

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

dated 1 December 2014 to the Base Prospectus of UBS AG, [London] [Jersey] [Branch], dated 23 June 2014,

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 14-8082. This Supplement is a part of the Base Prospectus and shall be read in conjunction with the Base Prospectus.

Supplement No. 1 was approved and registered by the SFSA on 22 August 2014. Supplement No. 1 was published by UBS AG on 22 August 2014. Registration number at the SFSA is 14-11674.

This Supplement No. 2 was approved by the SFSA on 1 December 2014. This Supplement was published by UBS AG on 1 December 2014. Registration number at the SFSA is 14-16436.

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

Publication of the third quarter report of UBS AG as per 30 September 2014 on 28 October 2014.

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, as mentioned above.

The following table shows the updated information that has become available after the date of the Base Prospectus, as mentioned above, and the revisions that have been made as a result thereof.

Updated information	Revisions
Risk Factors	The section "Risk Factors" has been updated.
Certain information regarding the Issuer has been updated.	The information in Elements B.4b, B.5, B.12 and B.17 of the Summary and in the sections "Significant Changes in the Financial or Trading position", Material Adverse Change in Prospects" and "Documents Incorporated by Reference" has been updated pursuant to the second quarterly report.
The holding of the shareholders registered in UBS AG's share register with more than 3% has changed over time.	The information in Element B.16 of the Summary as well as in the section "Major Shareholders of UBS AG" of the Base Prospectus has been updated accordingly.

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 3 December 2014. 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 "A. Risk Factors" the following changes shall be made:

In sub-section "Regulatory and legislative changes may adversely affect UBS's business and ability to execute its strategic plans":- the third subparagraph is replaced by the following text:

"Notwithstanding attempts by regulators to coordinate their efforts, the measures adopted or proposed differ significantly across the major jurisdictions, making it increasingly difficult to manage a global institution. The absence of a coordinated approach, moreover, disadvantages institutions headquartered in jurisdictions that impose relatively more stringent standards. Switzerland has adopted capital and liquidity requirements for its major international banks that are among the strictest of the major financial centers. This could disadvantage Swiss banks such as UBS when they compete with peer financial institutions subject to more lenient regulation or with unregulated non-bank competitors."

In the sub-section headed "Regulatory and legislative changes in Switzerland": the second subparagraph in the section headed "Resolution planning and resolvability" is replaced by the following text:

"Swiss TBTF requirements require systemically important banks, including UBS, to put in place viable emergency plans to preserve the operation of systemically important functions despite a failure of the institution, to the extent that such activities are not sufficiently separated in advance. The Swiss TBTF law provides for the possibility of a limited reduction of capital requirements for systemically important institutions that adopt measures to reduce resolvability risk beyond what is legally required. Such actions would likely include an alteration of the legal structure of a bank group in a manner that would insulate parts of the group to exposure from risks arising from other parts of the group thereby making it easier to dispose of certain parts of the group in a recovery scenario, to liquidate or dispose of certain parts of the group in a resolution scenario or to execute a debt bail-in. In addition to the exchange offer, the Group has already announced a series of measures to improve the resolvability of the Group:

- The Group plans to establish a new banking subsidiary of UBS in Switzerland and has filed a formal application for a banking license in the third quarter of 2014. The subsidiary, which will be named UBS Switzerland AG, will include the Group's Retail & Corporate business division and the Swiss-booked business within the Wealth Management business division. The Group continues to expect to implement this change in a phased approach starting in mid-2015. This structural change remains subject to a number of uncertainties that may affect its feasibility, scope and timing.
- In the United Kingdom, and in consultation with the U.K. and Swiss regulators, the Group has implemented the first stages of a revised business and operating model for UBS Limited in the second quarter of 2014. This will result in UBS Limited bearing and retaining a greater degree of the risk and reward of its business activities. The Group has increased the capitalisation of UBS Limited accordingly.
- In the United States, the Group will implement new rules for foreign banks promulgated by the Federal Reserve Board under Sections 165 and 166 of Dodd-Frank that will require an intermediate holding company to own all of its operations other than U.S. branches of UBS by 1 July 2016. As a result, the Group will designate an intermediate holding company to hold all U.S. subsidiaries of UBS.

These structural changes have been discussed with the FINMA and other regulatory authorities. The dialogue with regulators will continue and the changes remain subject to some uncertainties that may affect their feasibility, scope or timing. UBS may consider further changes to the legal structure of the Group in response to regulatory requirements in Switzerland or in other countries in which UBS operates, including to improve the resolvability

of the UBS Group, to respond to Swiss and other capital requirements (including seeking potential rebate on the progressive buffer requirement as applied to UBS) and to respond to regulatory required changes in legal structure. Movement of businesses to a new subsidiary ("subsidiarization") will require significant time and resources to implement. "Subsidiarization" in Switzerland and elsewhere may create operational, capital, funding and tax inefficiencies and increase UBS's and counterparties' credit risk. Refer to "Regulatory and legislative changes outside Switzerland" for a description of other regulatory and legislative developments that may affect these decisions and further discussion of these risks."

In the sub-section "Regulatory and legislative changes outside Switzerland" the third subparagraph is replaced by the following text:

"For example, UBS has significant operations in the UK and currently uses UBS AG's London branch as a global booking center for many types of products. UBS is being required by the UK Prudential Regulatory Authority and by FINMA to increase very substantially the capitalization of UBS's UK bank subsidiary, UBS Limited, and expects to be required to change its booking practices to reduce or even eliminate its utilization of UBS AG London branch as a global booking center for the ongoing business of the Investment Bank. In addition, the UK Independent Commission on Banking has recommended structural and non-structural reforms of the banking sector, most of which have been endorsed by the UK government and implemented in the Financial Services (Banking Reform) Act. Key measures proposed include the ring-fencing of retail banking activities in the UK (which UBS does not expect to impact UBS directly), additional common equity tier 1 capital requirements of up to 3% of RWA for retail banks, and the issuance by UK banks of debt subject to "bail-in" provisions. Furthermore, the European Commission's recent proposals in light of the Liikanen report issued in October 2012, which contains the recommendations of the European Commission's High-level Expert Group on reforming the structure of the EU banking sector, also advocate a Volcker Rule-style prohibition on proprietary trading together with a separation of trading from banking activities. The applicability and implications of such changes to branches and subsidiaries of foreign banks are not yet entirely clear, but they could have a material effect on UBS's businesses located or booked in the UK."

In the sub-section "Possible consequences of regulatory and legislative developments" the second sentence is replaced by the following text:

"The developments are likely to be costly to implement and could also have a negative impact on UBS's legal structure or business model, potentially generating capital inefficiencies and resulting in an impact on UBS's profitability."

In the sub-section "UBS's capital strength is important in supporting its strategy, client franchise and competitive position" the second subparagraph is replaced by the following text:

"Risks captured in the operational risk component of RWA have become increasingly significant as a component of UBS's overall RWA as a result of significant reductions in market and credit risk RWA, as UBS executes its strategy, and increased operational risk charges arising from operational risk events (including charges arising from litigation, regulatory and similar matters). UBS has agreed with FINMA on a supplemental analysis that will be used to calculate an incremental operational risk capital charge to be held for litigation, regulatory and similar matters and other contingent liabilities. The incremental RWA calculated based on this supplemental analysis as of 31 December 2013 was CHF 22.5 billion. Future developments in and the ultimate elimination of the incremental RWA attributable to the supplemental analysis will depend on provisions charged to earnings for litigation, regulatory and similar matters and

other contingent liabilities and on developments in these matters. There can be no assurance that UBS will be successful in addressing these matters and reducing or eliminating the incremental operational risk component of RWA."

In the sub-section "UBS may not be successful in completing its announced strategic plans or in implementing changes in its businesses to meet changing market, regulatory and other conditions" the first subparagraph is replaced by the following text:

"In October 2012, UBS announced a significant acceleration in the implementation of its strategy. The strategy included transforming UBS's Investment Bank to focus it on its traditional strengths, very significantly reducing Basel III RWA and further strengthening UBS's capital position, and significantly reducing costs and improving efficiency across the Group. UBS has made significant progress in implementing the strategy and as of the end of 2013 is ahead of the majority of its performance targets. On 6 May 2014, the Group provided an update on the execution of its strategy and updated several of its annual performance targets. There continues to be a risk that UBS will not be successful in completing the execution of its plans, or that its plans may be delayed or that the effects of its plans may differ from those intended."

