moreover, the Issuer may be required to withhold on a portion of payments made on the Products to (i) holders who do not provide any information requested to enable the Issuer to comply

with FATCA, or (ii) foreign financial institutions who fail to comply with FATCA.

Investors who hold Products through a foreign financial institution or other foreign entity must be aware that it is possible that any payments may be subject to 30% withholding. If, however, withholding is required, the Issuer (or the applicable paying agent) will not be required to pay additional amounts with respect to the amounts so withheld.

Investors are urged to consult their own advisor about the application of FATCA to the ownership of their Products.

4.8.3 Tax Call

The Issuer may redeem all Products in case any present or future taxes, duties or governmental charges would be imposed by any jurisdiction in which the Issuer is or becomes subject to tax as a result of any change in laws or regulations of the relevant jurisdiction. The Issuer or the Lead Manager shall as soon as practicable notify the Investors of such redemption pursuant to the section headed 'Notices'.

4.9 Further Issues

The Issuer reserves the right to issue at any time, without consent of the Investors, further Products ranking pari passu with previously issued Products.

4.10 Severability and Amendment of Terms and Conditions

In the event any term or condition is, or becomes invalid, the validity of the remaining terms and conditions shall in no manner be affected thereby.

The Issuer shall be entitled to amend any term or condition for the purpose of clarifying any uncertainty, or correcting or supplementing the provisions herein in such manner as the Issuer deems necessary or desirable, provided that the Investor does not incur significant financial loss as a consequence thereof.

However, the Issuer shall at all times be entitled to amend any terms or conditions where, and to the extent, the amendment is necessitated as a consequence of legislation, decisions by courts of law, or decisions taken by governmental authorities.

4.11 Calculation

The Calculation Agent's calculations and determinations hereunder shall (save in the case of manifest error) be final and binding on the Investors. The Calculation Agent will have no responsibility for good faith errors or omissions in calculation of the value of the Underlying as provided herein.

The Investors shall not be entitled to make any claim against the Issuer in the case where the related exchange or any third party shall have made any misstatement as to the Underlying.

4.12 Substitution of the Issuer

The Issuer is entitled at any time and without the consent of the Investors, to substitute itself as obligor under the Products for any affiliate, branch, subsidiary or holding company within the UBS group, including any group holding company (the "New Issuer"), provided that (i) the New Issuer shall assume all

obligations that the Issuer owes to the Investors under or in relation to the Products, and (ii) such New Issuer shall at all times after such substitution have either:

- a credit rating equivalent to or better than the Issuer, or
- its obligations to Investors under the Products unconditionally and irrevocably guaranteed by the Issuer.

If such substitution occurs, then any reference in the Product Documentation to the Issuer shall be construed as a reference to the New Issuer. Any substitution will be promptly notified to Investors in accordance with the section headed 'Notices'. In connection with any exercise by the Issuer of the right of substitution, the Issuer shall not be liable for any consequences suffered by individual Investors as a result of the exercise of such right and, accordingly, no Investor shall be entitled to claim from the Issuer any indemnification or repayment in that respect.

For the avoidance of doubt: This provision also applies to any New Issuer.

4.13 Extraordinary Termination Right of the Issuer

4.13.1 Termination by the Issuer

The Issuer shall in case of the occurrence of one of the following Termination Events be entitled, but not obliged, to terminate all but not some of the Products by way of publication pursuant to the section headed "Notices" specifying the relevant Termination Event (the "**Termination**"). Such termination shall become effective at the date of the publication of the notice in accordance with the section headed "Notices" or at the date indicated in the notice (the "**Termination Date**").

4.13.2 Occurrence of a Termination Event

A "**Termination Event**" means any event that has a material impact on the economic value of the Product and/or that materially deviates from the reasonable market expectations of the Issuer, as, inter alia, but not limited to, one of the following events:

- (i) The determination and/or publication of the price of the Share, any Underlying Component, the Index, the Commodity or any component comprised in the underlying Basket, as the case may be, is discontinued permanently, as determined in the reasonable discretion of the Issuer or the Calculation Agent, or the Issuer or the Calculation Agent obtains knowledge about the intention to do so.
- (ii) It is, in the opinion of the Issuer or the Calculation Agent at their reasonable discretion, not possible, for whatever reason, to make adjustments to the terms and conditions of the Product or if such adjustment would not achieve a commercially reasonable result.
- (iii) In the opinion of the Issuer or the Calculation Agent at their reasonable discretion a material change in the market conditions occurred in relation to the related exchange market and/or the relevant reference market, as the case may be, including the Related Exchange and the exchange(s) on which options contracts or futures contracts relating to Shares, Underlying Components, Indices, Commodities or relating to any component comprised in the underlying Basket are traded, which has a material adverse effect on the economic value of the Product.
- (iv) The Issuer obtains knowledge about the intention to discontinue permanently the quotation of the Share, the Index or any component comprised in the underlying Basket due to a merger or a new company formation, due to a transformation of the company which has issued the Shares or the shares comprised in the underlying Basket into a legal form without shares, or due to any other comparable event, in particular as a result of a delisting of the company.

- (v) In case of Shares as Underlying or shares comprised in the underlying Basket: An insolvency proceeding or any other similar proceeding under the jurisdiction applicable to and governing the company which has issued the Shares or the shares comprised in the underlying Basket is initiated with respect to the assets of the company.
- (vi) In case of Shares as Underlying or shares comprised in the underlying Basket: Take-over of the shares of the company which has issued the Shares or the shares comprised in the underlying Basket, which, in the Issuer's opinion, results in a significant impact on the liquidity of such Shares or the shares comprised in the underlying Basket in the market.
- (vii) In case of Shares as Underlying or shares comprised in the underlying Basket: Offer to the shareholders of the company which has issued the Shares or the shares comprised in the underlying Basket pursuant to any proceeding under the jurisdiction applicable to and governing the company to convert existing shares of the company to cash settlement, to Products other than shares or rights, which are not quoted on a stock exchange and/or in a trading system.
- (viii) In the opinion of the Issuer or the Calculation Agent at their reasonable discretion a Change in Law and/or a Hedging Disruption and/or an Increased Cost of Hedging occurred.

In this context

"Change in Law" means that, on or after the Pricing Date or the Issue Date, as applicable, of the Product (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines in good faith that (X) it has become illegal to hold, acquire or dispose of any transaction(s) or asset(s) in relation to the Underlying, or (Y) it will incur a materially increased cost in performing its obligations under the Products (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

"Hedging Disruption" means that the Issuer is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge price risks of issuing and performing its obligations with respect to the Products, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s); and

"Increased Cost of Hedging" means that the Issuer would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk of issuing and performing its obligations with respect to the Products (the **"Hedge Transactions"**), or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Increased Cost of Hedging.

4.13.3 Termination Amount

In case of a Termination pursuant to this section, Investors are entitled to receive from the Issuer on the fifth Business Day immediately following the Termination Date or on any date specified in the respective notice as the redemption date an amount in the Settlement Currency reflecting the fair market value of the Products at the Termination Date, as determined in the commercially reasonable discretion of the Calculation Agent, taking into account, if relevant, the then prevailing price of the Underlying (the **"Termination Amount"**).

4.14 Notices

4.14.1 To the Issuer

Notice may be given to the Issuer by delivering such notice in writing to UBS at Bahnhofstrasse 45, P.O.Box, CH-8098 Zurich or such other address as may be notified to the Investors in accordance with this section.

