

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

Dated 30 May 2016 to the Base Prospectus of UBS AG, [London] [Jersey] [Branch], dated 8 January 2016,

in relation to Certificates, Notes or Warrants.

The Base Prospectus was approved and registered by the Swedish Financial Supervisory Authority ("**SFSA**"). Registration number at the SFSA is 15-16710. This Supplement is a part of the Base Prospectus and shall be read in conjunction with the Base Prospectus.

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

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

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

Publication of the first quarter 2016 financial report as per 31 March 2016 of UBS Group AG on 3 May 2016 and UBS AG on 6 May 2016.

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

The attention of the investors is in particular drawn to the following: Investors who have already agreed to purchase or subscribe for the Notes, Certificates, or Warrants, as the case may be, before this supplement is published have, pursuant to the Financial Instruments Trading Act (SFS 1991:980) chapter 2 section 34, the right, exercisable within a time limit of two working days after the publication of this supplement, to withdraw their acceptances, provided that the new circumstances or the incorrectness causing the supplement occurred before the closing of the public offering and before the delivery of the securities. This means that the last day to withdrawal is before close of business on 1 June 2016. A withdrawal, if any, of an order must be communicated in writing to the Issuer at its registered office specified in the address list hereof.

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

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

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

"On 31 March 2016, UBS Group AG (consolidated) common equity tier¹ ("CET1") capital ratio¹ was 14% on a fully applied basis and 16.9% on a phase-in basis, invested assets stood at CHF 2,618 billion, equity attributable to UBS Group AG shareholders was CHF 54,845 million and market capitalization was CHF 59,638 million. On the same date, UBS employed 60,547 people².

On 31 March 2016, UBS AG (consolidated) CET1 capital ratio¹ was 14.9% on a fully applied basis and 17.8% on a phase-in basis, invested assets stood at CHF 2,618 billion and equity attributable to UBS AG shareholders was CHF 55,660 million. On the same date, UBS AG Group employed 58,053 people²."

In the section "1. General Information on UBS AG" the last paragraph (starting with "Any statements...") before the subsection entitled "Corporate Information" is completely replaced by the following text:

"Any statements regarding the competitive position of UBS AG, UBS AG Group or the Group contained in this Base Prospectus are made on the basis of the opinion of UBS AG or the Group. References in this section "J. INFORMATION ABOUT UBS AG" to "we", "us" or "our" are to UBS Group, unless otherwise indicated."

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

"Corporate Center

Corporate Center is comprised of Services, Group Asset and Liability Management ("**Group ALM**") and Non-core and Legacy Portfolio. Services includes the Group's control functions such as finance, risk control (including compliance) and legal, and, within these, certain corporate and stewardship services and the costs associated therewith. In addition, it provides all logistics and support services, including operations, information technology, human resources, regulatory relations and strategic initiatives, communications, branding, corporate services, physical security, information security as well as outsourcing, nearshoring and offshoring. Group ALM is responsible for business division-aligned risk management, capital investment and issuance and Group structural risk management activities. Non-core and Legacy Portfolio is comprised of the non-core businesses and legacy positions that were part of the Investment Bank prior to its restructuring."

¹ Based on the Basel III framework as applicable to Swiss systemically relevant banks. The common equity tier 1 capital ratio is the ratio of common equity tier 1 capital to risk-weighted assets. The information provided on a fully applied basis entirely reflects the effects of prudential filters for the calculation of capital and does not include ineligible capital instruments. The information provided on a phase-in basis gradually reflects those effects and the phase-out of ineligible capital instruments during the transition period. For information as to how common equity tier 1 capital is calculated, refer to the table "Reconciliation IFRS equity to Swiss SRB capital" in the section "Capital management" of the UBS AG first quarter 2016 report, published on 6 May 2016 (the "**UBS AG First Quarter 2016 Report**").

² Full-time equivalents.

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

"Recent Developments

1. *UBS AG (consolidated) key figures*

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

	As of or for the quarter ended		As of or for the year ended		
	31.3.16	31.3.15	31.12.15	31.12.14	31.12.13
<i>CHF million, except where indicated</i>					
	<i>unaudited</i>		<i>audited, except where indicated</i>		
Results					
Operating income	6,855	8,860	30,605	28,026	27,732
Operating expenses	5,876	6,167	25,198	25,557	24,461
Operating profit / (loss) before tax	979	2,693	5,407	2,469	3,272
Net profit / (loss) attributable to UBS AG shareholders	713	2,023	6,235	3,502	3,172
Key performance indicators					
Profitability					
Return on tangible equity (%) ¹	6.0	17.7	13.5*	8.2*	8.0*
Return on assets, gross (%) ²	2.9	3.4	3.1*	2.8*	2.5*
Cost / income ratio (%) ³	85.7	69.5	82.0*	90.9*	88.0*
Growth					
Net profit growth (%) ⁴	(24.9)	126.5	78.0*	10.4*	-
Net new money growth for combined wealth management businesses (%) ⁵	5.9	3.8	2.2*	2.5*	3.4*
Resources					
Common equity tier 1 capital ratio (fully applied, %) ^{6,7}	14.9	14.6	15.4*	14.2*	12.8*
Leverage ratio (phase-in, %) ^{8,9}	5.6	5.3	5.7*	5.4*	4.7*
Additional information					
Profitability					

Return on equity (RoE) (%)	5.1	15.3	11.7*	7.0*	6.7*
Return on risk-weighted assets, gross (%) ¹⁰	13.0	16.4	14.4*	12.6*	11.6*
Resources					
Total assets	968,158	1,050,122	943,256	1,062,327	1,013,355
Equity attributable to UBS AG shareholders	55,660	53,815	55,248	52,108	48,002
Common equity tier 1 capital (fully applied) ⁷	32,118	31,725	32,042	30,805	28,908
Common equity tier 1 capital (phase-in) ⁷	38,762	41,808	41,516	44,090	42,179
Risk-weighted assets (fully applied) ⁷	214,973	216,893	208,186*	217,158*	225,153*
Common equity tier 1 capital ratio (phase-in, %) ^{6,7}	17.8	19.1	19.5*	19.9*	18.5*
Total capital ratio (fully applied, %) ⁷	20.9	19.3	21.0*	19.0*	15.4*
Total capital ratio (phase-in, %) ⁷	23.9	24.5	24.9*	25.6*	22.2*
Leverage ratio (fully applied, %) ^{8,9}	5.0	4.3	4.9*	4.1*	3.4*
Leverage ratio denominator (fully applied) ⁹	907,277	978,709	898,251*	999,124*	1,015,306*
Other					
Invested assets (CHF billion) ¹¹	2,618	2,708	2,689	2,734	2,390
Personnel (full-time equivalents)	58,053	60,113	58,131*	60,155*	60,205*

* unaudited

¹ Net profit attributable to UBS AG shareholders before amortization and impairment of goodwill and intangible assets (annualized as applicable) / average equity attributable to UBS AG shareholders less average goodwill and intangible assets of UBS AG. ² Operating income before credit loss (expense) or recovery (annualized as applicable) / average total assets. ³ Operating expenses / operating income before credit loss (expense) or recovery. ⁴ Change in net profit attributable to UBS AG shareholders from continuing operations between current and comparison periods / net profit attributable to UBS AG shareholders from continuing operations of comparison period. Not meaningful and not included if either the reporting period or the comparison period is a loss period. ⁵ Combined Wealth Management and Wealth Management Americas' net new money for the period (annualized as applicable) / invested assets at the beginning of the period. Figures for the year ended 31 December 2015 are based on adjusted net new money, which excludes the negative effect on net new money in 2015 of CHF 9.9 billion from UBS's balance sheet and capital optimization program. ⁶ Common equity tier 1 capital / risk-weighted assets. ⁷ Based on the Basel III framework as applicable to Swiss systemically relevant banks. ⁸ Common equity tier 1 capital and loss-absorbing capital / leverage ratio denominator. ⁹ Calculated in accordance with Swiss SRB rules. From 31 December 2015 onward, the Swiss SRB leverage ratio denominator calculation is fully aligned with the Basel III rules. Figures for periods prior to 31 December 2015 are calculated in accordance with former Swiss SRB rules and are therefore not fully comparable. ¹⁰ Based on fully-applied risk-weighted assets for all periods presented. This metric was previously based on phase-in risk-weighted assets. This unaudited consolidated financial information was derived from the UBS AG first quarter 2016 report and UBS AG's accounting records. ¹¹ Includes invested assets for Personal & Corporate Banking.

2. Cost reduction target

We have identified structural cost reduction opportunities of a front-to-back nature that will result in business divisions contributing to our CHF 2.1 billion net cost reduction target.

3. Basel Committee on Banking Supervision proposes changes to the capital framework

In the first quarter of 2016, the Basel Committee on Banking Supervision ("**BCBS**") published a series of consultation papers as part of the revision of the BCBS capital framework, which the BCBS expects to complete by the end of 2016.

In March 2016, the BCBS published a consultation document proposing restrictions on the use of internal model approaches for the calculation of credit risk-weighted assets ("**RWA**"). Specifically, the BCBS proposes to (i) remove the option to use the internal ratings-based approaches for certain exposure categories, such as loans to banks, other financial institutions and large corporates, (ii) adopt exposure-level, model-parameter floors, and (iii) provide greater specification of parameter estimation practices.

In a separate consultation document, also published in March 2016, the BCBS proposed to replace existing standardized and advanced measurement approaches for calculating operational risk capital with a single non-model-based method, the so-called standardized measurement approach.

We expect that if the proposals are adopted in their current form and implemented in Switzerland, the proposed changes to the capital framework would likely result in a significant increase in our overall RWA.