In the same section the seventh subparagraph is replaced by the following text:

"The net new money inflows in recent years in UBS's Wealth Management business division have come predominantly from clients in Asia Pacific and in the ultra high net worth segment globally. Over time, inflows from these lower-margin segments and markets have been replacing outflows from higher-margin segments and markets, in particular cross-border European clients. This dynamic, combined with changes in client product preferences as a result of which low-margin products account for a larger share of UBS's revenues than in the past, put downward pressure on UBS's return on invested assets and adversely affect the profitability of UBS's Wealth Management business division. UBS has implemented changes in its product offerings and service improvements, and will continue its efforts to adjust to client trends and market dynamics as necessary, in an effort to overcome the effects of these changes in the business mix on UBS's profitability, but there can be no assurance that UBS will be able to counteract those effects. In addition, UBS has made changes to its business offerings and pricing practices in line with the Swiss Supreme Court case concerning "retrocessions" (fees paid to a bank for distributing third-party and intra-group investment funds and structured products) and other industry developments. These changes may adversely affect UBS's margins on these products and the current offering may be less attractive to clients than the products it replaces. There can be no assurance that UBS will be successful in its efforts to offset the adverse impact of these trends and developments."

In the sub-section "Material legal and regulatory risks arise in the conduct of UBS's business" the second subparagraph is deleted.

In the same section the fourth and the fifth subparagraph is replaced by the following text:

"UBS settlements with governmental authorities in connection with LIBOR and benchmark interest rates starkly illustrate the much-increased level of financial and reputational risk now associated with regulatory matters in major jurisdictions. Very large fines and disgorgement amounts were assessed against UBS, and the guilty plea of a UBS subsidiary was required, in spite of UBS's full cooperation with the authorities in the investigations relating to LIBOR and other benchmark interest rates, and in spite of UBS's receipt of conditional leniency or conditional immunity from antitrust authorities in a number of jurisdictions, including the US and Switzerland. UBS understands that, in determining the consequences to UBS, the authorities considered the fact that UBS has in the recent past been determined to have engaged in serious misconduct in several other matters. The heightened risk level was further

illustrated by the European Commission (EC) announcement in December 2013 of fines against other financial institutions related to its Yen Interest Rate Derivatives (YIRD) investigation. The EC stated that UBS would have been subject to fines of approximately EUR 2.5 billion had UBS not received full immunity for disclosing to the EC the existence of infringements relating to YIRD. Recent resolution of enforcement matters involving other financial institutions further illustrates the continued increase in the financial and other penalties, reputational risk and other consequences of regulatory matters in major jurisdictions, particularly the U.S., and the resulting difficulty in predicting in this environment the financial and other terms of resolutions of pending government investigations and similar proceedings. In recent months, Credit Suisse AG (CS) and BNP Paribas (BNPP) each pleaded guilty to criminal charges in the United States and simultaneously entered into settlement with other US agencies, including the Board of Governors of the Federal Reserve System and the New York Department of Financial Services (DFS). These resolutions involved the payment of substantial penalties (USD 1.8 billion in the case of CS and USD 8.8 billion in the case of BNPP), agreements with respect to future operation of their business and actions with respect to relevant personnel. In the case of BNPP, the DFS suspended for a one-year period BNPP's ability to conduct through its New York branch business activity related to the business line that gave rise to the illegal conduct, namely U.S. dollar clearing for specified BNPP business units. In addition, the U.S. Department of Justice (DOJ) recently announced a USD 7 billion settlement with Citigroup, including a USD 4 billion civil penalty, to resolve federal and state claims relating to Citigroup's conduct in packaging, marketing, issuing and selling residential mortgage-backed securities. Under the settlement, Citigroup is also required to provide relief to consumers who were harmed by its conduct.

UBS continues to be subject to a large number of claims, disputes, legal proceedings and government investigations, including the matters described in the notes to the financial statements included herein and expects that its ongoing business activities will continue to give rise to such matters in the future. The extent of UBS's financial exposure to these and other matters is material and could substantially exceed the level of provisions that UBS has established for litigation, regulatory and similar matters. UBS is not able to predict the financial and other terms on which some of these matters may be resolved. Litigation, regulatory and similar matters may also result in non-monetary penalties and consequences. Among other things, the non-prosecution agreement UBS entered into with the DOJ in connection with LIBOR (the "NPA") may be terminated by the DOJ if the Group commits any U.S. crime or otherwise fails to comply with the NPA and the DOJ may obtain a criminal conviction of UBS in relation to the matters covered by the NPA. A guilty plea to, or conviction of, a crime (including as a result of termination of the NPA) could have material consequences for UBS.

Under the NPA, UBS has agreed, among other things, that, for two years from 18 December 2012 UBS will not commit any US crime, and UBS will advise the Department of Justice of all potentially criminal conduct by UBS or any of its employees relating to violations of US laws concerning fraud or securities and commodities markets. UBS is also obligated to continue to cooperate fully with the Department of Justice. Failure to comply with these obligations could result in termination of the non-prosecution agreement and potential criminal prosecution in relation to the matters covered by the non-prosecution agreement. As a result of this history and UBS's ongoing obligations under the non-prosecution agreement, UBS's level of risk with respect to regulatory enforcement may be greater than that of some of its peer institutions."

In the sub-section "UBS's reputation is critical to the success of UBS's business" the fourth sentence is replaced by the following wording:

"This was demonstrated in recent years, as UBS's very large losses during the financial crisis, the US cross-border matter (relating to the governmental inquiries and investigations relating to the Group's cross-border private banking services to U.S. private clients during the years 2000–2007 and the settlements entered into with U.S. authorities in respect to this matter) and other events seriously damaged UBS's reputation."

In the sub-section "UBS might be unable to identify or capture revenue or competitive opportunities, or retain and attract qualified employees" the third and the fourth subparagraph is replaced by the following wording:

"In a referendum in March 2013, the Swiss cantons and voters accepted an initiative to give shareholders of Swiss listed companies more influence over board and management compensation (the "**Minder Initiative**"). In November 2013, the Swiss Federal Council issued the final transitional ordinance implementing the constitutional amendments resulting from this initiative, which came into force on 1 January 2014. The ordinance requires public companies to specify in their articles of association ("**AoA**") a mechanism to permit a "say-on-pay" vote, setting out three requirements: (i) the vote on compensation must be held annually, (ii) the vote on compensation must be binding rather than advisory and (iii) the vote on compensation must be held separately for the board of directors and members of the executive board. In addition, shareholders will need to determine the details of the "say-on-pay" vote in the AoA, in particular the nature of the vote, timing aspects and the consequences of a "no" vote. Each company affected by the Minder Initiative must undertake a first binding vote on management compensation and remuneration of the board of directors at its 2015 annual general meeting.

The EU has adopted legislation that caps the amount of variable compensation in proportion to the amount of fixed compensation for employees of a bank active within the EU. This legislation will apply to employees of the Group in the EU. These and other similar initiatives may require the Group to make further changes to its compensation structure and may increase the risks described above."

In the section headed "G. Information about UBS AG", the second subparagraph is replaced by the following text:

"On 30 September 2014 UBS's common equity tier 1 capital ratio¹ was 13.7% on a fully applied basis and 19.1% on a phase-in basis, invested assets stood at CHF 2,640 billion, equity attributable to UBS shareholders was CHF 50,824 million and market capitalization was CHF 64,047 million. On the same date, UBS employed 60,292 people²."

In subparagraph 1. Business Overview", sub-section "Recent Developments" is completely replaced by the following text:

"UBS's results as of and for the quarter and nine months ended 30 September 2014, as presented in UBS AG's third quarter 2014 report (including unaudited consolidated financial statements of UBS Group)

3Q14 vs 2Q14

Group: Net profit attributable to UBS shareholders for the third quarter of 2014 was CHF 762 million compared with CHF 792 million in the second quarter of 2014. The Group recorded an operating loss before tax of CHF 554 million compared with a profit of CHF 1,218 million, mainly reflecting an increase of CHF 1,582 million in charges for litigation, regulatory and similar matters. Operating income declined by CHF 271 million and included a net loss of CHF 267 million from the implementation of funding valuation adjustments ("FVA") on derivatives. The Group recorded a net tax benefit of CHF 1,317 million, mainly related to a net upward revaluation of deferred tax assets, compared with a net tax expense of CHF 314 million in the prior quarter. In the fourth quarter of 2014, the Group expects to recognize a further net upward revaluation of deferred tax assets of approximately CHF 400 million. For 2015, the Group is currently forecasting a tax rate in the range of 20% to 25%, excluding the effects on the tax rate from any reassessment of deferred tax assets, which is expected in the second half of the year. Net profit attributable to preferred noteholders was zero compared with CHF 111 million in the prior quarter.