4.14.2 To the Investors

To the extent these General Terms & Conditions and/or the applicable Final Terms provide for a notice to the Investors, such notice shall be validly given by way of publication on the website of the Issuer at www.ubs.com/keyinvest or any successor website and/or the website specified for the purposes in the applicable Final Terms, and become effective vis-à-vis the Investors through such publication, unless the notice provides for a later effective date.

If and to the extent that binding provisions of effective law or stock exchange provisions provide for other forms of publication, such publications must be made in addition and as provided for.

Any such notice shall be effective as of the publishing date (or, in the case of several publications, as of the date of the first such publication).

Moreover, the Issuer shall be entitled to effect notices additionally by way of notification to the clearing systems for the purpose of notifying the Investors (as set forth in the applicable rules and regulations of the respective clearing system), provided that in cases, in which the securities are listed on an exchange, the regulations of such exchange permit this type of notice.

4.15 Statutory Period of Limitation

In accordance with Swiss law, most of the claims against the Issuer in connection with the Products for, inter alia, payment of any redemption amount, or, if applicable, delivery of any Underlying, will prescribe 10 years after the date on which the early or regular redemption of the Products (whichever is applicable), has become due. However, some claims, as, inter alia, regular coupon payments, may already prescribe 5 years after due date.

4.16 Proceeds from the Sale of Products

The net proceeds from the sale of the Products will be used by the Issuer for general corporate purposes.

The Issuer has taken the necessary steps to secure its obligations.

4.17 Applicable Law and Jurisdiction

The form and contents of the Products are subject to and governed by Swiss law. Exclusive place of jurisdiction for all disputes affecting the Products and the rights and obligations attached thereto shall be Zurich, Switzerland.



Description of UBS AG

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1. Overview

UBS AG with its subsidiaries (together, "UBS AG consolidated", or "UBS AG Group"; together with UBS Group AG, which is the holding company of UBS AG, and its subsidiaries, "UBS Group", "Group", "UBS" or "UBS Group AG consolidated") provides financial advice and solutions to private, institutional and corporate clients worldwide, as well as private clients in Switzerland. The operational structure of the Group is comprised of the Corporate Center and four business divisions: Global Wealth Management, Personal & Corporate Banking, Asset Management and the Investment Bank. UBS's strategy is centered on its leading global wealth management business and its premier personal and corporate banking business in Switzerland, complemented by its focused investment bank and global asset manager. UBS concentrates on capital-efficient businesses in its targeted markets, where UBS has a strong competitive position and an attractive long-term growth or profitability outlook.

On 31 December 2019, UBS Group's common equity tier 1 ("**CET1**") capital ratio was 13.7%, the CET1 leverage ratio was 3.90%, the total loss-absorbing capacity ratio was 34.6%, and the total loss-absorbing capacity leverage ratio was 9.8%.¹ On the same date, invested assets stood at USD 3,607 billion, equity attributable to shareholders was USD 54,533 million and market capitalisation was USD 45,661 million. On the same date, UBS employed 68,662 people². This information has been extracted from the UBS fourth quarter 2019 report published on 21 January 2020 (the "**Fourth Quarter 2019 Report**") and therefore it is unaudited and subject to completion of year-end procedures. Refer to section 7.3 "Interim Financial Information" for more information.

On 31 December 2019, UBS AG consolidated CET1 capital ratio was 13.7%, the CET1 leverage ratio was 3.87%, the total loss-absorbing capacity ratio was 33.9%, and the total loss-absorbing capacity leverage ratio was 9.6%.¹ On the same date, invested assets stood at USD 3,607 billion and equity attributable to UBS AG shareholders was USD 53,754 million. On the same date, UBS AG Group employed 47,033 people². For the year ended 31 December 2019, operating income was USD 29,307 million, operating expenses was USD 24,138 million, operating profit / (loss) before tax was USD 5,169 million and net profit / (loss) attributable to shareholders was USD 3,965 million. This information has been extracted from the Fourth Quarter 2019 Report and therefore it is unaudited and it is subject to completion of year-end procedures. Refer to section 7.3 "Interim Financial Information" for more information.

The rating agencies S&P Global Ratings Europe Limited ("Standard & Poor's"), Moody's Deutschland GmbH ("Moody's"), Fitch Ratings Limited ("Fitch Ratings"), and Scope Ratings GmbH ("Scope Ratings") have published solicited credit ratings reflecting their assessment of the creditworthiness of UBS AG, i.e. its ability to fulfil in a timely manner payment obligations, such as principal or interest payments on long-term loans, also known as debt servicing. The ratings from Fitch Ratings, Standard & Poor's and Scope Ratings may be attributed a plus or minus sign, and those from Moody's a number. These supplementary attributes indicate the relative position within the respective rating class. UBS AG has a long-term counterparty credit rating of A+ (outlook: stable) from Standard & Poor's, long-term senior debt rating of Aa3 (outlook: stable) from Moody's, long-term issuer default rating of AA- (outlook: stable) from Fitch Ratings and issuer rating of AA- (outlook: stable) from Scope Ratings.

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 Fourth Quarter 2019 Report, as defined herein, for more information.

² Full-time equivalents.

An explanation of the significance of ratings may be obtained from the rating agencies. Generally, rating agencies base their ratings on such material and information, and such of their own investigations, studies and assumptions, as they deem appropriate. The ratings of UBS AG should be evaluated independently from similar ratings of other entities, and from the rating, if any, of its securities. A credit rating is not a recommendation to buy, sell or hold securities issued or guaranteed by the rated entity and may be subject to review, revision, suspension, reduction or withdrawal at any time by the assigning rating agency. All the above-mentioned rating agencies are registered as credit rating agencies under Regulation (EC) No 1060/2009 as amended by Regulation (EU) No 513/2011.

No profit forecasts or estimates are included in this document.

No recent events particular to UBS AG have occurred, which are to a material extent relevant to the evaluation of UBS AG's solvency.

2. Corporate Information

2.1 Corporate Information

The legal and commercial name of the company is UBS AG.

The company was incorporated under the name SBC AG on 28 February 1978 for an unlimited duration and entered in the Commercial Register of Canton Basel-City on that day. On 8 December 1997, the company changed its name to UBS AG. The company in its present form was created on 29 June 1998 by the merger of Union Bank of Switzerland (founded 1862) and Swiss Bank Corporation (founded 1872). UBS AG is entered in the Commercial Registers of Canton Zurich and Canton Basel-City. The registration number is CHE-101.329.561.

UBS AG is incorporated and domiciled in Switzerland and operates under the Swiss Code of Obligations as an *Aktiengesellschaft*, a corporation limited by shares. UBS AG's Legal Entity Identifier (LEI) code is BFM8T61CT2L1QCEMIK50.

According to article 2 of the articles of association of UBS AG dated 26 April 2018 ("Articles of Association"), the purpose of UBS AG is the operation of a bank. Its scope of operations extends to all types of banking, financial, advisory, trading and service activities in Switzerland and abroad. UBS AG may establish branches and representative offices as well as banks, finance companies and other enterprises of any kind in Switzerland and abroad, hold equity interests in these companies, and conduct their management. UBS AG is authorized to acquire, mortgage and sell real estate and building rights in Switzerland and abroad. UBS AG may borrow and invest money on the capital markets. UBS AG is part of the group of companies controlled by the group parent company UBS Group AG. It may promote the interests of the group parent company or other group companies. It may provide loans, guarantees and other kinds of financing and security for group companies.