The BCBS has also proposed changes to Pillar 3 disclosure requirements in a consultation document published in March 2016, including a new requirement to disclose hypothetical RWA calculated on the basis of the Basel framework's standardized approach, as a benchmark to RWA calculated using the internal ratings-based approach.

In April 2016, the BCBS published a consultation document proposing revisions to the Basel III leverage ratio framework, including changes to the treatment of derivative exposures, regular-way purchases and sales of financial assets, and provisions. As part of this consultation, the BCBS also asked for views on additional leverage ratio requirements applicable to global systemically important banks.

4. Margin requirements for non-cleared over-the-counter derivatives

Regulators in various jurisdictions, including Switzerland, the EU and the US, have issued rules that require the margining of non-cleared over-the-counter ("**OTC**") derivatives. While the specifics vary from jurisdiction to jurisdiction, the rules require that counterparties transacting in OTC derivatives that are not cleared by an appropriate central counterparty must exchange both initial and variation margin, using the forms of permitted collateral and collateral haircuts specified by the rules. The requirements of the various non-cleared bilateral margin rules will be phased in beginning in September 2016 and are expected to have significant implications for the operations of, and collateral requirements for, our and many of our clients' OTC derivatives activities.

5. US Federal Reserve re-proposed rule for single counterparty risk

In March 2016, the Federal Reserve Board proposed a rule to impose new limits on significant single-counterparty credit exposures of large banking organizations, including large US bank holding companies and US operations of foreign banking organizations. The proposal would apply single-counterparty credit limits to US-domiciled bank holding companies with total consolidated assets of USD 50 billion or more.

The proposed limits are designed to become more stringent as the systemic importance of a firm increases. Under the proposal, the exposure of our US operations to another systemically important financial firm would be limited to a maximum of 15% of our tier 1 capital, and exposure to any other single counterparty would be restricted to 25% of our tier 1 capital.

In addition, the single-counterparty credit limits would apply separately to UBS Americas Holding LLC, our US intermediate holding company ("**IHC**"), based on its capital. If adopted as proposed, these limits may affect how we conduct our operations in the US, including our use of other financial firms for payments and securities clearing services and as transactional counterparties.

6. US Department of Labor finalizes fiduciary rule

In April 2016, the US Department of Labor ("**DOL**") adopted a rule that expands the definition of "fiduciary" under the Employee Retirement Income Security Act of 1974 ("**ERISA**"). The rule becomes effective in April 2017, although certain aspects of the rule do not become effective until January 2018. The rule will require all advisors, including broker-dealers, to abide by an ERISA fiduciary standard in dealings with qualified retirement plans and individual retirement accounts. The rule prohibits various customary transactions and fee arrangements in the financial services industry with respect to retirement plan investors, unless certain exemption criteria are fully met. We are currently determining the changes we will need to make to our business practices, policies and procedures, and fee structures to comply with the rule. Wealth Management Americas and Asset Management will likely be required to materially change some of their business processes in response to the rule.

7. *US Treasury proposes regulations affecting treatment of debt issued by a US entity to a foreign parent*

In April 2016, the US Internal Revenue Service ("**IRS**"), in an effort to deter inversions of US corporations, issued proposed regulations that would authorize the IRS to re-characterize debt of a US subsidiary to an affiliated foreign corporation as equity if the US entity engages in certain types of transactions with affiliated companies or if documentation requirements are not met. The proposed regulations are effective for transactions entered into on or after 4 April 2016 and may affect debt issued by our US-domiciled subsidiaries to a non-US UBS entity. If debt issued by any US affiliates of UBS were re-characterized under the proposed regulations, this could result in the partial or total loss of US interest expense deductions, and the imposition of US withholding taxes on payments on the relevant debt."

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

"4. Trend Information

As indicated in the UBS Group AG first quarter 2016 report published on 3 May 2016 (the "**UBS Group First Quarter 2016 Report**"), negative market performance, substantial market volatility, as well as underlying macroeconomic and geopolitical uncertainty led to more pronounced client risk aversion and abnormally low transaction volumes in the first quarter. Some of these factors have stabilized recently, but the underlying macroeconomic challenges and geopolitical risks that we have highlighted previously continue to contribute to client risk aversion and are unlikely to be resolved in the foreseeable future. Low interest rates, and the relative strength of the Swiss franc, particularly against the euro, continue to present headwinds. In addition, the proposed changes to the Swiss and international regulatory framework for banks will result in increased capital requirements and costs. UBS continues to execute its strategy with discipline to mitigate these effects, and is well positioned to benefit from even a moderate improvement in conditions."

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

"Members of the Board of Directors

Member and business address	Title	Term of office	Current principal positions outside UBS AG
Axel A. Weber UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Chairman	2017	Chairman of the Board of Directors of UBS Group AG. Member of the board of the Swiss Bankers Association, of the Board of Trustees of Avenir Suisse, of the Advisory Board of Zukunft Finanzplatz, of the Board of the Swiss Finance Council, of the Board of the Institute of International Finance, of the Board of the International Monetary Conference; member of the European Financial Services Round Table and the European Banking Group; member of the International Advisory Panel, Monetary Authority of Singapore; member of the Board of the Financial Services Professional Board, Kuala Lumpur; member of the Group of Thirty, Washington, D.C.; Chairman of the DIW Berlin Board of Trustees; Advisory Board member of the Department of Economics at the University of Zurich.
Michel Demaré Syngenta International AG, Schwarzwaldallee 215, CH-4058 Basel	Independent Vice Chairman	2017	Independent Vice Chairman of the Board of Directors of UBS Group AG. Chairman of the Board of Syngenta; Board member of Louis-Dreyfus Commodities Holdings BV; Supervisory Board member of IMD, Lausanne; Chairman of the Syngenta Foundation for Sustainable Agriculture. Member of the Advisory Board of the Department of Banking and Finance, University of Zurich. Member of the Advisory Board of Zukunft Finanzplatz.
David Sidwell UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Senior Independent Director	2017	Senior Independent Director of the Board of Directors of UBS Group AG. Director and Chairperson of the Risk Policy and Capital Committee of Fannie Mae, Washington D.C.; Senior Advisor at Oliver Wyman, New York; Board member of Chubb Limited; Board member of GAVI Alliance; Chairman of the Board of Village Care, New York; Director of the National Council on Aging, Washington D.C.

Reto Francioni UBS AG, Bahnhofstrasse 45 8001 Zurich	Member	2017	Member of the Board of Directors of UBS Group AG. Professor, University of Basel; member of the Board of Francioni AG, Swiss International Air Lines and MedTech Innovation Partners AG.
Ann F. Godbehere UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2017	Member of the Board of Directors of UBS Group AG. Board member and Chairperson of the Audit Committee of Prudential plc, Rio Tinto plc and Rio Tinto Limited. Member of the Board of British American Tobacco plc.
William G. Parrett UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2017	Member of the Board of Directors of UBS Group AG. Member of the Board and Chairperson of the Audit Committee of the Eastman Kodak Company; Board member of the Blackstone Group LP (chairman of audit committee and chairman of the conflicts committee); Board member of Thermo Fisher Scientific Inc. (chairman of audit committee); member of the Committee on Capital Markets Regulation; member of the Carnegie Hall Board of Trustees; Past Chairman of the Board of the United States Council for International Business; Past Chairman of United Way Worldwide.
Isabelle Romy Froiep, Bellerivestrasse 201, CH-8034 Zurich	Member	2017	Member of the Board of Directors of UBS Group AG. Partner at Froiep, Zurich; associate professor at the University of Fribourg and at the Federal Institute of Technology, Lausanne; Vice Chairman of the Sanction Commission of SIX Swiss Exchange; Member of the Fundraising Committee of the Swiss National Committee for UNICEF.
Robert W. Scully UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2017	Member of the Board of Directors of UBS Group AG. Member of the Boards of Chubb Limited, Zoetis Inc. and KKR & Co LP. Member of the Board of Dean's Advisors of Harvard Business School.
Beatrice Weder di Mauro Johannes Gutenberg- University Mainz, Jakob Welder-Weg 4, D-55099 Mainz	Member	2017	Member of the Board of Directors of UBS Group AG. Professor at the Johannes Gutenberg University, Mainz; member of the Supervisory Board of Robert Bosch GmbH, Stuttgart. Board member of Bombardier Inc.. Member of the ETH Zurich Foundation Board of Trustees. Member of the Economic Advisory Board of Fraport AG; member of the Advisory Board of Deloitte Germany. Deputy Chairman of the University Council of the University of Mainz. Member of the Senate of the Max Planck Society.
Dieter Wemmer Allianz SE, Königinstr. 28, 80802 Munich, Germany	Member	2017	Member of the Board of Directors of UBS Group AG. Chief Financial Officer at Allianz SE. Administrative Board member of Allianz Asset Management AG and Allianz Investment Management SE. Member of the CFO Forum; member of the Systemic Risk Working Group of the European Central Bank and the Bank for International Settlements; Chairman of the Economic & Finance Committee of Insurance Europe; member of the Berlin Center of Corporate Governance.
Joseph Yam UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2017	Member of the Board of Directors of UBS Group AG. Executive Vice President of the China Society for Finance and Banking. Member of the Board of Johnson Electric Holdings Limited, of UnionPay International Co., Ltd. and of The Community Chest of Hong Kong. International Advisory Council member of China Investment Corporation; Distinguished Research Fellow at the Institute of Global Economics and Finance at the Chinese University of Hong Kong.