On an adjusted basis³ the loss before tax was CHF 424 million compared with a profit of CHF 1,191 million in the prior quarter. Adjusted operating income decreased by CHF 168 million to CHF 6,863 million and included a net loss of CHF 267 million from the implementation of FVA. Adjusted operating expenses increased by CHF 1,447 million to CHF 7,287 million, largely reflecting CHF 1,582 million higher net charges for provisions for litigation, regulatory and similar matters, partly offset by CHF 114 million lower personnel expenses.

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 the new capital deductions and the phase out of ineligible capital instruments. The information provided on a phase-in basis gradually reflects those effects during the transition period. For information as to how common equity tier 1 capital is calculated, refer to the "Capital management" section of UBS AG's third quarter 2014 report.

² Full-time equivalents.

³ Unless otherwise indicated, third-quarter 2014 "adjusted" figures exclude each of the following items, to the extent applicable, on a Group and business division level: an own credit gain of CHF 61 million, a loss of CHF 48 million related to the impairment of a financial investment available for sale, net restructuring charges of CHF 176 million and a credit of CHF 33 million related to changes to a retiree benefit plan in the US. For the second quarter of 2014, the items excluded were an own credit gain of CHF 72 million, gains of CHF 1 million on sales of real estate, a gain of CHF 43 million from the partial sale of UBS' investment in Markit and net restructuring charges of CHF 89 million. Adjusted results are non-GAAP (United States Generally Accepted Accounting Principles) financial measures as defined by SEC regulations.

Wealth Management: Profit before tax was CHF 707 million in the third quarter of 2014, an increase of CHF 352 million compared with the second quarter. Adjusted³ for restructuring charges, profit before tax increased by CHF 374 million to CHF 767 million, mainly as charges for provisions for litigation, regulatory and similar matters were CHF 277 million lower in the third quarter. In addition, operating income increased by CHF 110 million, largely as a result of both higher recurring net fee income and net interest income. The gross margin on invested assets increased by 2 basis points to 86 basis points. Net new money was CHF 9.8 billion compared with CHF 10.7 billion in the prior quarter.

Wealth Management Americas: Profit before tax was USD 254 million in the third quarter of 2014 compared with USD 238 million in the second quarter. Adjusted³ for restructuring charges in both quarters and a credit related to changes to a retiree benefit plan in the US in the third quarter, profit before tax increased to USD 267 million from USD 246 million, mainly due to higher recurring net fee income. Net new money improved to USD 4.9 billion compared with net outflows of USD 2.5 billion in the prior quarter.

Retail & Corporate: Profit before tax was CHF 426 million in the third quarter of 2014 compared with CHF 354 million in the second quarter. Adjusted³ for restructuring charges, profit before tax increased by CHF 79 million to CHF 446 million, mostly as charges for provisions for litigation, regulatory and similar matters declined by 48 million. In addition, both net interest and transaction-based income increased, partly offset by higher credit loss expenses. The annualized net new business volume growth rate for the retail business was 1.7% compared with 2.5% in the prior quarter following the typical seasonal pattern.

Global Asset Management: Profit before tax was CHF 154 million in the third quarter of 2014 compared with CHF 105 million in the second quarter. Adjusted³ for a credit related to changes to a retiree benefit plan in the US and restructuring charges, profit before tax was CHF 151 million compared with CHF 107 million. The increase was due to higher third quarter operating income, and the absence of charges for provisions for litigation, regulatory and similar matters. Excluding money market flows, net new money inflows were CHF 3.8 billion compared with CHF 11.6 billion in the prior quarter.

Investment Bank: The business division recorded an operating loss before tax of CHF 1,284 million compared with a profit of CHF 579 million in the second quarter. On an adjusted basis³, the operating loss before tax was CHF 1,205 million compared with a profit of CHF 563 million, mainly due to CHF 1,676 million higher charges for provisions for litigation, regulatory and similar matters. Fully applied risk-weighted assets decreased by CHF 6 billion to CHF 62 billion as of 30 September 2014.

Corporate Center – Core Functions recorded a loss before tax of CHF 190 million in the third quarter of 2014 compared with a profit of CHF 25 million in the prior quarter. The third quarter included total operating expenses remaining in Corporate Center – Core Functions after service allocations of CHF 194 million. Total operating income was CHF 5 million and included treasury income remaining in Corporate Center – Core Functions of negative CHF 65 million and an own credit gain of CHF 61 million.

Corporate Center – Non-core and Legacy Portfolio recorded a loss before tax of CHF 603 million in the third quarter of 2014 compared with a loss of CHF 412 million in the prior quarter. The third quarter included a net loss of CHF 252 million as a result of the implementation of funding valuation adjustments on derivatives. Risk-weighted assets decreased by CHF 10 billion to CHF 42 billion.

Risk management and control

The Group further managed down credit risks within its Non-core and Legacy portfolio, including making significant progress in novating trades and obtaining full repayment on the loan to the Black-Rock Fund. Overall, reported credit exposures increased due to growth in lending within the Group's wealth management businesses and the appreciation of the US dollar versus the Swiss franc. Net credit loss expenses for the quarter were CHF 32 million. The Group

continues to focus on enhancing its ability to control consequential risks in a fully integrated manner.

Balance sheet

As of 30 September 2014, the Group's balance sheet assets stood at CHF 1,049 billion, an increase of CHF 67 billion from 30 June 2014, primarily reflecting higher positive replacement values in the Investment Bank, mainly due to increased notional volumes combined with fair value movements resulting from the strengthening of the US dollar versus the Swiss franc. Funded assets, which represent total assets excluding positive replacement values and collateral delivered against over-the-counter derivatives, increased by CHF 23 billion to CHF 772 billion, also primarily resulting from currency effects. Excluding these currency effects, funded assets decreased by approximately CHF 3 billion.

Liquidity and funding management

The Group's liquidity position remained strong during the third quarter of 2014. The Group further enhanced its funding profile through the issuance of several senior unsecured bonds in an amount equivalent to CHF 8.8 billion.

Capital management

The Group's fully applied common equity tier 1 (CET1) capital ratio⁴ increased 0.2 percentage points to 13.7% and its fully applied CET1 capital decreased by CHF 0.5 billion to CHF 30.0 billion as of 30 September 2014. On a phase-in basis, CET1 capital ratio increased 0.9 percentage points to 19.1% and CET1 capital increased by CHF 0.6 billion to CHF 42.5 billion. Risk-weighted assets decreased by CHF 7.4 billion to CHF 219.3 billion on a fully applied basis and by CHF 7.3 billion to CHF 222.6 billion on a phase-in basis. The Group's Swiss systemically relevant banks (SRB) leverage ratio was stable at 4.2% on a fully applied basis and increased 0.1 percentage points to 5.4% on a phase-in basis.

UBS Group – 9M14 vs 9M13:

Net profit attributable to UBS shareholders was CHF 2,609 million in the first nine months of 2014 compared with CHF 2,255 million in the prior-year period. Operating profit before tax was CHF 2,057 million compared with CHF 2,823 million.

For the first nine months of 2014, adjusting items were an own credit gain of CHF 221 million, gains on sales of real estate of CHF 24 million, a gain of CHF 43 million from the partial sale of the Group's investment in Markit, a loss of CHF 48 million related to the impairment of a financial investment available-for-sale, net restructuring charges of CHF 469 million and a credit of CHF 33 million related to changes to a retiree benefit plan in the US. For the same period in 2013, adjusting items were an own credit loss of CHF 189 million, gains on sales of real estate of CHF 227 million, a net loss related to the buyback of debt in a public tender offer of CHF 92 million, a gain on the sale of Global Asset Management's Canadian domestic business of CHF 34 million, a net gain on the sale of the remaining proprietary trading business of CHF 31 million and net restructuring charges of CHF 574 million.

On an adjusted basis, profit before tax decreased by CHF 1,133 million to CHF 2,253 million, due to an increase of CHF 760 million in operating expenses and a decline of CHF 373 million in operating income.