The addresses and telephone numbers of UBS AG's two registered offices and principal places of business are: Bahnhofstrasse 45, CH-8001 Zurich, Switzerland, telephone +41 44 234 1111; and Aeschenvorstadt 1, CH-4051 Basel, Switzerland, telephone +41 61 288 5050.

2.2 UBS's borrowing and funding structure and financing of UBS's activities

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

3. Business Overview

3.1 Organisational Structure of UBS AG

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.

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.

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.

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.

In March 2019, UBS Limited, UBS's UK headquartered subsidiary, was merged into UBS Europe SE prior to the UK's then 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.

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. Refer to "Risk Factors - UBS has announced its intention to make certain structural changes in light of regulatory trends and requirements and the Terms and Conditions do not contain any restrictions on change of control events or on the Issuer's or UBS's ability to restructure its business" above.

UBS Group AG's interests in subsidiaries and other entities as of 31 December 2018, including interests in significant subsidiaries, are discussed in "Note 31 Interests in subsidiaries and other entities" to the UBS Group AG's consolidated financial statements included in the UBS Group AG and UBS AG Annual Report 2018 published on 15 March 2019 ("Annual Report 2018").

UBS AG's interests in subsidiaries and other entities as of 31 December 2018, including interests in significant subsidiaries, are discussed in "Note 31 Interests in subsidiaries and other entities" to the UBS AG's consolidated financial statements included in the Annual Report 2018.

UBS AG is the parent company of, and conducts a significant portion of its operations through, its subsidiaries. UBS AG has contributed a significant portion of its capital and provides substantial liquidity to subsidiaries. In addition, UBS Business Solutions AG provides substantial services to group companies including UBS AG and its subsidiaries. To this extent, UBS AG is dependent on certain of the entities of the UBS AG Group and of the UBS Group.

3.2 Business Divisions and Corporate Center

UBS operates as a group with four business divisions (Global Wealth Management, Personal & Corporate Banking, Asset Management, and the Investment Bank) and a Corporate Center. Each of the business divisions and the Corporate Center are described below. A description of the Group's strategy can be found under "Our strategy" in the "Our strategy, business model and environment" section of the Annual Report 2018; a description of the businesses, strategies, clients, organisational structures, products and services of the business divisions and the Corporate Center can also be found in the "Our strategy, business model and environment" section of the Annual Report 2018.

3.2.1 Global Wealth Management

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

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

3.2.2 Personal & Corporate Banking

Personal & Corporate Banking provides comprehensive financial products and services to private, corporate and institutional clients and operates in Switzerland in the private and corporate loan market. Personal & Corporate Banking is central to UBS's universal bank model in Switzerland and it works with the wealth management, investment bank and asset management businesses to help clients receive the best products and solutions for their specific financial needs. While Personal & Corporate Banking operates primarily in its home market of Switzerland, it also provides capabilities to support the growth of the international business activities of UBS's corporate and institutional clients through local hubs in Frankfurt, New York, Hong Kong and Singapore. The business is divided into Personal Banking and Corporate & Institutional Clients (CIC).

3.2.3 *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.

3.2.4 *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 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.

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

3.2.5 *Corporate Center*

Corporate Center provides services to the Group through the Corporate Center – Services and Group Treasury units. Corporate Center also includes the Non-core and Legacy Portfolio unit. Corporate Center – Services consists of the Group Chief Operating Officer area (Group Technology, Group Corporate Services, Group Human Resources, Group Operations and Group Sourcing), Group Finance (excluding Group Treasury), Group Legal, Group Risk Control, Communications & Branding, Group Compliance, Regulatory & Governance, and UBS in society. Group Treasury manages the structural risk of UBS's balance sheet, including interest rate risk, structural foreign exchange risk and collateral risk, as well as the risks associated with the Group's liquidity and funding portfolios. Group Treasury also seeks to optimize financial performance by matching assets and liabilities. Group Treasury serves all business divisions and the other Corporate Center units through three main risk management areas, and its risk management is fully integrated into the Group's risk governance framework. Non-core and Legacy Portfolio manages legacy positions from businesses exited by the Investment Bank. It is overseen by a committee chaired by the Group Chief Risk Officer.

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.

3.3 Competition

The financial services industry is characterised by intense competition, continuous innovation, restrictive, detailed, and sometimes fragmented, regulation and ongoing consolidation. UBS faces competition at the level of local markets and individual business lines, and from global financial institutions that are comparable to UBS in their size and breadth. Barriers to entry in individual markets and pricing levels are being eroded by new technology. UBS expects these trends to continue and competition to increase.

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

3.4 Recent Developments

3.4.1 UBS AG consolidated key figures

Selected consolidated financial information

UBS AG derived the selected consolidated financial information included in the table below for the years ended 31 December 2018, 2017 and 2016 from the Annual Report 2018, except where noted. The selected consolidated financial information included in the table below for the year ended 31 December 2019 and 31 December 2018 was derived from the Fourth Quarter 2019 Report, which contains selected unaudited interim consolidated financial information of UBS AG.

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. In preparing the unaudited financial information included in the Fourth Quarter 2019 Report, the same accounting policies and methods of computation have been applied as described in the UBS AG consolidated financial statements within the Annual Report 2018, except for the changes described in "Note 1 Basis of accounting" in the "Consolidated financial statements" sections of UBS AG's first, second and third quarter 2019 reports. UBS AG has not finalized its annual report 2019 and its independent registered public accounting firm has not completed its audit of the consolidated financial statements for the period. Accordingly, the UBS AG financial information available in Fourth Quarter 2019 Report is subject to completion of year-end procedures, which may result in changes to that information.

Information for the years ended 31 December 2018, 2017 and 2016 which is indicated as being unaudited in the table below was included in the Annual Report 2018, but has not been audited on the basis that the respective disclosures are not required under IFRS, and therefore are not part of the audited financial statements. The Annual Report 2018 and the Fourth Quarter 2019 Report are incorporated by reference herein. Prospective investors should read the whole of this Prospectus and the documents incorporated by reference herein and should not rely solely on the summarized information set out below.

USD million, except where indicated	As of or for the year ended	As of or for the year ended		
	31.12.19	31.12.18	31.12.17	31.12.16
	unaudited	audited, except where indicated		
Results				
Income statement				
Operating income	29,307	30,642	30,044	28,831
Net interest income ¹	-	5,949	6,607	6,457
Net fee and commission income ¹	-	17,930	17,550	16,644
Credit loss (expense) / recovery ¹	-	(117)	(131)	(38)