In the Section "7. Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses", the following paragraph is added after the end of the paragraph entitled "Auditing of Historical Annual Financial Information":

"Interim Financial Information

Reference is also made to the UBS Group First Quarter 2016 Report, which contains information on the financial condition and results of operations of UBS Group AG (consolidated) as of and for the quarter ended 31 March 2016, and the UBS AG First Quarter 2016 Report, which contains the interim consolidated financial statements of UBS AG for the period ended 31 March 2016 and certain supplemental information. The interim consolidated financial statements of UBS AG, contained in the UBS AG First Quarter 2016 Report, are not audited."

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

“8. Litigation, Regulatory and Similar Matters

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

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

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

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

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

The aggregate amount provisioned for litigation, regulatory and similar matters as a class is disclosed in Note 15a to the UBS AG interim consolidated financial statements. It is not practicable to provide an aggregate estimate of liability for UBS's litigation, regulatory and similar matters as a class of contingent liabilities. Doing so would require UBS to provide speculative legal assessments as to claims and proceedings that involve unique fact patterns or novel legal theories, which have not yet been initiated or are at early stages of

adjudication, or as to which alleged damages have not been quantified by the claimants. Although UBS therefore cannot provide a numerical estimate of the future losses that could arise from litigation, regulatory and similar matters, it believes that the aggregate amount of possible future losses from this class that are more than remote substantially exceeds the level of current provisions. Litigation, regulatory and similar matters may also result in non-monetary penalties and consequences. For example, the Non-Prosecution Agreement ("**NPA**") described in paragraph 5 of this section, which UBS entered into with the US Department of Justice ("**DOJ**"), Criminal Division, Fraud Section in connection with 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 has pleaded guilty to one count of wire fraud for conduct in the LIBOR matter, and has agreed to pay a USD 203 million fine and accept a three-year term of probation. A guilty plea to, or conviction of, a crime (including as a result of termination of the NPA) could have material consequences for UBS. Resolution of regulatory proceedings may require UBS to obtain waivers of regulatory disqualifications to maintain certain operations, may entitle regulatory authorities to limit, suspend or terminate licenses and regulatory authorizations and may permit financial market utilities to limit, suspend or terminate UBS's participation in such utilities. Failure to obtain such waivers, or any limitation, suspension or termination of licenses, authorizations or participations, could have material consequences for UBS.

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

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

<i>CHF million</i>	WM	WMA	P&C	AM	IB	CC – Services	CC – Group ALM	CC – NcLP	UBS
Balance as of 31 December 2015	245	459	83	16	585	310	0	1,284	2,983
Increase in provisions recognized in the income statement	1	20	0	0	1	0	0	27	49
Release of provisions recognized in the income statement	(1)	(2)	(1)	0	(2)	0	0	(1)	(7)
Provisions used in conformity with designated purpose	(1)	(31)	(2)	(2)	(4)	0	0	(10)	(50)
Foreign currency translation / unwind of discount	(1)	(19)	0	(1)	(23)	(3)	0	(52)	(99)
Balance as of 31 March 2016	242	427	81	13	557	307	0	1,248	2,876

¹ WM = Wealth Management; WMA = Wealth Management Americas; P&C = Personal & Corporate Banking; AM = Asset Management; IB = Investment Bank; CC–Services = Corporate Center – Services; CC – Group ALM = Corporate Center – Group Asset and Liability Management; CC–NcLP = Corporate Center - Non-core and Legacy Portfolio.
² Provisions, if any, for the matters described in this section are recorded in Wealth Management (item 3), Wealth Management Americas (item 4), Corporate Center – Services (item 7) and Corporate Center – Non-core and Legacy Portfolio (items 2 and 8). Provisions, if any, for the matters described in this section in items 1 and 6 are allocated between Wealth Management and Personal & Corporate Banking, and provisions, if any, for the matters described in this section in item 5 are allocated between the Investment Bank, Corporate Center– Services and Corporate Center – Non-core and Legacy Portfolio.

1. Inquiries regarding cross-border wealth management businesses

Tax and regulatory authorities in a number of countries have made inquiries, served requests for information or examined employees located in their respective jurisdictions relating to the cross-border wealth management services provided by UBS and other financial institutions. It is possible that implementation of automatic tax information exchange and other measures

relating to cross-border provision of financial services could give rise to further inquiries in the future.

As a result of investigations in France, in 2013, UBS (France) S.A. and UBS AG were put under formal examination ("*mise en examen*") for complicity in having illicitly solicited clients on French territory, and were declared witness with legal assistance ("*témoign assisté*") regarding the laundering of proceeds of tax fraud and of banking and financial solicitation by unauthorized persons. In 2014, UBS AG was placed under formal examination with respect to the potential charges of laundering of proceeds of tax fraud, and the investigating judges ordered UBS to provide bail ("*caution*") of EUR 1.1 billion. UBS AG appealed the determination of the bail amount, but both the appeal court ("*Cour d'Appel*") and the French Supreme Court ("*Cour de Cassation*") upheld the bail amount and rejected the appeal in full in late 2014. UBS AG has filed and has had formally registered an application to the European Court of Human Rights to challenge various aspects of the French court's decision. In September 2015, the former CEO of UBS Wealth Management was placed under formal examination in connection with these proceedings. In addition, the investigating judges have sought to issue arrest warrants against three Swiss-based former employees of UBS AG who did not appear when summoned by the investigating judge. In February 2016, the investigating judge notified UBS that he has closed his investigation. This notification commences a period during which the National Financial Prosecutor will make a recommendation ("*réquisitoire*") whether UBS will be charged.

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

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

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

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

UBS's balance sheet at 31 March 2016 reflected provisions with respect to matters described in this item 1 in an amount that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which UBS has established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information, and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that UBS has recognized.

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

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

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

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

RMBS-related lawsuits concerning disclosures: UBS is named as a defendant relating to its role as underwriter and issuer of RMBS in lawsuits related to approximately USD 3.7 billion in original face amount of RMBS underwritten or issued by UBS. Of the USD 3.7 billion in original face amount of RMBS that remains at issue in these cases, approximately USD 1.3 billion was issued in offerings in which a UBS subsidiary transferred underlying loans (the majority of which were purchased from third-party originators) into a securitization trust and made representations and warranties about those loans ("**UBS-sponsored RMBS**"). The remaining USD 2.4 billion of RMBS to which these cases relate was issued by third parties in securitizations in which UBS acted as underwriter ("**third-party RMBS**"). The original face amounts noted above reflect settlement of a matter in April 2016 involving USD 1.9 billion of UBS-sponsored RMBS and USD 623 million of third-party RMBS for which the settlement amount will be reflected as a use of provision in the second quarter of 2016.

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

UBS is a defendant in two lawsuits brought by the National Credit Union Administration ("**NCUA**"), as conservator for certain failed credit unions, asserting misstatements and omissions in the offering documents for RMBS purchased by the credit unions. Both lawsuits were filed in US District Courts, one in the District of Kansas and the other in the Southern District of New York ("**SDNY**"). The original principal balance at issue in the Kansas case is approximately USD 1.15 billion and the original principal balance at issue in the SDNY case is approximately USD 400 million. In February 2016, UBS made an offer of judgment to NCUA in the SDNY case, which NCUA accepted, pursuant to which UBS agreed to pay to NCUA approximately USD 33 million plus approximately USD 36.8 million in prejudgment interest, for a total of approximately USD 69.8 million, in addition to reasonable attorneys' fees incurred by NCUA. Judgment was entered by the Court on April 25, 2016.

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

In 2012, certain RMBS trusts filed an action ("**Trustee Suit**") in the SDNY seeking to enforce UBS RESI's obligation to repurchase loans in the collateral pools for three RMBS securitizations ("**Transactions**") with an original principal balance of approximately USD 2 billion, for which Assured Guaranty Municipal Corp. ("**Assured Guaranty**"), a financial guaranty insurance company, had previously demanded repurchase. In January 2015, the court rejected plaintiffs' efforts to seek damages for all loans purportedly in breach of representations and warranties in any of the three Transactions and limited plaintiffs to pursuing claims based solely on alleged breaches for loans identified in the complaint or other breaches that plaintiffs can establish were independently discovered by UBS. In February 2015, the court denied plaintiffs' motion seeking reconsideration of its ruling.

However, in April 2016, the Court ruled that, based on an intervening decision of an intermediate New York appellate court, it would allow plaintiffs to proceed with their claims at trial as to all loans purportedly in breach. With respect to the loans subject to the Trustee Suit that were originated by institutions still in existence, UBS intends to enforce its indemnity rights against those institutions. Trial is currently underway.

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

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

As reflected in the table "Provision for claims related to sales of residential mortgage-backed securities and mortgages", UBS's balance sheet at 31 March 2016 reflected a provision of USD 1,242 million with respect to matters described in this item 2. As in the case of other matters for which UBS has established provisions, the future outflow of resources in respect of this matter cannot be determined with certainty based on currently available information, and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that UBS has recognized.