Adjusted net interest and trading income declined by CHF 1,055 million to CHF 7,872 million, largely in Corporate Center – Non-core and Legacy Portfolio, the Investment Bank and, to a lesser extent, in Wealth Management, partly offset by an increase in Corporate Center – Core Functions. Net interest and trading income in Wealth Management declined by CHF 92 million, mainly due to lower foreign exchange and precious metals-related trading revenues. Investment Bank net interest and trading revenues declined by CHF 525 million. Investor Client Services net interest and trading income decreased by CHF 471 million, primarily as equities derivatives revenues declined across all regions, mainly as a result of lower client activity levels, volatility levels and trading revenues. Foreign exchange, rates and credit revenues also decreased, with

lower revenues across most products as client activity and volatility levels decreased significantly, reflecting the ongoing macroeconomic uncertainty. Corporate Client Solutions net interest and trading income declined by CHF 55 million, largely due to lower equity capital markets revenues, which in the first nine months of 2013 included revenues from a large private transaction, as well as lower revenues in financing solutions, partly offset by higher debt capital markets and risk management revenues. Non-core and Legacy Portfolio net interest and trading income decreased by CHF 937 million and included a loss of CHF 252 million upon the implementation of FVA and a loss of CHF 97 million in structured credit as a result of the exit of the majority of the correlation trading portfolio. The prior-year period included a gain of CHF 428 million from the revaluation of the Group's option to acquire the SNB StabFund's equity and also benefited from favorable market conditions at the beginning of the year ahead of any material unwind activity resulting from the implementation of the Group's strategy. In Corporate Center – Core Functions, adjusted net interest and trading revenues were CHF 471 million higher, mainly due to gains of CHF 119 million from cross-currency basis swaps which are held as economic hedges compared with a loss of CHF 117 million in the first nine months of 2013, as well as a gain of CHF 48 million related to the Group's macro cash flow hedges compared with a loss of CHF 143 million in the first nine months of 2013.

Net fee and commission income increased by CHF 490 million to CHF 12,680 million, largely due to higher portfolio management and advisory fees in the Group's wealth management businesses and as equity underwriting fees increased by CHF 138 million, mainly in the Investment Bank. These increases were partly offset by lower investment fund fees and lower net brokerage fees.

Adjusted other income increased by CHF 175 million to CHF 507 million, mainly reflecting increased revenues related to investments in associates.

Adjusted operating expenses increased by CHF 760 million to CHF 18,788 million, mainly as net charges for provisions for litigations, regulatory and similar matters increased by CHF 662 million. Non-personnel expenses excluding net charges for provisions for litigation, regulatory and similar matters increased by CHF 157 million, largely due to higher costs for outsourcing of information technology and other services, as well as higher professional fees, while the first nine months of 2013 included a charge of CHF 106 million in relation to the Swiss-UK tax agreement. This was partly offset by a decline of CHF 59 million in personnel expenses, reflecting lower salary and pension costs, partly offset by higher variable compensation and higher financial advisor compensation in Wealth Management Americas.

Operating expenses guidance

As a result of the Group's clean slate budgeting and planning process and the more granular plans it has developed to achieve its CHF 2.1 billion net cost reduction target, the Group has updated its guidance on restructuring costs for 2014 and 2015, and extended the horizon for guidance to include 2016 and 2017. The Group now estimates restructuring costs of approximately CHF 700 million for 2014 and CHF 1.4 billion for 2015. For 2016, it estimates restructuring costs of CHF 900 million and CHF 400 million in 2017. Further, it estimates that it will incur approximately CHF 100 million additionally per year from 2015 to 2017 to achieve its planned cost reductions.

In view of the current regulatory and political climate affecting financial institutions, and because it continues to be exposed to a number of significant claims and regulatory matters, the Group expects charges associated with litigation, regulatory and similar matters to remain at elevated levels through 2014. At this point in time, the Group believes that the industry continues to operate in an environment where charges associated with litigation, regulatory and similar matters will remain elevated for the foreseeable future.

Legal and regulatory risk environment

Recent resolution of enforcement matters involving other financial institutions starkly illustrates the continued increase in the financial and other penalties, reputational risk and other consequences of regulatory matters in major jurisdictions, particularly the US, and the resulting difficulty in predicting in this environment the financial and other terms of resolutions of pending government investigations and similar proceedings. In recent months, Credit Suisse AG ("CS") and BNP Paribas ("BNPP") each pleaded guilty to criminal charges in the United States and simultaneously entered into settlement with other US agencies, including the Board of Governors of the Federal Reserve System and the New York Department of Financial Services ("DFS"). These resolutions involved the payment of substantial penalties (USD 1.8 billion in the case of CS and USD 8.8 billion in the case of BNPP), agreements with respect to future operation of their business and actions with respect to relevant personnel. In the case of BNPP, the DFS suspended for a one-year period BNPP's ability to conduct through its New York branch business activity related to the business line that gave rise to the illegal conduct, namely US dollar clearing for specified BNPP business units. In addition, the US Department of Justice ("DOJ") recently announced a USD 7 billion settlement with Citigroup, including a USD 4 billion civil penalty, to resolve federal and state claims relating to Citigroup's conduct in packaging, marketing, issuing and selling residential mortgage-backed securities. Under the settlement, Citigroup is also required to provide relief to consumers who were harmed by its conduct.

UBS is subject to a large number of claims, disputes, legal proceedings and government investigations and expects that its operations will continue to give rise to such proceedings in the future. The extent of UBS's financial and other exposure to these and other matters could be material and could substantially exceed the level of provisions that UBS has established for litigation, regulatory and similar matters.

UBS participates in regulatory resolutions of industry-wide FX matter - Foreign-exchange related investigations resolved with FINMA, CFTC, FCA - Total charges fully provisioned in third quarter of 2014

On 12 November 2014, UBS announced that it has reached resolutions with the Swiss Financial Market Supervisory Authority ("FINMA"), the US Commodity Futures Trading Commission ("CFTC") and the UK Financial Conduct Authority ("FCA") in connection with their industry-wide investigations into irregularities in foreign exchange ("FX") markets. FINMA issued an order concluding its formal proceedings with respect to UBS and the firm simultaneously completed settlements with the CFTC and the FCA.

FINMA has ordered UBS to pay CHF 134 million in confiscation of costs avoided and profits. In addition, UBS has agreed to pay USD 290 million (approximately CHF 281 million⁵) in fines to the CFTC in connection with settlements agreed to by a number of banks. UBS also agreed a GBP 234 million (approximately CHF 359 million⁵) fine with the FCA in connection with settlements agreed to by a number of banks. UBS provisioned fully for these charges in the third quarter of 2014. The conduct described in the settlements and order includes attempts by UBS employees to manipulate the prices of G10 foreign exchange spot and benchmark rates, including collusion by UBS employees with employees of other banks and inappropriate sharing of confidential information in relation to G10 foreign exchange spot trading. The regulatory resolutions also include certain remediation measures, many of which already have been or are being implemented by UBS.

Over the last few years, UBS has instituted significant cultural and compliance changes and has received positive feedback from regulators, clients and other stakeholders on its progress. UBS was the first bank to self-report potential misconduct and cooperate fully with authorities in their review of FX and related markets. The firm took appropriate disciplinary action against employees involved in the matter. In addition, and in line with its findings and regulatory requirements, UBS has introduced significant enhancements to the control framework of its FX

business and the entire firm. UBS continues to cooperate with ongoing FX and related investigations, which include investigations of individuals involved.

Creation of a group holding company

On 29 September 2014, UBS launched a share-for-share exchange offer in order to establish a group holding company, UBS Group AG.

Upon completion of the initial settlement of the exchange offer, which is expected to take place on 28 November 2014, UBS Group AG (currently a wholly owned subsidiary of UBS AG) will become the holding company for UBS AG and its subsidiaries. UBS Group AG shares will be listed on the SIX Swiss Exchange (SIX) and the New York Stock Exchange (NYSE) while UBS AG shares are intended to be delisted in accordance with applicable listing rules. Following completion of the offer, UBS expects that UBS Group AG will squeeze out any untendered UBS AG shares either through a proceeding under the Swiss Act on Stock Exchanges and Securities Trading or through squeeze-out merger under Swiss law, depending on the level of ownership achieved in the exchange offer. The squeeze-out phase of the transaction could take several additional months.