Other net income from financial instruments measured at fair value through profit or loss ¹	-	5,977	5,067	5,018
Operating expenses	24,138	25,184	24,969	24,643
Operating profit / (loss) before tax	5,169	5,458	5,076	4,188
Net profit / (loss) attributable to shareholders	3,965	4,107	758	3,351
Balance sheet ²				
Total assets	971,916	958,055	940,020	919,236
Total financial liabilities measured at amortized cost ¹	-	612,174	660,498	612,884
<i>of which: customer deposits ¹</i>	-	421,986	423,058	418,129
<i>of which: debt issued measured at amortized cost ¹</i>	-	91,245	107,458	77,617
<i>of which: subordinated debt ¹</i>	-	7,511	9,217	11,352* ³
Total financial liabilities measured at fair value through profit or loss ¹	-	283,717	217,814	236,727
<i>of which: debt issued designated at fair value ¹</i>	-	57,031	50,782	49,057
Loans and advances to customers ¹	-	321,482	328,952	300,678
Total equity ¹	-	52,432	52,046	53,627
Equity attributable to shareholders	53,754	52,256	51,987	52,957
Profitability and growth				
Return on equity (%) ⁴	7.4	7.9*	1.4*	6.0*
Return on tangible equity (%) ⁵	8.5	9.1*	1.6*	6.9*
Return on common equity tier 1 capital (%) ⁶	11.3	11.9*	2.3*	10.2*
Return on risk-weighted assets, gross (%) ⁷	11.2	12.0*	12.8*	13.1*
Return on leverage ratio denominator, gross (%) ⁸	3.2	3.4*	3.4*	3.2*
Cost / income ratio (%) ⁹	82.1	81.9*	82.7*	85.4*
Net profit growth (%) ¹⁰	(3.4)	441.9*	(77.4)*	(48.5)*
Resources				
Common equity tier 1 capital ^{11, 12}	35,280	34,608	34,100*	31,879*
Risk-weighted assets ¹¹	257,831	262,840*	242,725*	219,330*
Common equity tier 1 capital ratio (%) ¹¹	13.7	13.2*	14.0*	14.5*
Going concern capital ratio (%) ¹¹	18.3	16.1*	15.6*	16.3*
Total loss-absorbing capacity ratio (%) ¹¹	33.9	31.3*	31.4*	29.6*
Leverage ratio denominator ¹¹	911,232	904,458*	910,133*	855,718*
Common equity tier 1 leverage ratio (%) ¹¹	3.87	3.83*	3.75*	3.73*
Going concern leverage ratio (%) ¹¹	5.2	4.7*	4.2*	4.2*
Total loss-absorbing capacity leverage ratio (%) ¹¹	9.6	9.1*	8.4*	7.6*
Other				
Invested assets (USD billion) ¹³	3,607	3,101	3,262	2,761
Personnel (full-time equivalents)	47,033	47,643*	46,009*	56,208*

* unaudited

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

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 the audited financials of the Annual Report 2017, which was reported in Swiss francs, into US dollars at closing exchange rates prevailing on the balance sheet date.

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

⁵ Calculated as net profit attributable to shareholders (annualized as applicable) divided by average equity attributable to shareholders less average goodwill and intangible assets. Effective 1 January 2019, 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 about the profitability of the business in relation to tangible equity.

⁶ Calculated as net profit attributable to shareholders (annualized as applicable) divided by average common equity tier 1 capital. This measure provides information about 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) divided by average risk-weighted assets. This measure provides information about 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) divided by average leverage ratio denominator. This measure provides information about the revenues of the business in relation to leverage ratio denominator.

⁹ Calculated as operating expenses divided by operating income before credit loss expense or recovery. This measure provides information about 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 divided by net profit attributable to shareholders from continuing operations of comparison period. This measure provides information about 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.

3.4.2 *Business and strategic developments*

Sale of majority stake in UBS Fondcenter

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

Strategic partnership with Banco do Brasil

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

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

Strategic partnership with Sumitomo Mitsui Trust Holdings

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

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

3.4.3 *Accounting, regulatory, legal and other developments*

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

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

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

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

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

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

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

Swiss investor protection rules entered into force

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

Update on the UK's withdrawal from the EU

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

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

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

Final BEAT tax regulations issued

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

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

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

legal opinion on access to information. The SEC also published guidance on the process for obtaining substituted compliance for non-US SBSDs. UBS expects that UBS AG will be required to register as an SBSD.

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

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

Refer to the "*Recent developments*" section of the Fourth 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.

3.5 Trend Information

As indicated in the Fourth Quarter 2019 Report, stimulus measures and easing of monetary policy by central banks contributed to a strong performance in financial markets in the fourth quarter and are likely to prevail. A favorable credit environment and a partial resolution of trade disputes should mitigate slowing global economic growth. While the macroeconomic and geopolitical situation remains uncertain, for the first quarter UBS expects more typical seasonality, supporting earnings. Clients are more active, which should lead to an improvement in transaction-related revenues. Higher asset prices should have a positive effect on recurring fee income in UBS's asset gathering businesses. Low and persistently negative interest rates and expectations of continuing easy monetary policy will continue to provide some headwinds to net interest income. As it executes on its strategy, UBS is balancing investments to take advantage of opportunities for growth across its businesses and regions, while managing for efficiency. UBS remains committed to delivering on its financial targets, creating further value through even closer collaboration across all divisions to drive sustainable long-term value for UBS's clients and shareholders.

Refer to "*Our environment*" and "*Risk factors*" in the "*Our strategy, business model and environment*" section of the Annual Report 2018 for more information.

4. Administrative, Management and Supervisory Bodies of UBS AG

UBS AG complies with all relevant Swiss legal and regulatory corporate governance requirements. As a foreign private issuer with debt securities listed on the New York Stock Exchange ("NYSE"), UBS AG also complies with the relevant NYSE corporate governance standards applicable to foreign private issuers.

UBS AG operates under a strict dual board structure, as mandated by Swiss banking law. The Board of Directors ("BoD") exercises the ultimate supervision over management, whereas the Executive Board ("EB"), headed by the President of the Executive Board ("President of the EB"), has executive management responsibility. The functions of Chairman of the BoD and President of the EB are assigned to two different people, ensuring a separation of power. This structure establishes checks and balances and preserves the institutional independence of the BoD from the day-to-day management of UBS AG, for which responsibility is delegated to the EB under the leadership of the President of the EB. No member of one board may simultaneously be a member of the other.

Supervision and control of the EB remain with the BoD. The authorities and responsibilities of the two bodies are governed by the Articles of Association and the Organization Regulations of UBS AG with their annexes.

4.1 Board of Directors

The BoD consists of at least five and no more than twelve members. All the members of the BoD are elected individually by the Annual General Meeting of Shareholders ("AGM") for a term of office of one year, which expires after the completion of the next AGM. Shareholders also elect the Chairman upon proposal of the BoD.

The BoD meets as often as business requires, and at least six times a year.

4.1.1 Members of the Board of Directors

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

Member and business address	Title	Term of office	Current principal activities 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 Councils of the China Banking and Insurance Regulatory Commission and the China Securities Regulatory Commission; member of the International Advisory Panel, Monetary Authority of Singapore; member of the Group of Thirty, Washington, D.C.; Chairman of the Board of Trustees of DIW Berlin; Advisory Board member of the Department of Economics, University of Zurich; member of the Trilateral Commission.
David Sidwell	Vice	2020	Vice Chairman and Senior Independent Director of the Board of Directors of

UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Chairman		UBS Group AG; Senior Advisor at Oliver Wyman, New York; board member of Chubb Limited; board member of GAVI Alliance; Chairman of the Board of Village Care, New York.
Jeremy Anderson UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2020	Member of the Board of Directors of UBS Group AG; trustee of the UK's Productivity Leadership Group; trustee of Kingham Hill Trust; trustee of St. Helen Bishopsgate.
William C. Dudley UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2020	Member of the Board of Directors of UBS Group AG; senior research scholar at the Griswold Center for Economic Policy Studies at Princeton University; member of the Group of Thirty; member of the Council on Foreign Relations.; member of the Bretton Woods Committee's Advisory Council.
Reto Francioni UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2020	Member of the Board of Directors of UBS Group AG; professor at the University of Basel; board member of Coca-Cola HBC AG (Senior Independent Non-Executive Director); Chairman of the board of Swiss International Air Lines AG; board member of MedTech Innovation Partners AG; executive director and member of my TAMAR GmbH.
Fred Hu UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2020	Member of the Board of Directors of UBS Group AG; non-executive chairman of the board of Yum China Holdings; board member of Industrial and Commercial Bank of China; board member of Hong Kong Exchanges and Clearing Ltd.; founder and chairman of Primavera Capital Group; board member of China Asset Management; board member of Minsheng Financial Leasing Co.; trustee of the China Medical Board; Governor of the Chinese International School; co-chairman of the Nature Conservancy Asia Pacific Council; director and member of the Executive Committee of China Venture Capital and Private Equity Association Ltd.; Global Advisory Board member of the Council on Foreign Relations.
Julie G. Richardson UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2020	Member of the Board of Directors of UBS Group AG; board member of The Hartford Financial Services Group, Inc. (chairman of the audit committee); board member of Yext (chairman of the audit committee); board member of Vereit, Inc. (chairman of the compensation committee.); board member of Datalog.
Isabelle Romy UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2020	Member of the Board of Directors of UBS Group AG; partner and board member at Froriep Legal AG; professor at the University of Fribourg and at the Federal Institute of Technology, Lausanne; board member of Central Real Estate Holding AG (Zurich); board member of Central Real Estate Basel AG; Vice Chairman of the Sanction Commission of SIX Swiss Exchange; member of the Fundraising Committee of the Swiss National Committee for UNICEF; Supervisory Board member of the CAS program Financial Regulation of the University of Bern and University of Geneva.
Robert W. Scully UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2020	Member of the Board of Directors of UBS Group AG; board member of Chubb Limited; (chairperson of the audit committee); board member of Zoetis Inc.; board member of KKR & Co Inc.; board member of Teach For All.
Beatrice Weder di Mauro UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2020	Member of the Board of Directors of UBS Group AG; Research Professor and Distinguished Fellow at INSEAD in Singapore; Supervisory Board member of Robert Bosch GmbH; board member of Bombardier Inc.; member of the Foundation Board of the International Center for Monetary and Banking Studies (ICMB).
Dieter Wemmer UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2020	Member of the Board of Directors of UBS Group AG; board member of Ørsted A/S; member of the Berlin Center of Corporate Governance.
Jeanette Wong UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2020	Member of the Board of Directors of UBS Group AG; board member of Essilor International and EssilorLuxottica; board member of Jurong Town Corporation; board member of PSA International; board member of FFMC Holdings Pte. Ltd.; board member of Fullerton Fund Management Company Ltd.; member of the NUS Business School Management Advisory Board; member of the Global Advisory Board, Asia, University of Chicago Booth School of Business; member of the Securities Industry Council.

4.1.2 Organisational principles and structure

Following each AGM, the BoD meets to appoint one or more Vice Chairmen, BoD committee members, and their respective Chairpersons. At the same meeting, the BoD appoints a Company Secretary, who acts as secretary to the BoD and its committees.

The BoD committees comprise the Audit Committee, the Compensation Committee and the Risk Committee. The BoD may set up other committees, including so-called ad hoc committees, if it deems such other committees appropriate or necessary.

4.1.3 *Audit Committee*

The Audit Committee ("AC") consists of five BoD members, all of whom were determined by the BoD to be fully independent. As a group, members of the Audit Committee must have the necessary qualifications and skills to perform all of their duties and together must possess financial literacy and experience in banking and risk management.

The AC itself does not perform audits, but monitors the work of the external auditors who in turn are responsible for auditing UBS AG's consolidated and standalone annual financial statements and for reviewing the quarterly financial statements.

The function of the AC is to serve as an independent and objective body with oversight of: (i) UBS AG's accounting policies, financial reporting and disclosure controls and procedures, (ii) the quality, adequacy and scope of external audit, (iii) UBS AG's compliance with financial reporting requirements, (iv) the executives' approach to internal controls with respect to the production and integrity of the financial statements and disclosure of the financial performance, and (v) the performance of Internal Audit in conjunction with the Chairman of the BoD.

Together with the external auditors and Internal Audit, the AC in particular reviews the annual financial statements of UBS AG and, where applicable, the quarterly financial statements as well as the consolidated annual and quarterly financial statements and consolidated annual report of UBS AG, as proposed by management, in order to recommend their approval to the BoD or propose any adjustments the AC considers appropriate.

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

The members of the AC are Jeremy Anderson (Chairperson), Isabelle Romy, Beatrice Weder di Mauro, Dieter Wemmer and Jeanette Wong.

4.2 **Executive Board ("EB")**

Under the leadership of the President of the EB, the EB has executive management responsibility for UBS AG and its business. All EB members (with the exception of the President of the EB) are proposed by the President of the EB. The appointments are made by the BoD.

4.2.1 *Members of the Executive Board*

Member and business address	Function	Current principal activities outside UBS AG
Sergio P. Ermotti UBS AG, Bahnhofstrasse	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-

45, CH-8001 Zurich		American Chamber of Commerce; board member of the Global Apprenticeship Network; member of the Institut International D'Etudes Bancaires; member of the Saïd Business School Global Leadership Council, University of Oxford.
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.
Suni Harford UBS AG, 1285 Avenue of the Americas, New York, NY 10019 USA	President Asset Management	Member of the Executive Board, President Asset Management of UBS Group AG; chairman of the Board of Directors of UBS Asset Management AG; member of the Leadership Council of the Bob Woodruff Foundation; member of the UBS Optimus Foundation Board.
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 and President UBS Europe, Middle East and Africa	Member of the Group Executive Board, Group Chief Operating Officer and President UBS Europe, Middle East and Africa of UBS Group AG; member of the Supervisory Board of UBS Europe SE; 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; board member of the University Hospital Zurich Foundation.
Iqbal Khan UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Co-President Global Wealth Management	Member of the Executive Board and co-President Global Wealth Management of UBS Group AG; board member of Room To Read Switzerland.
Edmund Koh UBS AG, One Raffles Quay North Tower, Singapore 048583	President UBS Asia Pacific	Member of the Group Executive Board and President UBS Asia Pacific of UBS Group AG; 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; board member of Next50 Limited; trustee of the Cultural Matching Fund; board member of Medico Suites (S) Pte Ltd; board member of Medico Republic (S) Pte Ltd.
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 Consultants 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 of 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 of UBS Group AG.

4.3 Potential Conflicts of Interest

Members of the BoD and the EB may act as directors or executive officers of other companies (for current principal positions outside UBS AG, if any, of BoD and EB members, please see sections 4.1.1 and 4.2.1 above, respectively) and may have economic or other private interests that differ from those of UBS AG. Conflicts of interest may potentially arise from these positions or interests. For example, it cannot be excluded that a member of the BoD or EB has or will have a function within a company, the shares of which are or will be traded by UBS AG or which has or will have a business relationship with UBS AG. UBS AG is confident that its internal corporate governance practices and its compliance with relevant legal and regulatory provisions reasonably ensure that any conflicts of interest of the type described above are appropriately managed, including through disclosure when appropriate.

Other than as indicated above, UBS is not aware of potential conflicts of interests between any duties to the Issuer of the members of the BoD and the EB and their private interests or other duties.