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

<i>USD million</i>	
Balance as of 31 December 2015	1,218
Increase in provision recognized in the income statement	28
Release of provision recognized in the income statement	0
Provision used in conformity with designated purpose	(4)
Balance as of 31 March 2016	1,242

3. Madoff

In relation to the Bernard L. Madoff Investment Securities LLC ("**BMIS**") investment fraud, UBS AG, UBS (Luxembourg) SA and certain other UBS subsidiaries have been subject to inquiries by a number of regulators, including FINMA and the Luxembourg Commission de Surveillance du Secteur Financier ("**CSSF**"). Those inquiries concerned two third-party funds established under Luxembourg law, substantially all assets of which were with BMIS, as well as certain funds established in offshore jurisdictions with either direct or indirect exposure to BMIS. These funds now face severe losses, and the Luxembourg funds are in liquidation. The last reported net asset value of the two Luxembourg funds before revelation of the Madoff scheme was approximately USD 1.7 billion in the aggregate, although that figure likely includes fictitious profit reported by BMIS. The documentation establishing both funds identifies UBS entities in various roles, including custodian, administrator, manager, distributor and promoter, and indicates that UBS employees serve as board members. UBS (Luxembourg) SA and certain other UBS subsidiaries are responding to inquiries by Luxembourg investigating authorities, without, however, being named as parties in those investigations. In 2009 and 2010, the liquidators of the two Luxembourg funds filed claims on behalf of the funds against UBS entities, non-UBS entities and certain individuals,

including current and former UBS employees. The amounts claimed are approximately EUR 890 million and EUR 305 million, respectively. The liquidators have filed supplementary claims for amounts that the funds may possibly be held liable to pay the BMIS Trustee. These amounts claimed by the liquidator are approximately EUR 564 million and EUR 370 million, respectively. In addition, a large number of alleged beneficiaries have filed claims against UBS entities (and non-UBS entities) for purported losses relating to the Madoff scheme. The majority of these cases are pending in Luxembourg, where appeals were filed by the claimants against the 2010 decisions of the court in which the claims in a number of test cases were held to be inadmissible. In 2014, the Luxembourg Court of Appeal dismissed one test appeal in its entirety, which decision was appealed by the investor. In 2015, the Luxembourg Supreme Court found in favor of UBS and dismissed the investor's appeal. In the US, the BMIS Trustee filed claims in 2010 against UBS entities, among others, in relation to the two Luxembourg funds and one of the offshore funds. The total amount claimed against all defendants in these actions was not less than USD 2 billion. Following a motion by UBS, in 2011, the SDNY dismissed all of the BMIS Trustee's claims other than claims for recovery of fraudulent conveyances and preference payments that were allegedly transferred to UBS on the ground that the BMIS Trustee lacks standing to bring such claims. In 2013, the Second Circuit affirmed the District Court's decision and, in 2014, the US Supreme Court denied the BMIS Trustee's petition seeking review of the Second Circuit ruling. In 2014, several claims, including a purported class action, were filed in the US by BMIS customers against UBS entities, asserting claims similar to the ones made by the BMIS Trustee, seeking unspecified damages. One claim was voluntarily withdrawn by the plaintiff. In 2015, following a motion by UBS, the SDNY dismissed the two remaining claims on the basis that the New York courts did not have jurisdiction to hear the claims against the UBS entities. In Germany, certain clients of UBS are exposed to Madoff-managed positions through third-party funds and funds administered by UBS entities in Germany. A small number of claims have been filed with respect to such funds. In 2015, a court of appeal reversed a lower court decision in favor of UBS in one such case and ordered UBS to pay EUR 49 million, plus interest (approximately EUR 15.3 million). UBS filed an application for leave to appeal the decision. That application was rejected by the German Federal Supreme Court in 2015, meaning that the Court of Appeal's decision is final.

4. Puerto Rico

Declines since August 2013 in the market prices of Puerto Rico municipal bonds and of closed-end funds ("**the funds**") that are sole-managed and co-managed by UBS Trust Company of Puerto Rico and distributed by UBS Financial Services Incorporated of Puerto Rico ("**UBS PR**") have led to multiple regulatory inquiries, as well as customer complaints and arbitrations with aggregate claimed damages of approximately USD 1.6 billion, of which claims with aggregate claimed damages of approximately USD 430 million have been resolved through settlements or arbitration. The claims are filed by clients in Puerto Rico who own the funds or Puerto Rico municipal bonds and / or who used their UBS account assets as collateral for UBS non-purpose loans; customer complaint and arbitration allegations include fraud, misrepresentation and unsuitability of the funds and of the loans. A shareholder derivative action was filed in 2014 against various UBS entities and current and certain former directors of the funds, alleging hundreds of millions of US dollars in losses in the funds. In 2015, defendants' motion to dismiss was denied. Defendants are seeking leave to appeal that ruling to the Puerto Rico Supreme Court. In 2014, a federal class action complaint also was filed against various UBS entities, certain members of UBS PR senior management, and the co-manager of certain of the funds seeking damages for investor losses in the funds during the period from May 2008 through May 2014. Defendants have moved to dismiss that complaint. In 2015, a class action was filed in Puerto Rico state court against UBS PR seeking equitable relief in the form of a stay of any effort by UBS PR to collect on non-purpose loans it acquired from UBS Bank USA in December 2013 based on plaintiffs' allegation that the loans are not valid. The trial court denied defendants' motion to dismiss the action based on a forum selection clause in the loan agreements; the Puerto Rico Supreme Court has stayed the action pending its review of defendants' appeal from that ruling.

In 2014, UBS reached a settlement with the Office of the Commissioner of Financial Institutions for the Commonwealth of Puerto Rico ("**OCFI**") in connection with OCFI's examination of UBS's operations from January 2006 through September 2013, pursuant to

which UBS is paying up to an aggregate of USD 7.7 million in investor education contributions and restitution.

In 2015, the SEC and the Financial Industry Regulatory Authority ("**FINRA**") announced settlements with UBS PR of their separate investigations stemming from the 2013 market events. Without admitting or denying the findings in either matter, UBS PR agreed in the SEC settlement to pay USD 15 million and USD 18.5 million in the FINRA matter (which includes up to USD 11 million in restitution to 165 UBS PR customers and a civil penalty of USD 7.5 million). UBS also understands that the DOJ is conducting a criminal inquiry into the impermissible reinvestment of non-purpose loan proceeds. UBS is cooperating with the authorities in this inquiry.

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

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

In 2015 Puerto Rico's Governor stated that the Commonwealth was unable to meet its obligations. Certain agencies and public corporations of the Commonwealth have defaulted on certain interest payments beginning in August 2015 and additional payment defaults are expected to occur. These events, further defaults, any legislative action to create a legal means of restructuring Commonwealth obligations or to impose oversight on the Commonwealth's finances, or any restructuring of the Commonwealth's obligations, may increase the number of claims against UBS concerning Puerto Rico securities, as well as potential damages sought.

UBS's balance sheet at 31 March 2016 reflected provisions with respect to matters described in this item 4 in amounts that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which UBS has established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information, and accordingly may ultimately prove to be substantially greater (or may be less) than the provisions that UBS has recognized.

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

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

metals prices. UBS has taken and will take appropriate action with respect to certain personnel as a result of its ongoing review.

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

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

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

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

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

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

Foreign exchange-related civil litigation: Putative class actions have been filed since November 2013 in US federal courts and in other jurisdictions against UBS and other banks on behalf of putative classes of persons who engaged in foreign currency transactions with any of the defendant banks. They allege collusion by the defendants and assert claims under the antitrust laws and for unjust enrichment. In 2015, additional putative class actions were filed in federal court in New York against UBS and other banks on behalf of a putative class of persons who entered into or held any foreign exchange futures contracts and options on foreign exchange futures contracts since 1 January 2003. The complaints assert claims under the Commodity Exchange Act ("**CEA**") and the US antitrust laws. In 2015, a consolidated complaint was filed on behalf of both putative classes of persons covered by the US federal

court class actions described above. UBS has entered into a settlement agreement that would resolve all of these US federal court class actions. The agreement, which has been preliminarily approved by the court and is subject to final court approval, requires, among other things, that UBS pay an aggregate of USD 141 million and provide cooperation to the settlement classes.

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

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

In 2015, UBS was added to putative class actions pending against other banks in federal court in New York and other jurisdictions on behalf of putative classes of persons who bought or sold physical precious metals and various precious metal products and derivatives. The complaints in these lawsuits assert claims under the antitrust laws and the CEA and other claims.

LIBOR and other benchmark-related regulatory matters: Numerous government agencies, including the SEC, the CFTC, the DOJ, the FCA, the SFO, the Monetary Authority of Singapore ("**MAS**"), the HKMA, FINMA, the various state attorneys general in the US, and competition authorities in various jurisdictions have conducted or are continuing to conduct investigations regarding submissions with respect to LIBOR and other benchmark rates. These investigations focus on whether there were improper attempts by UBS, among others, either acting on its own or together with others, to manipulate LIBOR and other benchmark rates at certain times.

In 2012, UBS reached settlements with the FSA, the CFTC and the Criminal Division of the DOJ in connection with their investigations of benchmark interest rates. At the same time, FINMA issued an order concluding its formal proceedings with respect to UBS relating to benchmark interest rates. UBS has paid a total of approximately CHF 1.4 billion in fines and disgorgement – including GBP 160 million in fines to the FSA, USD 700 million in fines to the CFTC, USD 500 million in fines to the DOJ, and CHF 59 million in disgorgement to FINMA. UBS Securities Japan Co. Ltd. ("**UBSSJ**") entered into a plea agreement with the DOJ under which it entered a plea to one count of wire fraud relating to the manipulation of certain benchmark interest rates, including Yen LIBOR. UBS entered into an NPA with the DOJ, which (along with the plea agreement) covered conduct beyond the scope of the conditional leniency/immunity grants described below, required UBS to pay the USD 500 million fine to the DOJ after the sentencing of UBSSJ, and provided that any criminal penalties imposed on UBSSJ at sentencing be deducted from the USD 500 million fine. Under the NPA, UBS agreed, among other things, that for two years from 18 December 2012 UBS would not commit any US crime, and UBS would advise DOJ of any potentially criminal conduct by UBS or any of its employees relating to violations of US laws concerning fraud or securities and commodities markets. The term of the NPA was extended by one year to 18 December 2015. In 2015, the Criminal Division terminated the NPA based on its determination, in its sole discretion, that certain UBS AG employees committed criminal conduct that violated the NPA. As a result, UBS entered into a plea agreement with the DOJ under which it entered a guilty plea to one count of wire fraud relating to the manipulation of certain benchmark interest rates, including Yen LIBOR, and agreed to pay a fine of USD 203 million and accept a three-year term of probation. Sentencing is currently scheduled for 29 November 2016.