Establishment of a group holding company is intended, along with other measures the Group has announced, to substantially improve the resolvability of UBS in response to Swiss and other key jurisdictions' "too-big-to-fail" (TBTF) requirements. The Group anticipates that these measures will allow UBS to qualify for a reduction in the progressive buffer capital requirements applicable to UBS as a systemically relevant bank. This would result in lower overall capital requirements for UBS.

Following completion of the transaction and a subsequent squeeze-out process, UBS expects to propose to shareholders of UBS Group AG a supplementary capital return of at least CHF 0.25 per share.

Purchase of UBS AG shares by UBS Group AG pursuant to the exchange offer is expected to cause a triggering event resulting in accruals for future distributions to preferred noteholders. Assuming the acceptance date for the exchange offer is in the fourth quarter of 2014, UBS expects to attribute further net profit to preferred noteholders of up to approximately CHF 80 million due to the exchange offer in the fourth quarter of 2014.

Plans for further structural changes

In addition to the exchange offer, the Group has already announced a series of measures to improve its resolvability:

- The Group plans to establish a new banking subsidiary of UBS in Switzerland, UBS Switzerland AG, and to transfer its Retail & Corporate business division and the Swiss-booked business of its Wealth Management business division into UBS Switzerland AG. The Group has filed an application for a banking license in Switzerland and expects to implement the transfer in a phased approach starting in mid-2015. This will be effected by way of a transfer of assets and liabilities and will include all relevant assets, liabilities and contracts of clients of the Retail & Corporate business and the Swiss-booked clients of the Wealth Management business. Affected clients will be notified of the transfer in advance. Under the Swiss merger act, UBS AG will retain on an interim basis joint liability for obligations transferred to UBS Switzerland AG, and, subject to regulatory approvals, UBS Switzerland AG will on an interim basis assume joint liability for obligations of UBS AG as part of the transfer.
- In the United Kingdom, in response to regulatory developments and consultations with the U.K. and Swiss regulators, UBS Limited, the Group's UK bank subsidiary, implemented in May 2014 a modified business operating model under which UBS Limited bears and retains a greater degree of risk and reward in its business activities. This principally involves UBS Limited retaining and managing credit risk as well as some

market and other risks, UBS Limited taking a more independent role in managing its funding and liquidity requirements and involved an increase in UBS Limited's total regulatory capital to GBP 4.9 billion as of 30 June 2014 from GBP 3.4 billion as of 31 March 2014.

- In the United States, the Group will implement new rules for foreign banks promulgated by the Federal Reserve Board under Sections 165 and 166 of Dodd-Frank that will require an intermediate holding company to own all of its operations other than U.S. branches of UBS by 1 July 2016. As a result, the Group will designate an intermediate holding company to hold all U.S. subsidiaries of UBS.

The Group may consider further changes to its legal structure in response to regulatory requirements in Switzerland or in other countries in which it operates, including to further improve the resolvability of the Group, to respond to Swiss and other capital requirements (including seeking potential rebate on the progressive buffer capital requirements applied to the Group as a systemically relevant bank in Switzerland) and to respond to other regulatory requirements regarding its legal structure. Such changes may include the transfer of operating subsidiaries of UBS to become direct subsidiaries of UBS Group by purchase, dividend or other means, transfer of shared service and support functions to one or more service companies and adjustments to the booking entity or location of products and services. These structural changes are being discussed on an ongoing basis with the FINMA and other regulatory authorities and remain subject to a number of uncertainties that may affect their feasibility, scope or timing."

In the next sub-section headed as "2. Organisational Structure of the Issuer", the first sentence of the second subparagraph is replaced by the following text:

"UBS has published a share for share exchange offer to establish a group holding company. If the exchange offer is successful, it is intended that UBS Group AG will become the parent company of UBS AG and the holding company of the Group."

Sub-section "3. Trend Information" is replaced by the following text:

"As stated in UBS AG's third quarter report issued on 28 October 2014 (including the Group's unaudited consolidated financial statements), at the start of the fourth quarter of 2014, many of the underlying challenges and geopolitical issues that the Group has previously highlighted remain and in some cases have intensified. A number of new concerns have arisen including the fear of risks related to the Ebola virus. The mixed outlook for global growth, the absence of sustained and credible improvements to unresolved issues in Europe, continuing U.S. fiscal and monetary policy issues and increasing geopolitical instability would make improvements in prevailing market conditions unlikely. Despite these ongoing challenges, the Group will continue to execute on its strategy in order to ensure the firm's long-term success and to deliver sustainable returns for shareholders."

In sub-section "4. Administrative, Management and Supervisory Bodies of UBS AG in the table headed "Members of the Board of Directors" the following columns have been replaced:

Member and business address	Title	Term of office	Current principal positions outside UBS AG
Axel A. Weber	Chairman	2015	Member of the board of the Swiss Finance Council, the Swiss Bankers Association, the Institute of International Finance and the International Monetary Conference; member of the Group of Thirty, Washington, DC and a member of the Foundation Board of Avenir Suisse;

UBS AG, Bahnhofstrasse 45, CH-8001 Zurich			member of the IMD Foundation Board, Lausanne, the European Banking Group and the European Financial Services Roundtable; member of the Advisory Board of the Department of Economics at the University of Zurich and the German Market Economy Foundation; senior research fellow at the Center for Financial Studies, Frankfurt/Main and research fellow at the Center for Economic Policy Research, London; member of the European Money and Finance Forum in Vienna and of the Monetary Economics and International Economics Councils of the leading association of German-speaking economists, the Verein für Socialpolitik.; Member of the Board of Directors of the Financial Services Professional Board, Kuala Lumpur
Reto Francioni Deutsche Börse AG, D-60485 Frankfurt am Main	Member	2015	CEO of Deutsche Börse AG and holding various mandates on the boards of Deutsche Börse Group subsidiaries; professor at the University of Basel. Member of the Shanghai International Financial Advisory Committee, of the Advisory Board of Moscow International Financial Center, of the International Advisory Board of Instituto de Empresa, of the Steering Committee of the Project "Role of Financial Services in Society", World Economic Forum, of the Franco-German Roundtable, and of the Strategic Advisory Group of VHV Insurance. Chairman of the Supervisory Board of Eurex Zürich AG and Eurex Frankfurt AG
Ann F. Godbehere UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2015	Board member and Chairperson of the Audit Committee of Prudential plc, Rio Tinto plc, Rio Tinto Limited, London. Member of the board of British American Tobacco plc.
Axel P. Lehmann Zurich Insurance Group, Mythenquai 2, CH-8002 Zurich	Member	2015	Member of the Group Executive Committee, Group Chief Risk Officer and Regional Chairman Europe of Zurich Insurance Group, Zurich; Chairman of the board of Farmers Group, Inc.; Chairman of the board of the Institute of Insurance Economics at and member of the International and Alumni Advisory Board of the University of St. Gallen; former Chairman and member of the Chief Risk Officer Forum; member of the board of Economiesuisse; Chairman of the Global Agenda Council on the Global Financial System of World Economic Forum (WEF). Member of the board of Zurich Insurance plc., Dublin; member of the supervisory board of Zurich Beteiligungs AG, Frankfurt a.M. Chairman of the board of trustees of the Pension Plans 1 and 2 of the Zurich Insurance Group
William G. Parrett UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2015	Member of the board and Chairperson of the Audit Committee of the Eastman Kodak Company, the Blackstone Group LP and Thermo Fisher Scientific Inc.; member of the board of iGATE Corporation. Past Chairman of the board of the United States Council for International Business and of United Way Worldwide; member of the Carnegie Hall Board of Trustees; member of the Committee on Capital Markets Regulation
Beatrice Weder di Mauro Johannes Gutenberg- University Mainz, Jakob Welder-Weg 4, D-55099 Mainz	Member	2015	Professor at the Johannes Gutenberg University, Mainz; research fellow at the Center for Economic Policy Research, London; member of the board of Roche Holding Ltd., Basel, and Robert Bosch GmbH, Stuttgart. Member of the Corporate Governance Commission of the German Government and of the Global Agenda Council on Sovereign Debt of the World Economic Forum. Member of the economic advisory board of Fraport AG and a member of the advisory board of Deloitte Germany. Deputy Chairman of the University Council of the University of Mainz

Joseph Yam			
UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2015	Executive Vice President of the China Society for Finance and Banking. Distinguished research fellow of the Institute of Global Economics and Finance at the Chinese University of Hong Kong; member of the board of Community Chest of Hong Kong; member of the International Advisory Council of China Investment Corporation. Member of the board of Johnson Electric Holdings Limited and of UnionPay International Co., Ltd.