5. Auditors

Based on article 31 of the Articles of Association, UBS AG shareholders elect the auditors for a term of office of one year. At the AGMs of 2 March 2017, 26 April 2018 and 18 April 2019, Ernst & Young Ltd, Aeschengraben 9, CH-4002 Basel ("Ernst & Young") was elected as auditor for the consolidated and standalone financial statements of UBS AG for a one-year term.

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

6. Major Shareholders of UBS AG

UBS Group AG owns 100% of the outstanding shares of UBS AG. UBS AG is a wholly owned subsidiary of UBS Group AG. While UBS has no specific corporate measures intended to prevent abuse of control to the detriment of minority shareholders, UBS has adopted a comprehensive and integrated governance framework which takes into account the specific requirements of each relevant jurisdiction. This governance framework includes separate articles of association and organizational regulations for UBS Group AG and UBS AG. In addition, as UBS AG is regulated as a bank in Switzerland, it is subject to capital regulation and close supervisory oversight. This includes the general requirement under Swiss law that contracts of UBS AG with affiliates are subject to an arm's length principle of negotiation.

7. Financial Information concerning UBS AG's Assets and Liabilities, Financial Position and Profits and Losses

7.1 Historical Annual Financial Information

Detailed information about UBS AG consolidated and UBS AG assets and liabilities, financial position and profits and losses for financial year 2018 is available in the section "*UBS AG consolidated financial statements*" of the Annual Report 2018 and in the UBS AG's standalone financial statements for the year ended 31 December 2018 (the "Standalone Financial Statements 2018"), respectively; and for financial year 2017 it is available in the "*Consolidated financial statements*" section of the UBS Group AG and UBS AG annual report 2017, published on 9 March 2018 ("Annual Report 2017") and in the UBS AG's standalone financial statements for the year ended 31 December 2017 (the "Standalone Financial Statements 2017"). The consolidated and standalone financial accounts are closed on 31 December of each year.

With respect to the financial year 2018, reference is made to:

- (i) the following parts of the Annual Report 2018: the UBS AG consolidated financial statements, in particular to the Income statement on page 524, the Balance sheet on page 527, the Statement of changes in equity on pages 528-531 (inclusive), the Statement of cash flows on pages 533-534 (inclusive) and the Notes to the consolidated financial statements on pages 535-722 (inclusive); and
- (ii) the following parts of the Standalone Financial Statements 2018: the Income statement on page 1, the Balance sheet on pages 2-3 (inclusive), the Statement of appropriation of total profit / (loss) carried forward on page 5, and the Notes to the UBS AG standalone financial statements on pages 6-28 (inclusive).

With respect to the financial year 2017, reference is made to:

- (i) the following parts of the Annual Report 2017: the UBS AG consolidated financial statements, in particular to the Income statement on page 470, the Balance sheet on page 473, the Statement of changes in equity on pages 474-477 (inclusive), the Statement of cash flows on pages 479-480 (inclusive) and the Notes to the consolidated financial statements on pages 481-622 (inclusive); and
- (ii) the following parts of the Standalone Financial Statements 2017: the Income statement on page 1, the Balance sheet on pages 2-3, the Statement of appropriation of retained earnings and proposed dividend distribution on page 4, and the Notes to the UBS AG standalone financial statements on pages 5-22 (inclusive).

The annual financial reports form an essential part of UBS AG's reporting. They include the audited consolidated financial statements of UBS AG, prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board. The annual reports also include discussions and analysis of the consolidated financial and business results of UBS, its business divisions and the Corporate Center. In addition, UBS AG prepares and publishes standalone financial statements in accordance with Swiss GAAP, as well as certain additional disclosures required under US Securities and Exchange Commission regulations.

7.2 Auditing of Historical Annual Financial Information

The consolidated financial statements and the standalone financial statements of UBS AG for financial years 2018 and 2017 were audited by Ernst & Young. The reports of the auditors on the consolidated financial statements can be found on pages 514-523 (inclusive) of the Annual Report 2018 and on pages 464-469 (inclusive) of the Annual Report 2017. The reports of the auditors on the standalone financial statements of UBS AG can be found on pages 29-33 (inclusive) of the Standalone Financial Statements 2018 and on pages 23-26 (inclusive) of the Standalone Financial Statements 2017.

There are no qualifications in the auditors' reports on the consolidated financial statements of UBS AG and the standalone financial statements of UBS AG for the years ended on 31 December 2018 and 31 December 2017, which are incorporated by reference into this document.

7.3 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; to (ii) the UBS Group AG second quarter 2019 report published on 23 July 2019 ("UBS Group Second Quarter 2019 Report") and the UBS AG second quarter 2019 report, published on 26 July 2019 ("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; to (iii) the UBS Group AG third quarter 2019 report published on 22 October 2019 ("UBS Group Third Quarter 2019 Report") and the UBS AG third quarter 2019 report, published on 25 October 2019 ("UBS AG Third Quarter 2019 Report"), which contain information on the financial condition and results of operations, including the interim financial statements, of UBS Group AG consolidated and UBS AG consolidated, respectively, as of and for the period ended 30 September 2019; and to (iv) the Fourth Quarter 2019 Report, which contains information on the financial condition and results of operations of UBS Group AG and of UBS AG, as of and for the quarter and the period ended 31 December 2019.

The interim consolidated financial statements of UBS Group AG and UBS AG, contained in the first, second and third quarter 2019 financial reports of UBS Group AG and UBS AG, respectively, and the interim consolidated financial information contained in the Fourth Quarter 2019 Report are not audited and no review report is published. UBS Group has not finalized its annual report 2019 and its independent registered public accounting firm has not completed its audit of the consolidated financial statements for the period. Accordingly, the consolidated financial information contained in the Fourth Quarter 2019 Report is subject to completion of year-end procedures, which may result in changes to that information.

7.4 Incorporation by Reference

The Annual Report 2018, the Standalone Financial Statements 2018, the Annual Report 2017, the Standalone Financial Statements 2017, the UBS Group First Quarter 2019 Report, the UBS AG First Quarter 2019 Report, the UBS Group Second Quarter 2019 Report, the UBS AG Second Quarter 2019 Report, the UBS Group Third Quarter 2019 Report, the UBS AG Third Quarter 2019 Report

and the Fourth Quarter 2019 Report are fully incorporated in, and form an integral part of, this document.

7.5 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 the "Provisions" table in the "Provisions and contingent liabilities" section of the Fourth Quarter 2019 Report. It is not practicable to provide an aggregate estimate of liability for UBS's litigation, regulatory and similar matters as a class of contingent liabilities. Doing so would require UBS to provide speculative legal assessments as to claims and proceedings that involve unique fact patterns or novel legal theories, that have not yet been initiated or are at early stages of adjudication, or as to which alleged damages have not been quantified by the claimants. Although it therefore cannot provide a numerical estimate of the future losses that could arise from litigation, regulatory and similar matters, UBS believes that the aggregate amount of possible future losses from this class that are more than remote substantially exceeds the level of current provisions. Litigation, regulatory and similar matters may also result in non-monetary penalties and consequences. For example, the non-prosecution agreement described in item 5 of this section, which UBS entered into with the US Department of Justice ("DOJ"), Criminal Division, Fraud Section in connection with UBS's submissions of benchmark interest rates, including, among others, the British Bankers' Association London Interbank Offered Rate ("LIBOR"), was terminated by the DOJ based on its determination that UBS had committed a US crime in relation to foreign exchange matters. As a consequence, UBS AG pleaded guilty to one count of wire fraud for conduct in the LIBOR matter, paid a fine and was subject to probation, which ended in early January 2020.