In 2014, UBS reached a settlement with the European Commission ("**EC**") regarding its investigation of bid-ask spreads in connection with Swiss franc interest rate derivatives and paid a EUR 12.7 million fine, which was reduced to this level based in part on UBS's cooperation with the EC. The MAS, HKMA and the Japan Financial Services Agency have

also resolved investigations of UBS (and in some cases, other banks). UBS has ongoing obligations to cooperate with the authorities with whom it has reached resolutions and to undertake certain remediation with respect to benchmark interest rate submissions.

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

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

LIBOR and other benchmark-related civil litigation: A number of putative class actions and other actions are pending in, or expected to be transferred to, the federal courts in New York against UBS and numerous other banks on behalf of parties who transacted in certain interest rate benchmark-based derivatives. Also pending are actions asserting losses related to various products whose interest rate was linked to USD LIBOR, including adjustable rate mortgages, preferred and debt securities, bonds pledged as collateral, loans, depository accounts, investments and other interest-bearing instruments. All of the complaints allege manipulation, through various means, of various benchmark interest rates, including USD LIBOR, Euroyen TIBOR, Yen LIBOR, EURIBOR, CHF LIBOR, GBP LIBOR or USD ISDAFIX rates, and seek unspecified compensatory and other damages under varying legal theories. In 2013, the court in the USD action dismissed the federal antitrust and racketeering claims of certain USD LIBOR plaintiffs and a portion of their claims brought under the CEA and state common law. Plaintiffs have appealed the dismissal and the appeal remains pending. In 2014, the court in one of the Euroyen TIBOR lawsuits dismissed certain of the plaintiff's claims, including federal antitrust claims. In 2015, the same court dismissed plaintiff's federal racketeering claims and affirmed its previous dismissal of plaintiff's antitrust claims. UBS and other defendants in other lawsuits including those related to EURIBOR, CHF LIBOR and GBP LIBOR have filed motions to dismiss.

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

Government bonds: Putative class actions have been filed in US federal courts against UBS and other banks on behalf of persons who participated in markets for US Treasury securities since 2007. The complaints generally allege that the banks colluded with respect to, and manipulated prices of, US Treasury securities sold at auction. They assert claims under the antitrust laws and the CEA and for unjust enrichment. The cases have been consolidated in the SDNY. Following filing of these complaints, UBS and reportedly other banks have

received requests for information from various authorities regarding US Treasury securities and other government bond trading practices.

With respect to additional matters and jurisdictions not encompassed by the settlements and order referred to above, UBS's balance sheet at 31 March 2016 reflected a provision in an amount that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which UBS has established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information, and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that UBS has recognized.

6. Swiss retrocessions

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

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

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

UBS's balance sheet at 31 March 2016 reflected a provision with respect to matters described in this item 6 in an amount that UBS believes to be appropriate under the applicable accounting standard. The ultimate exposure will depend on client requests and the resolution thereof, factors that are difficult to predict and assess. Hence, as in the case of other matters for which UBS has established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information, and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that UBS has recognized.

7. Banco UBS Pactual tax indemnity

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

8. Matters relating to the CDS market

In 2013, the EC issued a Statement of Objections against 13 credit default swap ("**CDS**") dealers including UBS, as well as data service provider Markit and the International Swaps and Derivatives Association ("**ISDA**"). The Statement of Objections broadly alleges that the dealers infringed European Union antitrust rules by colluding to prevent exchanges from entering the credit derivatives market between 2006 and 2009. In 2015, the EC issued a statement that it had decided to close its investigation against all 13 dealers, including UBS. The EC's investigation regarding Markit and ISDA is ongoing. Since mid-2009, the Antitrust Division of the DOJ has also been investigating whether multiple dealers, including UBS,

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

The specific litigation, regulatory and other matters described above include all such matters that management considers to be material and others that management believes to be of significance due to potential financial, reputational and other effects as described in Note 15b "Litigation, regulatory and similar matters" to the UBS AG unaudited consolidated financial statements included in the UBS AG First Quarter 2016 Report. The proceedings indicated below are matters that have recently been considered material, but are not currently considered material, by UBS. Besides the proceedings described above and those described below, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which UBS AG is aware) which may have, or have had in the recent past, significant effects on UBS AG Group's and/or UBS AG's financial position or profitability and are or have been pending during the last twelve months until the date of this document.

Equities trading systems and practices

In January 2015, the SEC announced the resolution of its investigation concerning the operation of UBS's ATS between 2008 and 2012, which focused on certain order types and disclosure practices that were discontinued two years ago. Under the SEC settlement order, which charges UBS with, among other things, violations of Section 17(a)(2) of the Securities Act of 1933 and Rule 612 of Regulation NMS (known as the sub-penny rule), UBS has paid a total of USD 14.5 million, which includes a fine of USD 12 million and disgorgement of USD 2.4 million.

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

Kommunale Wasserwerke Leipzig GmbH ("KWL")

In 2006, KWL entered into a single-tranche collateralized debt obligation/credit default swap ("**STCDO/CDS**") transaction with UBS, with latter legs being intermediated in 2006 and 2007 by Landesbank Baden-Württemberg ("**LBBW**") and Depfa Bank plc ("**Depfa**"). KWL retained UBS Asset Management to act as portfolio manager under the STCDO/CDS. UBS and the intermediating banks terminated the STCDO/CDS following non-payment by KWL under the STCDOs. UBS initiated proceedings against KWL, Depfa and LBBW seeking declarations and/or to enforce the terms of the STCDO/CDS contracts, and each of KWL, Depfa and LBBW filed counterclaims. Following trial, the Court ruled that UBS cannot enforce the STCDO/CDS entered into with KWL, LBBW or Depfa, which have been rescinded, granted the fraudulent misrepresentation claims of LBBW and Depfa against UBS, ruled that UBS Asset Management breached its duty in the management of the underlying portfolios and dismissed KWL's monetary counterclaim against UBS. These rulings were implemented and additional claims relating to interest on collateral and the costs of separate proceedings in Germany were deferred. UBS was also ordered to pay part of the other parties' costs in the proceedings, which have not been fully determined.

UBS sought leave to appeal the judgment. While the Court of Appeal denied UBS's application for leave to appeal on written submissions in February 2015, in October 2015, following oral argument, the Court granted UBS's application for permission to appeal on all requested grounds. Briefing on UBS's appeal is ongoing.

In December 2015, KWL sought permission to cross-appeal and also sought to uphold the trial court judgment on additional grounds. Thereafter, Depfa and LBBW each sought to uphold the trial judgment on additional grounds. Neither sought permission to cross-appeal. KWL's application for permission to appeal was granted by order dated 11 April 2016. The date for the appeal hearing has been scheduled for ten days beginning May 12 or May 15, 2017.

Since 2011, the SEC has been conducting an investigation focused on, among other things, the suitability of the KWL transaction, and information provided by UBS to KWL. UBS has provided documents and testimony to the SEC and is continuing to cooperate with the SEC."

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

"There has been no significant change in the financial or trading position of UBS AG or UBS AG Group since 31 March 2016, which is the end of the last financial period for which interim financial information has been published."

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

"11. Statutory Auditors

Based on article 39 of the Articles of Association of UBS AG dated 15 February 2016 ("**Articles of Association**"), UBS AG shareholders elect the auditors for a term of office of one year. At the AGM of 7 May 2014, 7 May 2015 and 4 May 2016, Ernst & Young Ltd., Aeschengraben 9, CH-4002 Basel ("**Ernst & Young**") were elected as auditors for the consolidated and standalone financial statements of UBS AG for a one-year term.

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

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

"7. Documents incorporated by Reference

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

- (a) the annual report of UBS Group AG and UBS AG as of 31 December 2015, comprising the introductory section, as well as the sections (1) Operating environment and strategy, (2) Financial and operating performance, (3) Risk, treasury and capital management, (4) Corporate governance, responsibility and compensation, (5) Consolidated financial statements (including the "Report of the statutory auditor and the independent registered public accounting firm on the consolidated financial statements"), (6) Legal entity financial and regulatory information (including the "Report of the statutory auditor on the financial statements"), (7) Additional regulatory information, and the Appendix;
- (b) the annual report of UBS Group AG and UBS AG as of 31 December 2014, comprising the introductory section, as well as the sections (1) UBS Group - Changes to our legal structure; (2) Operating environment and strategy, (3) Financial and operating performance, (4) Risk, treasury and capital management, (5) Corporate

governance, responsibility and compensation, (6) Financial information (including the "Report of the statutory auditor and the independent registered public accounting firm on the consolidated financial statements" and the "Report of the statutory auditor on the financial statements"), and the Appendix;

- (c) the UBS Group AG first quarter 2016 report and the UBS AG first quarter 2016 report;
- (d) the Conditions of the Securities as contained on pages 157 to 241 of the Base Prospectus dated 23 June 2014 of UBS AG as filed with SFSA; and
- (e) the Conditions of the Securities as contained on pages 212 to 318 of the Base Prospectus dated 17 April 2015 of UBS AG as filed with SFSA.