In sub-section " 5. Major Shareholders", the fourth and the fifth subparagraph are replaced as follows:

"As of 30 September 2014, the following shareholders (acting in their own name or in their capacity as nominees for other investors or beneficial owners) were registered in the share register with 3% or more of the total share capital of UBS AG: Chase Nominees Ltd., London (11.65%); Government of Singapore Investment Corp., Singapore (6.39%); the US securities clearing organization DTC (Cede & Co.) New York, "The Depository Trust Company" (6.76%); and Nortrust Nominees Ltd., London (3.54%)."

UBS holds UBS Shares primarily to hedge employee share and option participation plans. In addition, the Investment Bank holds a limited number of UBS Shares in its capacity as a liquidity provider to the equity index futures market and as a market-maker in UBS Shares and derivatives on UBS Shares. Furthermore, to meet client demand, UBS has issued structured debt instruments linked to UBS Shares, which are economically hedged by cash-settled derivatives and, to a limited extent, own shares held by the Investment Bank. As of 30 September 2014, UBS held 90,688,181 UBS Shares, corresponding to less than 3% of the total share capital of UBS AG. As of 31 December 2013, UBS had disposal positions relating to 284,975,843 voting rights of UBS AG, corresponding to 7.4% of the total voting rights of UBS AG. 7.0% of this consisted of voting rights on shares deliverable in respect of employee awards."

In sub-section "6. Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses" the references relating to the "First Quarterly Report" in the first and fourth paragraphs shall be replaced by references to "UBS AG's second quarter 2014 report " and the subparagraph headed "Interim Financial Information" is replaced as follows:

"Reference is also made to UBS AG's first, second and third quarter 2014 reports, which contain information on the financial condition and the results of operation of the UBS Group as of and for the quarter ended on 31 March 2014, as of and for the quarter ended on 30 June 2014 and as of and for the quarter ended on 30 September 2014 respectively. The interim financial statements are not audited."

In sub-section "7. Legal and Arbitration Proceedings", the header has been changed to "7. Litigation, Regulatory and Similar Matters" and the section is completely replaced by the following text:

"7. Litigation, Regulatory and Similar Matters

The Group 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 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 the Group 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 the Group 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. The Group 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 the Group 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. 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 as to 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 14a to the unaudited consolidated financial statements included in UBS AG's third quarter 2014 report. It is not practicable to provide an aggregate estimate of liability for UBS's litigation, regulatory and similar matters as a class of contingent liabilities. Doing so would require UBS to provide speculative legal assessments as to claims and proceedings that involve unique fact patterns or novel legal theories, which have not yet been initiated or are at early stages of adjudication, or as to which alleged damages have not been quantified by the claimants. Although UBS therefore cannot provide a numerical estimate of the future losses that could arise from the class of litigation, regulatory and similar matters, it can confirm that 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. Among other things, the non-prosecution agreement ("**NPA**") described in item 8 of this note, which UBS entered into with the US Department of Justice, Criminal Division, Fraud Section ("**DOJ**") in connection with UBS's submissions of benchmark interest rates, including among others the British Bankers' Association London Interbank Offered Rate ("**LIBOR**"), may be terminated by the DOJ if UBS commits any US crime or otherwise fails to comply with the NPA, and the DOJ may obtain a criminal conviction of UBS in relation to the matters covered by the NPA. See item 8 of this note for a description of the NPA. 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 its 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 AG's quarter 2014 report.

Provisions for litigation, regulatory and similar matters by segment ⁽¹⁾⁽²⁾

<i>CHF million</i>	WM	WMA	R&C	GI AM	IB	CC- CF	CC- NcLP	UBS
Balance as of 31 December 2013	165	56	82	3	22	488	808	1,622
Balance as of 30 June 2014	510	131	137	36	25	319	823	1,980
Increase in provisions recognised in the income statement	16	58	0	0	1,688	1	93	1,856
Release of provisions recognised in the income statement	(2)	(11)	0	0	0	(28)	0	(40)
Provisions used in conformity with designated purpose	(335)	(9)	(44)	0	(1)	0	(26)	(415)
Reclassifications	0	0	0	0	(2)	0	0	(2)
Foreign currency translation / unwind of discount	3	12	0	1	1	4	69	91
Balance as of 30 September 2014	192	182	93	37	1,712	296	959	3,469

(1) WM = Wealth Management; WMA = Wealth Management Americas; R&C = Retail & Corporate; GI AM = Global Asset Management; IB = Investment Bank; CC-CF = Corporate Center – Core Functions; CC-NcLP = Non-core and Legacy Portfolio.

(2) Provisions, if any, for the matters described in (a) item 4 of this section are recorded in Wealth Management, (b) items 7 of this section are recorded in Wealth Management Americas, (c) item 11 and item 12 of this section are recorded in the Investment Bank, (d) items 3 and 10 of this section are recorded in Corporate Center – Core Functions and (e) items 2 and 6 of this section are recorded in Corporate Center – Non-core and Legacy Portfolio. Provisions, if any, for the matters described in items 1 and 9 of this section are allocated between Wealth Management and Retail & Corporate, provisions for the matter described in item 5 of this section are allocated between the Investment Bank and Corporate Center – Non-core and Legacy Portfolio, and provisions for the matter described in item 8 of this section are allocated between the Investment Bank and Corporate Center – Core Functions.

Besides the proceedings specified below under (1) through (13), no governmental, legal or arbitration proceedings, which may have, or have had in the recent past, significant effects on UBS Group's and/or the Group's financial position or profitability, are or have been pending during the last twelve months until the date of this document, nor is UBS aware that any such governmental, legal or arbitration proceedings are threatened.

1. Inquiries regarding cross-border wealth management businesses

Following the disclosure and the settlement of the U.S. cross-border matter, tax and regulatory authorities in a number of countries have made inquiries and served requests for information located in their respective jurisdictions relating to the cross-border wealth management services provided by UBS and other financial institutions. As a result of investigations in France, in May and June 2013, respectively, 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 ("témoin assisté") regarding the laundering of proceeds of tax fraud and of banking and financial solicitation by unauthorised persons. In July 2014, UBS AG was placed under formal examination with respect to the potential charges of laundering of proceeds of tax fraud, for which it had been previously declared witness with legal assistance, and the investigating judges ordered UBS to provide bail ("caution") of EUR 1.1 billion. UBS appealed the determination of the bail amount. In September 2014 the appeal court ("Cour d'Appel") upheld

the initial determination of the bail amount and UBS subsequently posted the bail amount. UBS has further appealed the determination of the bail amount to the French Supreme Court ("*Cour de Cassation*") and intends to challenge the judicial process in the European Court of Human Rights. Separately, in June 2013, the French banking supervisory authority's disciplinary commission reprimanded UBS (France) S.A. for having had insufficiencies in its control and compliance framework around its cross-border activities and "know your customer" obligations. It imposed a penalty of EUR 10 million, which is under appeal but has been paid.

In Germany, two different authorities have been conducting investigations against UBS Deutschland AG and UBS AG, respectively, and against certain employees of these entities concerning certain matters relating to the past crossborder business. UBS is cooperating with these authorities within the limits of financial privacy obligations under Swiss and other applicable laws. UBS reached a settlement in July 2014 with the authorities in Bochum, concluding those proceedings. The settlement included a payment of approximately EUR 302 million. The proceedings by the authorities in Mannheim have not revealed sufficient evidence supporting the allegations being investigated.

In June 2014 the Belgian authorities searched the offices of UBS (Luxembourg) S.A. Belgium Branch.

UBS's balance sheet at 30 September 2014 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 U.S. residential loan market, UBS was a substantial issuer and underwriter of U.S. residential mortgage-backed securities ("**RMBS**") and was a purchaser and seller of U.S. 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 securitisation 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 U.S. residential loans. A subsidiary of UBS originated approximately USD 1.5 billion in U.S. residential mortgage loans during the period in which it was active from 2006 to 2008, and securitised less than half of these loans.