A guilty plea to, or conviction of, a crime could have material consequences for UBS. Resolution of regulatory proceedings may require UBS to obtain waivers of regulatory disqualifications to maintain certain operations, may entitle regulatory authorities to limit, suspend or terminate licenses and regulatory authorizations and may permit financial market utilities to limit, suspend or terminate UBS's participation in such utilities. Failure to obtain such waivers, or any limitation, suspension or termination of licenses, authorizations or participations, could have material consequences for UBS.

The risk of loss associated with litigation, regulatory and similar matters is a component of operational risk for purposes of determining UBS's capital requirements. Information concerning UBS's capital requirements and the calculation of operational risk for this purpose is included in the "Capital management" section of the Fourth Quarter 2019 Report.

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

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

¹ Provisions, if any, for matters described in this section are recorded in Global Wealth Management (item 3, item 4 and item 7) and Corporate Center (item 2). Provisions, if any, for the matters described in items 1 and 6 of this section are allocated between Global Wealth Management and Personal & Corporate Banking, and provisions, if any, for the matters described in this section in item 5 are allocated between the Investment Bank and Corporate Center.

1. Inquiries regarding cross-border wealth management businesses

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

The Swiss Federal Administrative Court ruled in 2016 that, in the administrative assistance proceedings related to a French bulk request, UBS has the right to appeal all final FTA client data disclosure orders. On 30 July 2018, the Swiss Federal Administrative Court granted UBS's appeal by holding the French administrative assistance request inadmissible. The FTA filed a final appeal with the Swiss Federal Supreme Court. On 26 July 2019, the Supreme Court reversed the decision of the Federal Administrative Court. In December 2019, the court released its written decision. The decision requires the FTA to obtain confirmation from the French authorities that transmitted data will be used only for the purposes stated in their request before transmitting any data. The stated purpose of the original request was to obtain information relating to taxes owed by account holders. Accordingly, any information transferred to the French authorities must not be passed to criminal authorities or used in connection with the ongoing case against UBS discussed in this item.

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

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

UBS believes that based on both the law and the facts the judgment of the court of first instance should be reversed. UBS believes it followed its obligations under Swiss and French law as well as the European Savings Tax Directive. Even assuming liability, which it contests, UBS believes the penalties and damage amounts awarded greatly exceed the amounts that could be supported by the law and the facts. In particular, UBS believes the court incorrectly based the penalty on the total regularized assets rather than on any unpaid taxes on those assets for which a fraud has been

characterized and further incorrectly awarded damages based on costs that were not proven by the civil party. Notwithstanding that UBS believes it should be acquitted, UBS's balance sheet at 31 December 2019 reflected provisions with respect to this matter in an amount of EUR 450 million (USD 505 million at 31 December 2019). The wide range of possible outcomes in this case contributes to a high degree of estimation uncertainty. The provision reflected on UBS's balance sheet at 31 December 2019 reflects its best estimate of possible financial implications, although it is reasonably possible that actual penalties and civil damages could exceed the provision amount.

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

UBS's balance sheet at 31 December 2019 reflected provisions with respect to matters described in this item 1 in an amount that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which UBS has established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that UBS has recognized.

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

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

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

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

Lawsuits related to contractual representations and warranties concerning mortgages and RMBS: When UBS acted as an RMBS sponsor or mortgage seller, it generally made certain representations relating to the characteristics of the underlying loans. In the event of a material breach of these representations, UBS was in certain circumstances contractually obligated to repurchase the loans to which the representations related or to indemnify certain parties against losses. In 2012, certain RMBS trusts filed an action in the US District Court for the Southern District of New York seeking to enforce UBS RESI's obligation to repurchase loans in the collateral pools for three RMBS

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

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

UBS's balance sheet at 31 December 2019 reflected a provision with respect to matters described in this item 2 in an amount that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which UBS has established provisions, the future outflow of resources in respect of this matter cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that UBS has recognized.

3. Madoff

In relation to the Bernard L. Madoff Investment Securities LLC ("BMIS") investment fraud, UBS AG, UBS (Luxembourg) S.A. (now UBS Europe SE, Luxembourg branch) and certain other UBS subsidiaries have been subject to inquiries by a number of regulators, including FINMA and the Luxembourg Commission de Surveillance du Secteur Financier. Those inquiries concerned two third-party funds established under Luxembourg law, substantially all assets of which were with BMIS, as well as certain funds established in offshore jurisdictions with either direct or indirect exposure to BMIS. These funds faced severe losses, and the Luxembourg funds are in liquidation. The documentation establishing both funds identifies UBS entities in various roles, including custodian, administrator, manager, distributor and promoter, and indicates that UBS employees serve as board members.

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

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

In the US, the BMIS Trustee filed claims against UBS entities, among others, in relation to the two Luxembourg funds and one of the offshore funds. The total amount claimed against all defendants in these actions was not less than USD 2 billion. In 2014, the US Supreme Court rejected the BMIS Trustee's motion for leave to appeal decisions dismissing all claims except those for the recovery of

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

4. Puerto Rico

Declines since 2013 in the market prices of Puerto Rico municipal bonds and of closed-end funds ("funds") that are sole-managed and co-managed by UBS Trust Company of Puerto Rico and distributed by UBS Financial Services Incorporated of Puerto Rico ("UBS PR") have led to multiple regulatory inquiries, as well as customer complaints and arbitrations with aggregate claimed damages of USD 3.4 billion, of which claims with aggregate claimed damages of USD 2.4 billion have been resolved through settlements, arbitration or withdrawal of the claim. The claims have been filed by clients in Puerto Rico who own the funds or Puerto Rico municipal bonds and / or who used their UBS account assets as collateral for UBS non-purpose loans; customer complaint and arbitration allegations include fraud, misrepresentation and unsuitability of the funds and of the loans.

A shareholder derivative action was filed in 2014 against various UBS entities and current and certain former directors of the funds, alleging hundreds of millions of US dollars in losses in the funds. In 2015, defendants' motion to dismiss was denied and a request for permission to appeal that ruling was denied by the Puerto Rico Supreme Court. In 2014, a federal class action complaint also was filed against various UBS entities, certain members of UBS PR senior management and the co-manager of certain of the funds, seeking damages for investor losses in the funds during the period from May 2008 through May 2014. Following denial of the plaintiffs' motion for class certification, the case was dismissed in October 2018.

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

In 2011, a purported derivative action was filed on behalf of the Employee Retirement System of the Commonwealth of Puerto Rico ("System") against over 40 defendants, including UBS PR, which was named in connection with its underwriting and consulting services. Plaintiffs alleged that defendants violated their purported fiduciary duties and contractual obligations in connection with the issuance and underwriting of USD 3 billion of bonds by the System in 2008 and sought damages of over USD 800 million. In 2016, the court granted the System's request to join the action as a plaintiff, but ordered that plaintiffs must file an amended complaint. In 2017, the court denied defendants' motion to dismiss the amended complaint.