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

- 2) In relation to the Base Prospectus for Certificates, Notes or Warrants of UBS AG, [London] [Jersey] [Branch] dated 8 January 2016 in the section "I. Summary of the Base Prospectus" in the sub-section headed "A. Summary of the Base Prospectus (in the English language)"

In the section headed "Section B – Issuer":

The Element B.4b is completely replaced as follows:

B.4b	A description of any known trends affecting the issuer or the industries in which it operates.	<p>Trend Information</p> <p>As indicated in the UBS Group AG first quarter 2016 report published on 3 May 2016 (the "UBS Group First Quarter 2016 Report"), negative market performance, substantial market volatility, as well as underlying macroeconomic and geopolitical uncertainty led to more pronounced client risk aversion and abnormally low transaction volumes in the first quarter. Some of these factors have stabilized recently, but the underlying macroeconomic challenges and geopolitical risks that we have highlighted previously continue to contribute to client risk aversion and are unlikely to be resolved in the foreseeable future. Low interest rates, and the relative strength of the Swiss franc, particularly against the euro, continue to present headwinds. In addition, the proposed changes to the Swiss and international regulatory framework for banks will result in increased capital requirements and costs. UBS continues to execute its strategy with discipline to mitigate these effects, and is well positioned to benefit from even a moderate improvement in conditions.</p>
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The Element B.12 is completely replaced as follows:

B.12	Selected historical key financial information.	<p>UBS AG derived the selected consolidated financial information included in the table below for the years ended 31 December 2015, 2014 and 2013, except where indicated, from the Annual Report 2015 of UBS Group AG and UBS AG (the "Annual Report 2015"), which contains the audited consolidated financial statements of UBS AG, as well as additional unaudited consolidated financial information, for the year ended 31 December 2015 and comparative figures for the years ended 31 December 2014 and 2013. The selected consolidated financial information included in the table below for the quarters ended 31 March 2016 and 31 March 2015 was derived from the UBS AG first quarter 2016 report, which contains the unaudited consolidated financial statements of UBS AG, as well as additional unaudited consolidated financial information, for the quarter ended 31 March 2016 and comparative figures for the quarter ended 31 March 2015. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and stated in Swiss francs ("CHF"). Information for the years ended 31 December 2015, 2014 and 2013 which is indicated as being unaudited in the table below was included in the Annual Report 2015 but has not been audited on the basis that the respective disclosures are not required under IFRS, and therefore are not part of the audited financial statements. The Annual Report 2015 and the first quarter 2016 report of UBS AG are incorporated by reference herein. Prospective investors should read the whole of this Prospectus and the documents incorporated by reference herein and should not rely solely on the summarized information set out below:</p>
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	As of or for the quarter ended		As of or for the year ended		
<i>CHF million, except where indicated</i>	31.3.16	31.3.15	31.12.15	31.12.14	31.12.13
	<i>unaudited</i>		<i>audited, except where indicated</i>		
Results					
Operating income	6,855	8,860	30,605	28,026	27,732
Operating expenses	5,876	6,167	25,198	25,557	24,461
Operating profit / (loss) before tax	979	2,693	5,407	2,469	3,272
Net profit / (loss) attributable to UBS AG shareholders	713	2,023	6,235	3,502	3,172
Key performance indicators					
Profitability					
Return on tangible equity (%) ¹	6.0	17.7	13.5*	8.2*	8.0*
Return on assets, gross (%) ²	2.9	3.4	3.1*	2.8*	2.5*
Cost / income ratio (%) ³	85.7	69.5	82.0*	90.9*	88.0*
Growth					
Net profit growth (%) ⁴	(24.9)	126.5	78.0*	10.4*	-
Net new money growth for combined wealth management businesses (%) ⁵	5.9	3.8	2.2*	2.5*	3.4*
Resources					
Common equity tier 1 capital ratio (fully applied, %) ^{6,7}	14.9	14.6	15.4*	14.2*	12.8*
Leverage ratio (phase-in, %) ^{8,9}	5.6	5.3	5.7*	5.4*	4.7*
Additional information					
Profitability					
Return on equity (RoE) (%)	5.1	15.3	11.7*	7.0*	6.7*
Return on risk-weighted assets, gross (%) ¹⁰	13.0	16.4	14.4*	12.6*	11.6*
Resources					
Total assets	968,158	1,050,122	943,256	1,062,327	1,013,355
Equity attributable to UBS AG shareholders	55,660	53,815	55,248	52,108	48,002
Common equity tier 1 capital (fully applied) ⁷	32,118	31,725	32,042	30,805	28,908
Common equity tier 1 capital (phase-in) ⁷	38,762	41,808	41,516	44,090	42,179
Risk-weighted assets (fully applied) ⁷	214,973	216,893	208,186*	217,158*	225,153*
Common equity tier 1 capital ratio (phase-in, %) ^{6,7}	17.8	19.1	19.5*	19.9*	18.5*
Total capital ratio (fully applied, %) ⁷	20.9	19.3	21.0*	19.0*	15.4*
Total capital ratio (phase-in, %) ⁷	23.9	24.5	24.9*	25.6*	22.2*
Leverage ratio (fully applied, %) ^{8,9}	5.0	4.3	4.9*	4.1*	3.4*
Leverage ratio denominator (fully applied) ⁹	907,277	978,709	898,251*	999,124*	1,015,306*
Other					
Invested assets (CHF billion) ¹¹	2,618	2,708	2,689	2,734	2,390
Personnel (full-time equivalents)	58,053	60,113	58,131*	60,155*	60,205*

* unaudited

¹ Net profit attributable to UBS AG shareholders before amortization and impairment of goodwill and intangible assets (annualized as applicable) / average equity attributable to UBS AG shareholders less average goodwill and intangible assets of UBS AG. ² Operating income before credit loss (expense) or recovery (annualized as applicable) / average total assets. ³ Operating expenses / operating income before credit loss (expense) or recovery. ⁴ Change in net profit attributable to UBS AG shareholders from continuing operations

between current and comparison periods / net profit attributable to UBS AG shareholders from continuing operations of comparison period. Not meaningful and not included if either the reporting period or the comparison period is a loss period. ⁵ Combined Wealth Management and Wealth Management Americas' net new money for the period (annualized as applicable) / invested assets at the beginning of the period. Figures for the year ended 31 December 2015 are based on adjusted net new money, which excludes the negative effect on net new money in 2015 of CHF 9.9 billion from UBS's balance sheet and capital optimization program. ⁶ Common equity tier 1 capital / risk-weighted assets. ⁷ Based on the Basel III framework as applicable to Swiss systemically relevant banks. ⁸ Common equity tier 1 capital and loss-absorbing capital / leverage ratio denominator. ⁹ Calculated in accordance with Swiss SRB rules. From 31 December 2015 onward, the Swiss SRB leverage ratio denominator calculation is fully aligned with the Basel III rules. Figures for periods prior to 31 December 2015 are calculated in accordance with former Swiss SRB rules and are therefore not fully comparable. ¹⁰ Based on fully-applied risk-weighted assets for all periods presented. This metric was previously based on phase-in risk-weighted assets. This unaudited consolidated financial information was derived from the UBS AG first quarter 2016 report and UBS AG's accounting records. ¹¹ Includes invested assets for Personal & Corporate Banking.

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

- 3) In relation to the Base Prospectus for Certificates, Notes or Warrants of UBS AG, [London] [Jersey] [Branch] dated 8 January 2016 in the section "I. Summary of the Base Prospectus" in the sub-section headed "B. Summary of the Base Prospectus (in the Swedish language)" in the section headed "Avsnitt B – Emittent":

In the section headed "Avsnitt B – Emittent":

The Element B.4b is completely replaced as follows:

B.4b	En beskrivning av varje känd trend som påverkar emittenten eller de branscher där emittenten är verksam.	<p>Information om trender</p> <p>Som beskrivs i UBS Group AG:s delårsrapport för det första kvartalet 2016, publicerad den 3 maj 2016 ("UBS Koncernens Delårsrapport för det Första Kvartalet 2016"), har negativ marknadsutveckling, väsentlig marknadsvolatilitet, såväl som underliggande makroekonomisk och geopolitisk osäkerhet lett till mer uttalad riskaversion hos klienter och onormalt låga transaktionsvolymerna det första kvartalet. Vissa av dessa faktorer har nyligen stabiliserats, men de underliggande makroekonomiska utmaningar och geopolitiska frågor som vi har lyft fram tidigare fortsätter att bidra till riskaversion hos klienter och det är osannolikt att dessa kommer att lösas under överskådlig tid. Låga räntenivåer och den relativa styrkan för schweiziska franc, särskilt i förhållande till euron fortsätter att skapa motvind. Dessutom kommer de föreslagna ändringarna i de regulatoriska regelverken för banker i Schweiz och internationellt att resultera i ökade kapitalkrav och kostnader. UBS fortsätter att verkställa sin strategi med disciplin för att mildra dessa effekter och är väl positionerat för att dra fördel även från en måttlig förbättring av förhållandena.</p>
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The Element B.12 is completely replaced as follows:

B.12	Utvald historisk finansiell nyckelinformation.	<p>UBS AG har hämtat den utvalda finansiella informationen i tabellen nedan för åren som slutade 31 december 2015, 2014 och 2013, förutom där indikerat, från dess årsredovisning för 2015 för UBS Group AG och UBS AG ("Årsredovisning 2015"), som innehåller de reviderade konsoliderade finansiella räkenskaperna för UBS AG liksom ytterligare oreviderad konsoliderad finansiell information för året som slutade den 31 december 2015 och jämförelsesiffror för åren som slutade den 31 december 2014 och 2013. Den utvalda finansiella informationen i tabellen nedan för kvartalen som slutade 31 mars 2016 och 31 mars 2015 har hämtats från UBS AG:s delårsrapport för det första kvartalet 2016, som innehåller de oreviderade konsoliderade finansiella räkenskaperna för UBS AG, såväl som ytterligare konsoliderad oreviderad finansiell information, för kvartalet som slutade den 31 mars 2016 och jämförelsesiffror för kvartalet som slutade 31 mars 2015. De konsoliderade finansiella räkenskaperna har tagits fram i enlighet med International Financial Reporting Standards ("IFRS") som har utfärdats av International Accounting Standards Board ("IASB") och anges i schweiziska franc ("CHF"). Information för åren som slutade 31 december 2015, 2014 och 2013 vilken indikeras som oreviderad i tabellen nedan, inkluderades i Årsredovisningen 2015 men har inte reviderats på den grunden att de respektive beskrivningarna inte krävs enligt IFRS och därför inte utgör del av de reviderade finansiella räkenskaperna. Årsredovisningen 2015 och delårsrapporten för det första kvartalet 2016 för UBS AG är införlivade genom hänvisning häri. Potentiella investerare bör läsa hela detta Prospekt och dokumenten som införlivas genom hänvisning häri och ska inte enbart förlita sig på den sammanfattande informationen som anges nedan:</p>		
		<table border="1"> <tr> <td data-bbox="1034 1944 1114 2049">Per eller för kvartalet som slutade</td> <td data-bbox="1114 1944 1482 2049">Per eller för året som slutade</td> </tr> </table>	Per eller för kvartalet som slutade	Per eller för året som slutade
Per eller för kvartalet som slutade	Per eller för året som slutade			

CHF miljoner, förutom där indikerat	31.03.16	31.03.15	31.12.15	31.12.14	31.12.13
	oreviderat		reviderat, förutom där indikerat		
Resultat					
Rörelseintäkter	6 855	8 860	30 605	28 026	27 732
Rörelsekostnader	5 876	6 167	25 198	25 557	24 461
Rörelsevinst / (förlust) före skatt	979	2 693	5 407	2 469	3 272
Nettovinst / (förlust) hänförlig till UBS AG aktieägare	713	2 023	6 235	3 502	3 172
Viktiga utvecklingsindikatorer					
Lönsamhet					
Avkastning på synligt eget kapital (%) ¹	6,0	17,7	13,5*	8,2*	8,0*
Avkastning på tillgångar, brutto (%) ²	2,9	3,4	3,1*	2,8*	2,5*
Kostnads / intäktsrelation (%) ³	85,7	69,5	82,0*	90,9*	88,0*
Tillväxt					
Nettovinsttillväxt (%) ⁴	(24,9)	126,5	78,0*	10,4*	-
Nettotillväxt nya medel för kombinerade verksamheter inom förmögenhetsförvaltning (%) ⁵	5,9	3,8	2,2*	2,5*	3,4*
Resurser					
Primärkapitalrelation (<i>Common equity tier 1 capital ratio</i>) (fullt tillämpad, %) ^{6,7}	14,9	14,6	15,4*	14,2*	12,8*
Hävstångsrelation (infasad, %) ^{8,9}	5,6	5,3	5,7*	5,4*	4,7*
Ytterligare information					
Lönsamhet					
Avkastning på eget kapital (RoE) (%)	5,1	15,3	11,7*	7,0*	6,7*
Avkastning på riskvägda tillgångar, brutto (%) ¹⁰	13,0	16,4	14,4*	12,6*	11,6*
Resurser					
Totala tillgångar	968 158	1 050 122	943 256	1 062 327	1 013 355
Eget kapital hänförligt till UBS AG aktieägare	55 660	53 815	55 248	52 108	48 002
Primärkapital (<i>Common equity tier 1 capital</i>) (fullt tillämpad) ⁷	32 118	31 725	32 042	30 805	28 908
Primärkapital (<i>Common equity tier 1 capital</i>) (infasad) ⁷	38 762	41 808	41 516	44 090	42 179
Riskvägda tillgångar (fullt tillämpad) ⁷	214 973	216 893	208 186*	217 158*	225 153*
Primärkapitalrelation (<i>Common equity tier 1 capital ratio</i>) (infasad, %) ^{6,7}	17,8	19,1	19,5*	19,9*	18,5*
Totalkapitalrelation (fullt tillämpad, %) ⁷	20,9	19,3	21,0*	19,0*	15,4*
Totalkapitalrelation (infasad, %) ⁷	23,9	24,5	24,9*	25,6*	22,2*
Hävstångsrelation (fullt tillämpad, %) ^{8,9}	5,0	4,3	4,9*	4,1*	3,4*
Hävstångsrelation nämnare (fullt tillämpad) ⁹	907 277	978 709	898 251*	999 124*	1 015 306*
Övrigt					
Investerade tillgångar (CHF miljarder) ¹¹	2 618	2 708	2 689	2 734	2 390
Anställda (motsvarande heltidstjänster)	58 053	60 113	58 131*	60 155*	60 205*

* oreviderat

1 Nettovinst hänförlig till UBS AG:s aktieägare före nedskrivningar och reserveringar av goodwill och immateriella tillgångar (på årsbasis där tillämpligt) / genomsnittligt eget kapital hänförligt till UBS AG:s aktieägare minskat med genomsnittlig goodwill och immateriella tillgångar. **2** Rörelseintäkter före kreditförluster (utgift) eller återvinning (på årsbasis där tillämpligt) / genomsnittliga totala tillgångar. **3** Rörelseutgifter/rörelseintäkter före kreditförlust (utgift) eller återvinning. **4** Förändring i nettovinst hänförlig till UBS AG:s aktieägare från fortsatt bedrivna verksamheter mellan innevarande och jämförelseperioder/nettovinst hänförlig till UBS AG:s aktieägare från fortsatt bedrivna verksamheter under jämförelseperiod. Ej meningsfullt och ej inkluderat om antingen rapporteringsperioden eller jämförelseperioden är en förlustperiod. **5** Kombinerat för Wealth Managements och Wealth Management Americas netto nya medel för perioden (på årsbasis där tillämpligt) / investerade tillgångar vid början av perioden. Siffror för året som slutade 31 december 2015 är baserade på justerat netto av nya pengar som exkluderar den negativa effekten på netto av nya pengar om CHF 9,9 miljarder från UBS:s program avseende balansräkning och kapitaloptimering. **6** Primärkapital (*Common equity tier 1 capital*) /riskvägda tillgångar. **7** Baserat på

Basel III-regelverket så som detta tillämpas på schweiziska systemviktiga banker (SRB). **8** Primärkapital (*Common equity tier 1 capital*) och förlustabsorberande kapital/total justerad exponering (hävstångsrelationsnämnare). **9** Beräknad i enlighet med schweiziska SRB-regler. Från 31 december 2015 är beräkningen av den schweiziska SRB hävstångsrelationen fullt lierad med BIS Basel III-reglerna. Siffror för perioder före 31 december 2015 har beräknats i enlighet med tidigare schweiziska regler och är därför inte fullt jämförbara. **10** Baserat på fullt tillämpade riskvägda tillgångar för alla redovisade perioder. Detta mått var tidigare baserat på riskvägda tillgångar (infasning). Denna oreviderade konsoliderade finansiella information har hämtats från UBS AG:s delårsrapport för det första kvartalet 2016 och UBS AG:s bokföringsunderlag. **11** Inkluderar investerade tillgångar inom Personal & Corporate Banking.

	Uttalande om väsentliga negativa förändringar.	Det har inte inträffat någon väsentlig negativ förändring i framtidsutsikterna för UBS AG eller UBS AG Koncernen sedan den 31 december 2015.
	Uttalande om väsentliga förändringar.	Det har inte inträffat någon väsentlig förändring i den finansiella eller handelspositionen för UBS AG eller UBS AG Koncernen sedan den 31 mars 2016, vilket är slutet på den senaste finansiella perioden för vilken finansiell delårsinformation har publicerats.

- 4) In relation to the Base Prospectus for Certificates, Notes or Warrants of UBS AG, [London] [Jersey] [Branch] dated 8 January 2016 in the section "I. Summary of the Base Prospectus" in the sub-section headed "C. Summary of the Base Prospectus (in the Danish language)" in the section headed "Afsnit B – Udsteder":

In the section headed "Afsnit B – Udsteder":

The Element B.4b is completely replaced as follows:

B.4b	Kendte tendenser, der påvirker Udsteder, og brancher inden for hvilke, Udstederen driver virksomhed.	<p>Oplysninger om tendenser</p> <p>Som beskrevet i UBS-Koncernen AGs 1. kvartalsrapport 2016, som blev offentliggjort den 3. maj 2016 (UBS-Koncernens 1. kvartalsrapport 2016), førte negative markedsresultater, et særdeles ustabil marked, samt underliggende makroøkonomiske udfordringer og geopolitiske problemstillinger til en mere udtalt risikoaversion i forhold til kunderne og en unormal lav transaktionsvolumen i det første kvartal. Nogle af disse faktorer er stabiliseret på det seneste, men de underliggende makroøkonomiske udfordringer og geopolitiske risici, som vi tidligere har fremhævet, bidrager fortsat til risikoaversion i forhold til kunderne og bliver sandsynligvis ikke løst i den nærmeste fremtid. Lave renter og euroens vigende udvikling over for schweitzerfrancen giver fortsat modvind. Derudover vil de forslåede regulatoriske ændringer for bankerne i Schweiz og på internationalt plan medfører øgede kapitalkrav og omkostninger for bankerne. UBS vil fortsat holde sig til sin strategi og sin disciplinerede gennemførelse deraf for at minimere disse effekter og er godt positioneret i forhold til at få fordele af blot en moderat forbedring af forholdene.</p>
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The Element B.12 is completely replaced as follows:

B.12	Udvalgte historiske finansielle nøgleoplysninger.	<p>UBS AG har hentet følgende udvalgte konsoliderede regnskabsoplysninger for årene, der sluttede henholdsvis den 31. december 2015, 2014 og 2013, undtagen hvis andet fremgår, fra årsrapport for 2015 for UBS-Koncernen AG og UBS AG ("Årsrapporten 2015"), som indeholder UBS AG's reviderede koncernregnskab samt yderligere ureviderede konsoliderede regnskabsoplysninger for året, der sluttede den 31. december 2015, og sammenligningstal for årene, der sluttede henholdsvis den 31. december 2014 og 2013. De udvalgte konsoliderede regnskabsoplysninger, der fremgår af tabellen nedenfor for kvartalet, der sluttede den 31. marts 2016 og 31. marts 2015, stammer fra UBS AGs 1. kvartalsrapport 2016, der indeholder ureviderede koncernregnskabsoplysninger fra UBS AG, samt yderligere ureviderede konsoliderede regnskabsoplysninger fra kvartalet, der afsluttede den 31. marts 2016 og sammenlignelige tal fra kvartalet, der afsluttede den 31. marts 2015. Koncernregnskabsoplysningerne er udarbejdet i overensstemmelse med de internationale regnskabsstandarder (<i>International Financial Reporting Standards</i> ("IFRS")), som er udstedt af</p>
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the International Accounting Standards Board ("**IASB**") og er angivet i schweizerfranc ("**CHF**"). Regnskabsoplysninger for årene, der sluttede henholdsvis den 31. december 2015, 2014 og 2013 og i forbindelse med hvilke, det i tabellen nedenfor står anført, at de er ureviderede, var indeholdt i årsrapporten for 2015, men er ureviderede af den årsag, at offentliggørelse deraf ikke er påkrævet i henhold til IFRS, og er således ikke indeholdt i det reviderede årsregnskab. Årsrapporten for 2015 og 1. kvartalsrapporten 2016 for UBS AG er indarbejdet ved henvisning heri. Potentielle investorer bør læse dette Prospekt i sin helhed og de dokumenter, der er indarbejdet ved henvisning, og bør ikke udelukkende forlade sig på de oplysninger, der er sammenfattet nedenfor:

	Pr. eller for kvartalet afsluttet		Pr. eller for året, der sluttede		
	31.3.16	31.3.15	31.12.15	31.12.14	31.12.13
<i>CHF mio., medmindre andet fremgår</i>					
	<i>Urevideret</i>		<i>revideret, medmindre andet fremgår</i>		
Resultat					
Driftsindtægter	6.855	8.860	30.605	28.026	27.732
Driftsudgifter	5.876	6.167	25.198	25.557	24.461
Driftsoverskud (driftstab) før skat	979	2.693	5.407	2.469	3.272
Nettooverskud (nettotab) henførbart til UBS AG-aktionærer	713	2.023	6.235	3.502	3.172
Nøgleindikatorer					
Rentabilitet					
Afkast på synlig kapital(%) ¹	6,0	17,7	13,5*	8,2*	8,0*
Afkastningsgrad, brutto (%) ²	2,9	3,4	3,1*	2,8*	2,5*
Omkostninger i forhold til indtægter (%) ³	85,7	69,5	82,0*	90,9*	88,0*
Vækst					
Nettovækst i overskud (%) ⁴	(24,9)	126,5	78,0*	10,4*	-
Nettovækst i nye midler for kombinerede formueforvaltningsvirksomheder (%) ⁵	5,9	3,8	2,2*	2,5*	3,4*
Ressourcer					
Egentlig kernekapitaldækning (fuldt anvendt, %) ^{6,7}	14,9	14,6	15,4*	14,2*	12,8*
Gearingsforhold (indfaset, %) ^{8,9}	5,6	5,3	5,7*	5,4*	4,7*
Yderligere oplysninger					
Rentabilitet					
Egenkapitalforrentning (RoE) (%)	5,1	15,3	11,7*	7,0*	6,7*
Afkast på risikovægtede aktiver, brutto (%) ¹⁰	13,0	16,4	14,4*	12,6*	11,6*
Ressourcer					
Aktiver i alt	968.158	1.050.122	943.256	1.062.327	1.013.355
Egenkapital henførbart til UBS AG-aktionærer	55.660	53.815	55.248	52.108	48.002
Egentlig kernekapital (fuldt anvendt) ⁷	32.118	31.725	32.042	30.805	28.908
Egentlig kernekapital (indfaset) ⁷	38.762	41.808	41.516	44.090	42.179
Risikovægtede aktiver (fuldt anvendt) ⁷	214.973	216.893	208.186*	217.158*	225.153*
Egentlig kernekapitaldækning (indfaset, %) ^{6,7}	17,8	19,1	19,5*	19,9*	18,5*
Kapitaldækning i alt (fuldt anvendt, %) ⁷	20,9	19,3	21,0*	19,0*	15,4*
Kapitaldækning i alt (indfaset, %) ⁷	23,9	24,5	24,9*	25,6*	22,2*

Gearingsforhold (fuldt anvendt, %) ^{8, 9}	5,0	4,3	4,9*	4,1*	3,4*
Gearingsforholdets nævner (fuldt anvendt) ⁹	907.277	978.709	898.251*	999.124*	1.015.306*
Andet					
Investerede aktiver (CHF mia.) ¹¹	2.618	2.708	2.689	2.734	2.390
Medarbejdere (årsværk)	58.053	60.113	58.131*	60.155*	60.205*

* urevideret

¹ Nettooverskud / nettotab, som kan henføres til UBS AG-aktionærer inden amortisering og værdiforringelser af goodwill og immaterielle aktiver (på årsbasis, hvor relevant) / gennemsnitlig egenkapital, der kan henføres til UBS AG-aktionærer minus UBS AG's gennemsnitlige goodwill og immaterielle aktiver. ² Driftsindtægter før kredittab (udgift) eller genindvinding (på årsbasis, hvor relevant) / gennemsnitlig aktivsum i alt. ³ Driftsudgifter / driftsindtægter før kredittab (udgift) eller genindvinding. ⁴ Ændring i nettooverskud, som kan henføres til UBS AG-aktionærer fra fortsættende aktiviteter mellem nuværende og jävnførelsesperioder / nettooverskud, som kan henføres til UBS AG-aktionærer fra fortsættende aktiviteter fra jävnførelsesperiode. Ikke meningsfuldt og ikke inkluderet, hvis enten rapporteringsperioden eller jävnførelsesperioden er en tabsperiode. ⁵ Sammenlagt for Wealth Management og Wealth Management Americas' netto nye midler for perioden (på årsbasis, hvor relevant) / investerede aktiver ved periodens begyndelse. Tallene fra året, der sluttede den 31. december 2015 er baseret på korrigerede nye midler, hvilket udeholder den negative virkning på netto nye midler i 2015 på CHF 9,9 mia. fra UBS' balance og kapitaloptimeringsbestrebelse. ⁶ Egentlig kernekapital / risikovægtede aktiver. ⁷ Baseret på Basel III-regelsættet således som dette gælder for schweiziske systemisk relevante banker (SRB). ⁸ Egentlig kernekapital og tabsabsorberende kapital / gearingsforholdets nævner. ⁹ Beregnet i overensstemmelse med schweiziske SRB-regler. Fra den 31. december 2015 og fremefter er beregningen af gearingsforholdets nævner for schweiziske systemisk relevante banker (SRB) fuldt på linje med Basel III-regelsættet. Tal fra perioder forud for den 31. december 2015 er beregnet i overensstemmelse med tidligere schweiziske SRB-regler, og er derfor ikke fuldt sammenlignelige. ¹⁰ Baseret på fuldt ud anvendte risikovægtede aktiver for alle præsenterede regnskabsår. Denne metode var tidligere baseret på indfasede risikovægtede aktiver. De ureviderede konsoliderede regnskabsoplysninger er afledt fra UBS AGs 1. kvartalsårsrapport 2016 og UBS AGs regnskabsfortegnelse. ¹¹ Inkluderer investerede aktiver for Personal & Corporate Banking.

	Erklæring vedrørende væsentlige negative ændringer.	Der er ikke siden den 31. december 2015 indtrådt nogen væsentlig negativ ændring i fremtidsudsigterne for UBS AG eller UBS –Koncernen AG.
	Erklæring vedrørende væsentlige ændringer.	Der er ikke siden den 31. marts 2016, som er den regnskabsperiode pr. hvilken der senest er offentliggjort foreløbige regnskabsoplysninger, indtrådt nogen væsentlig ændring i den finansielle eller handelsmæssige stilling for UBS AG eller UBS – Koncernen AG.

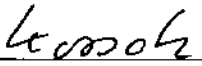
The Base Prospectus for Certificates, Notes or Warrants of UBS AG, [London] [Jersey] [Branch] dated 8 January 2016 and all supplements thereto, shall be maintained in printed format, for free distribution, at the offices of the Issuer for a period of twelve months after the publication of this document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

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

Zurich, 30 May 2016

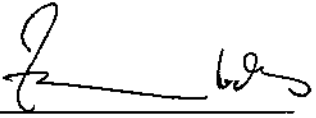
UBS AG

By:



(signed by Sigrid Kossatz)

By:



(signed by Stefanie Zaromitidis)