Securities lawsuits concerning disclosures in RMBS offering documents: UBS is named as a defendant relating to its role as underwriter and issuer of RMBS in a large number of lawsuits related to approximately USD 13 billion in original face amount of RMBS underwritten or issued by UBS. Some of the lawsuits are in their early stages and have not advanced beyond the motion to dismiss phase; others are in varying stages of discovery. Of the USD 13 billion in original face amount of RMBS that remains at issue in these cases, approximately USD 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 securitisation trust and made representations and warranties about those loans ("**UBS-sponsored RMBS**"). The remaining USD 10 billion of RMBS to which these cases relate was issued by third parties in securitisations in which UBS acted as underwriter ("**third-party RMBS**").

In connection with certain of these lawsuits, UBS has indemnification rights against surviving third-party issuers or originators for losses or liabilities incurred by UBS, but UBS cannot predict the extent to which it will succeed in enforcing those rights. A class action in which UBS was named as a defendant was settled by a third-party issuer and received final approval by the district court in 2013. The settlement reduced the original face amount of third-party RMBS at issue in the cases pending against UBS by approximately USD 24 billion. The third-party issuer will fund the settlement at no cost to UBS. In January 2014, certain objectors to the settlement filed a notice of appeal from the district court's approval of the settlement.

Loan repurchase demands related to sales of 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 they related or to indemnify certain parties against losses. UBS has received demands to repurchase U.S. residential mortgage loans as to which UBS made certain representations at the time the loans were transferred to the securitisation trust. UBS has been notified by certain institutional purchasers of mortgage loans and RMBS of their contention that possible breaches of representations may entitle the purchasers to require that UBS repurchase the loans or to other relief. The table "Loan repurchase demands by year received – original principal balance of loans" summarises repurchase demands received by UBS and UBS's repurchase activity from 2006 through 21 October 2014. In the table, repurchase demands characterised as "Demands resolved in litigation" and "Demands rescinded by counterparty" are considered to be finally resolved. Repurchase demands in all other categories are not finally resolved.

Loan repurchase demands by year received – original principal balance of loans ^(a)

<i>USD million</i>	2006-2008	2009	2010	2011	2012	2013	2014, through 21 October	Total
Resolved demands								
Actual or agreed loan repurchases / make whole payments by UBS	12	1						13
Demands rescinded by counterparty	110	104	19	303	237			773
Demands resolved in litigation	1	21						21
Demands expected to be resolved by third parties								
Demands resolved or expected to be resolved through enforcement of indemnification rights against third-party originators		77	2	45	107	99	72	403
Demands in dispute								
Demands in litigation			346	732	1,041			2,118
Demands in review by UBS				2				3
Demands rebutted by UBS but not yet rescinded by counterparty		1	2	1	18	519	259	801
Total	122	205	368	1,084	1,404	618	332	4,132

(a) Loans submitted by multiple counterparties are counted only once.

Payments that UBS has made to date to resolve repurchase demands equate to approximately 62% of the original principal balance of the related loans. Most of the payments that UBS has made to date have related to so-called "Option ARM" loans; severity rates may vary for other types of loans with different characteristics. Losses upon repurchase would typically reflect the estimated value of the loans in question at the time of repurchase, as well as, in some cases, partial repayment by the borrowers or advances by servicers prior to repurchase.

In most instances in which UBS would be required to repurchase loans due to misrepresentations, UBS would be able to assert demands against third-party loan originators who provided representations when selling the related loans to UBS. However, many of these third parties are insolvent or no longer exist. UBS estimates that, of the total original principal

balance of loans sold or securitised by UBS from 2004 through 2007, less than 50% was purchased from surviving third-party originators. In connection with approximately 60% of the loans (by original principal balance) for which UBS has made payment or agreed to make payment in response to demands received in 2010, UBS has asserted indemnity or repurchase demands against originators. Since 2011, UBS has advised certain surviving originators of repurchase demands made against UBS for which UBS would be entitled to indemnity, and has asserted that such demands should be resolved directly by the originator and the party making the demand.

UBS cannot reliably estimate the level of future repurchase demands, and does not know whether its rebuttals of such demands will be a good predictor of future rates of rebuttal. UBS also cannot reliably estimate the timing of any such demands.

Lawsuits related to contractual representations and warranties concerning mortgages and RMBS: In 2012, certain RMBS trusts filed an action in the Southern District of New York ("**Trustee Suit**") seeking to enforce UBS RESI's obligation to repurchase loans in the collateral pools for three RMBS securitisations ("**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. Plaintiffs in the Trustee Suit have recently indicated that they intend to seek damages beyond the loan repurchase demands identified in the complaint, specifically for all loans purportedly in breach of representations and warranties in any of the three Transactions. 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. Related litigation brought by Assured Guaranty was resolved in 2013.

In 2012, the FHFA, on behalf of Freddie Mac, filed a notice and summons in New York Supreme Court initiating suit against UBS RESI for breach of contract and declaratory relief arising from alleged breaches of representations and warranties in connection with certain mortgage loans and UBS RESI's alleged failure to repurchase such mortgage loans. The lawsuit seeks, among other relief, specific performance of UBS RESI's alleged loan repurchase obligations for at least USD 94 million in original principal balance of loans for which Freddie Mac had previously demanded repurchase; no damages are specified. In 2013, the Court dismissed the complaint for lack of standing, on the basis that only the RMBS trustee could assert the claims in the complaint, and the complaint was unclear as to whether the trustee was the plaintiff and had proper authority to bring suit. The trustee subsequently filed an amended complaint, which UBS moved to dismiss. The motion remains pending.

In 2013, Residential Funding Company LLC ("**RFC**") filed a complaint in New York Supreme Court against UBS RESI asserting claims for breach of contract and indemnification in connection with loans purchased from UBS RESI with an original principal balance of at least USD 460 million that were securitised by an RFC affiliate. This is the first case filed against UBS seeking damages allegedly arising from the securitisation of whole loans purchased from UBS. Damages are unspecified.

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.

As reflected in the table "Provision for claims related to sales of residential mortgage-backed securities and mortgages", UBS's balance sheet at 30 September 2014 reflected a provision of USD 905 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 recognised.

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

<i>USD million</i>	
Balance as of 31 December 2013.....	807
Balance as of 30 June 2014.....	817
Increase in provision recognised in the income statement.....	104
Release of provision recognised in the income statement.....	0
Provision used in conformity with designated purpose.....	(17)
Balance as of 30 September 2014	905

Mortgage-related regulatory matters: In August 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. UBS has also been responding to a subpoena from the New York State Attorney General (NYAG) relating to its RMBS business. In September 2014, the Commonwealth of Virginia filed an action in intervention in Virginia state court against UBS and several other financial institutions alleging violations of the Virginia Fraud Against Taxpayers Act and asserting claims of fraud and constructive fraud in connection with the Virginia Retirement System's purchases of certain RMBS. 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 US Securities and Exchange Commission (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.

3. Claims related to UBS disclosure

A putative consolidated class action has been filed in the United States District Court for the Southern District of New York against UBS, a number of current and former directors and senior officers and certain banks that underwrote UBS's May 2008 Rights Offering (including UBS Securities LLC (UBSS)) alleging violation of the U.S. securities laws in connection with UBS's disclosures relating to UBS's positions and losses in mortgage-related securities, UBS's positions and losses in auction rate securities, and UBS's U.S. crossborder business. In 2011, the court dismissed all claims based on purchases or sales of UBS ordinary shares made outside the U.S., and, in 2012, the court dismissed with prejudice the remaining claims based on purchases or sales of UBS ordinary shares made in the U.S. for failure to state a claim. In May 2014, the Second Circuit upheld the dismissal of the complaint and the matter is now concluded. UBS, a number of senior officers and employees and various UBS committees have also been sued in a putative consolidated class action for breach of fiduciary duties brought on behalf of current and former participants in two UBS Employee Retirement Income Security Act ("ERISA") retirement plans in which there were purchases of UBS stock. In 2011, the court dismissed the ERISA complaint. In 2012, the court denied plaintiffs' motion for leave to file an amended complaint. On appeal, the Second Circuit upheld the dismissal of all counts relating to one of the retirement plans. With respect to the second retirement plan, the Court upheld the dismissal of some of the counts, and vacated and remanded for further proceedings with regard to the counts alleging that defendants had violated their fiduciary duty to prudently manage the plan's investment options, as well as the claims derivative of that duty. In September 2014, the trial court dismissed the remaining claims. Plaintiffs have filed a notice of appeal.