Beginning in 2015, and continuing through 2017, certain agencies and public corporations of the Commonwealth of Puerto Rico ("Commonwealth") defaulted on certain interest payments on Puerto Rico bonds. In 2016, US federal legislation created an oversight board with power to oversee Puerto Rico's finances and to restructure its debt. The oversight board has imposed a stay on the exercise of certain creditors' rights. In 2017, the oversight board placed certain of the bonds into a bankruptcy-like proceeding under the supervision of a Federal District Judge. These events, further defaults or any further legislative action to create a legal means of restructuring Commonwealth obligations or to impose additional oversight on the Commonwealth's finances, or any restructuring of the Commonwealth's obligations, may increase the number of claims against UBS concerning Puerto Rico securities, as well as potential damages sought.

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

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

UBS's balance sheet at 31 December 2019 reflected provisions with respect to matters described in this item 4 in amounts that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which UBS has established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provisions that UBS has recognized.

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

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

Foreign exchange-related civil litigation: Putative class actions have been filed since 2013 in US federal courts and in other jurisdictions against UBS and other banks on behalf of putative classes of persons who engaged in foreign currency transactions with any of the defendant banks. UBS has resolved US federal court class actions relating to foreign currency transactions with the defendant banks and persons who transacted in foreign exchange futures contracts and options on such futures under a settlement agreement that provides for UBS to pay an aggregate of USD 141 million and provide cooperation to the settlement classes. Certain class members have excluded themselves from that settlement and have filed individual actions in US and English courts against UBS and other banks, alleging violations of US and European competition laws and unjust enrichment.

In 2015, a putative class action was filed in federal court against UBS and numerous other banks on behalf of persons and businesses in the US who directly purchased foreign currency from the

defendants and alleged co-conspirators for their own end use. In March 2017, the court granted UBS's (and the other banks') motions to dismiss the complaint. The plaintiffs filed an amended complaint in August 2017. In March 2018, the court denied the defendants' motions to dismiss the amended complaint.

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

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

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

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

UBS and numerous other banks on behalf of US residents who, since 1 February 2014, directly transacted with a defendant bank in USD LIBOR instruments. The complaint asserts antitrust claims. The defendants moved to dismiss the complaint on 30 August 2019.

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

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

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

UBS and reportedly other banks are responding to investigations and requests for information from various authorities regarding US Treasury securities and other government bond trading practices. As a result of its review to date, UBS has taken appropriate action.

With respect to additional matters and jurisdictions not encompassed by the settlements and orders referred to above, UBS's balance sheet at 31 December 2019 reflected a provision in an amount that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which UBS has established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that UBS has recognized.

6. Swiss retrocessions

The Federal Supreme Court of Switzerland ruled in 2012, in a test case against UBS, that distribution fees paid to a firm for distributing third-party and intra-group investment funds and structured

products must be disclosed and surrendered to clients who have entered into a discretionary mandate agreement with the firm, absent a valid waiver.

FINMA has issued a supervisory note to all Swiss banks in response to the Supreme Court decision. UBS has met the FINMA requirements and has notified all potentially affected clients.

The Supreme Court decision has resulted, and may continue to result, in a number of client requests for UBS to disclose and potentially surrender retrocessions. Client requests are assessed on a case-by-case basis. Considerations taken into account when assessing these cases include, among other things, the existence of a discretionary mandate and whether or not the client documentation contained a valid waiver with respect to distribution fees.

UBS's balance sheet at 31 December 2019 reflected a provision with respect to matters described in this item 6 in an amount that UBS believes to be appropriate under the applicable accounting standard. The ultimate exposure will depend on client requests and the resolution thereof, factors that are difficult to predict and assess. Hence, as in the case of other matters for which UBS has established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that UBS has recognized.

7. Securities transaction pricing and disclosure

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

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

Except as otherwise disclosed in this document (including in the documents incorporated by reference herein), there are no court, arbitral or administrative proceedings (including any such proceedings which are pending or threatened, of which UBS AG is aware), that are of material importance to UBS AG's assets and liabilities or profits and losses.

7.6 Material Contracts

Except as otherwise disclosed in this document (including the documents incorporated herein by reference), no material contracts have been entered into outside of the ordinary course of UBS AG's or UBS AG Group's business, which could result in any member of the UBS AG Group being under an obligation or entitlement that is material to UBS AG's ability to meet its obligations to the investors in relation to the issued securities.

7.7 Significant Changes in the Financial or Trading Position and Performance; Material Adverse Change in Prospects

Except as otherwise indicated in this document (including the documents incorporated herein by reference), no material changes have occurred in UBS AG's assets and liabilities, financial position or profits and losses since 31 December 2019.

Except as otherwise disclosed in this document (including in the documents incorporated herein by reference), there has been no material adverse change in the prospects of UBS AG or UBS AG Group since 31 December 2018.

8. Share Capital

As reflected in its Articles of Association most recently registered with the Commercial Register of Zurich and the Commercial Register of Basel-City, UBS AG has (i) fully paid and issued share capital of CHF 385,840,846.60, divided into 3,858,408,466 registered shares with a par value of CHF 0.10 each (article 4), and (ii) conditional capital in the amount of CHF 38,000,000, comprising 380,000,000 registered shares with a par value of CHF 0.10 each that can be issued upon the voluntary or mandatory exercise of conversion rights and/or warrants (article 4a).

9. Dividends

For the financial year ended on 31 December 2014, UBS AG paid to its shareholders a dividend of CHF 0.50 per share of CHF 0.10 par value in cash or, at the election of each shareholder, a number of new UBS AG shares as to be of substantially equivalent value to CHF 0.50. UBS AG also paid a supplementary cash dividend of CHF 0.25 per share of CHF 0.10 par value. For the financial year ended 31 December 2015, UBS AG paid a dividend of CHF 3,434 million to UBS Group AG. In addition, as part of the establishment of UBS Business Solutions AG, UBS AG paid a cash dividend of CHF 30 million and transferred its participation in the Poland Service Center as a dividend-in-kind at book value of CHF 5 million to UBS Group AG in 2015. For the financial year ended on 31 December 2016, UBS AG paid to UBS Group AG a dividend of CHF 2,250 million. For the financial year ended on 31 December 2017, UBS AG paid to UBS Group AG a dividend of CHF 3,065 million. For the financial year ended on 31 December 2018, UBS AG paid to UBS Group AG a dividend of USD 3,250 million.

10. Documents Available

- The full annual report of UBS Group AG and UBS AG as of 31 December 2017;
- 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");
- The full annual report of UBS Group AG and UBS AG as of 31 December 2018;
- 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");
- The UBS Group First Quarter 2019 Report and the UBS AG First Quarter 2019 Report;
- The UBS Group Second Quarter 2019 Report and the UBS AG Second Quarter 2019 Report;
- The UBS Group Third Quarter 2019 Report and the UBS AG Third Quarter 2019 Report;
- The Fourth Quarter 2019 Report; and
- The most recent Articles of Association of UBS AG,

shall be maintained in printed format, for free distribution, at the offices of UBS AG for a period of twelve months after the publication of this document. In addition, the annual and quarterly reports, as well as quarterly result materials of UBS Group AG and UBS AG are published on UBS's website, at www.ubs.com/investors or a successor address. The Articles of Association of UBS AG are also available on UBS's Corporate Governance website, at www.ubs.com/governance.

The most recent Articles of Association of UBS AG are available on UBS's Corporate Governance website, at www.ubs.com/governance. Save as otherwise indicated herein, information on or accessible through the Group's corporate website, www.ubs.com, does not form part of and is not incorporated into this document.