In 2012, a consolidated complaint was filed in a putative securities fraud class action pending in federal court in Manhattan against UBS AG and certain of its current and former officers relating to the unauthorised trading incident that occurred in the Investment Bank and was announced in September 2011. The lawsuit was filed on behalf of parties who purchased publicly traded UBS securities on any U.S. exchange, or where title passed within the U.S., during the period 17 November 2009 through 15 September 2011. In 2013, the district court granted UBS's motion to dismiss the complaint in its entirety. Plaintiffs have filed an appeal.

4. 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 the Swiss Financial Market Supervisory Authority ("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 have been 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 the U.S., 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 District Court 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 Court of Appeals affirmed the District Court's decision and, in June 2014, the U.S. Supreme Court denied the BMIS Trustee's petition seeking review of the Court of Appeals ruling. 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.

5. Transactions with Italian public sector entities

A number of transactions that UBS Limited and UBS AG respectively entered into with public sector entity counterparties in Italy have been called into question or become the subject of legal proceedings and claims for damages and other awards. In Milan, in 2012, civil claims brought by the City of Milan against UBS Limited, UBS Italia SIM Spa and three other international banks in relation to a 2005 bond issue and associated derivatives transactions entered into with Milan between 2005 and 2007 were settled without admission of liability. In 2012, the criminal court in Milan issued a judgment convicting two current UBS employees and one former employee, together with employees from the three other banks, of fraud against a public entity in relation to the same bond issue and the execution, and subsequent restructuring, of the related derivative transactions. In the same proceedings, the Milan criminal court also found UBS Limited and three other banks liable for the administrative offense of failing to have in place a business organisational model capable of preventing the criminal offenses of which its employees were convicted. The sanctions imposed against UBS Limited, which could only become effective after all appeals were exhausted, were confiscation of the alleged level of profit flowing from the criminal findings (EUR 16.6 million),

a fine in respect of the finding of the administrative offense (EUR 1 million) and payment of legal fees. UBS Limited and the individuals appealed that judgment and, in March 2014, the Milan Court of Appeal overturned all findings of liability against UBS Limited and convictions of the UBS individuals and acquitted them. It issued a full judgment setting out the reasons for its rulings in June 2014. The appellate prosecutor did not pursue a further appeal and the acquittals are now final.

Derivative transactions with the Regions of Calabria, Tuscany, Lombardy, Lazio and Campania, and the City of Florence have also been called into question or become the subject of legal proceedings and claims for damages and other awards. UBS AG and UBS Limited have settled all civil disputes with the Regions of Tuscany, Lombardy, Lazio and Calabria and the City of Florence without any admission of liability.

6. 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 Global 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 claims payment of approximately USD 319.8 million, plus interest, from KWL, Depfa and LBBW, which remains unpaid.

In 2010, UBS (UBS AG, UBS Limited and UBS Global AM) issued proceedings in London against KWL, Depfa and LBBW seeking declarations and/or to enforce the terms of the STCDO/CDS contracts. Each of KWL, Depfa and LBBW filed counterclaims which UBS has been defending. KWL amended its pleading in June 2014 and LBBW and Depfa also amended their pleadings to allege fraudulent misrepresentation. UBS has denied these claims. Trial began in April 2014 and concluded in July 2014. A decision is expected in the fourth quarter of 2014.

In separate proceedings brought by KWL against LBBW in Leipzig, Germany, the court ruled in LBBW's favor in June 2013 and upheld the validity of the STCDO as between LBBW and KWL. KWL has appealed against that ruling and, in May 2014, the appeal court ruled that further evidence be taken on two issues, which is likely to take several months.

In 2011, the former managing director of KWL and two financial advisers were convicted in Leipzig, Germany, on criminal charges related to certain KWL transactions, including swap transactions with UBS and other banks. Following further criminal proceedings brought against them in Dresden, Germany, relating to the same transactions, they were each convicted of embezzlement in 2013 and given longer sentences. All three have lodged appeals.

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.

UBS's balance sheet at 30 September 2014 reflected provisions with respect to matters described in this item 6 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.

7. Puerto Rico

Declines in the market prices of Puerto Rico municipal bonds and of UBS Puerto Rico sole-managed and co-managed closed-end funds (the funds) since August 2013 have led to multiple regulatory inquiries, as well as customer complaints and arbitrations with aggregate claimed damages exceeding USD 900 million. 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 and whose allegations include fraud, misrepresentation and unsuitability of the funds and of the loans. A shareholder derivative action also was filed in February 2014 against various UBS entities and current and certain former directors of the funds, alleging hundreds of millions in losses in the funds. In May 2014, a federal class action complaint was filed against various UBS entities, certain members of UBS Puerto Rico 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.

An internal review also disclosed that certain clients, many of whom acted at the recommendation of one financial advisor, invested proceeds of non-purpose loans in closed-end fund securities in contravention of their loan agreements.

In October 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 the settlement UBS will contribute USD 3.5 million to an investor education fund and will offer USD 1.68 million in restitution to certain investors.

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 Financial Services Inc. of Puerto Rico ("UBS PR") and other consultants and underwriters, trustees of the System, and the President and Board of the Government Development Bank of Puerto Rico. The 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. UBS is named in connection with its underwriting and consulting services. In 2013, the case was dismissed by the Puerto Rico Court of First Instance on the grounds that plaintiffs did not have standing to bring the claim. That dismissal was subsequently overturned by the Puerto Rico Court of Appeals. UBS's petitions for appeal and reconsideration have been denied by the Supreme Court of Puerto Rico.

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 Puerto Rico 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. Plaintiffs in that action and the federal class action filed in May 2014 described above are now seeking to have those two actions consolidated.

UBS's balance sheet at 30 September 2014 reflected provisions with respect to matters described in this item 7 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 recognised.

8. Foreign exchange, LIBOR and benchmark rates

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 UBS's precious metal and related structured products businesses. Since then, various authorities reportedly have commenced investigations concerning possible manipulation of foreign exchange markets, including FINMA, the Swiss Competition Commission ("**WEKO**"), the DOJ, the U.S. Commodity Futures Trading Commission ("**CFTC**"), the Federal Reserve Board, the UK Financial Conduct Authority ("**FCA**") (to which certain responsibilities of the U.K. Financial Services Authority ("**FSA**") have passed), the UK Serious Fraud Office ("**SFO**") and the Hong Kong Monetary Authority ("**HKMA**"). WEKO stated in March 2014 that it had reason to believe that certain banks may have colluded to manipulate foreign exchange rates. A number of authorities also reportedly are investigating potential manipulation of precious metal prices. UBS and other financial institutions have received requests from various authorities relating to their foreign exchange businesses, and UBS is cooperating with the authorities. UBS has taken and will take appropriate action with respect to certain personnel as a result of its ongoing review.

Some investigating authorities have initiated discussions of possible terms of a resolution of their investigations. Resolutions may include findings that UBS engaged in attempted or actual misconduct and failed to have controls in relation to its foreign exchange business that were adequate to prevent misconduct. Authorities may impose material monetary penalties, require remedial action plans or impose other non-monetary penalties. In connection with discussions of a possible resolution of investigations relating to UBS's foreign exchange business with the Antitrust and Criminal Divisions of the DOJ, UBS and the DOJ have agreed in principle to extend the term of the NPA by one year to 18 December 2015. No agreement has been reached on the form of a resolution with the Antitrust or Criminal Division of the DOJ. It is possible that other investigating authorities may seek to commence discussions of potential resolutions in the near future. UBS is not able to predict whether any such discussion will result in a resolution of these matters, whether any resolution will be on terms similar to those described above, or the monetary, remedial and other terms on which any such resolution may be achieved.

Foreign exchange-related civil litigation: Several putative class actions have been filed since November 2013 in U.S. federal courts against UBS and other banks. These actions are on behalf of putative classes of persons who engaged in foreign currency transactions. They allege collusion by the defendants and assert claims under the antitrust laws and for unjust enrichment. The defendants (including UBS) have filed motions to dismiss.

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 U.S., and competition authorities in various jurisdictions have conducted or are continuing to conduct investigations regarding submissions with respect to LIBOR and other benchmark rates, including HIBOR (Hong Kong Interbank Offered Rate) and ISDAFIX. 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 a 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 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. The conduct described in the various settlements and the FINMA order includes certain UBS personnel: engaging in efforts to manipulate submissions for certain benchmark rates to benefit trading positions; colluding with employees at other banks and cash brokers to influence certain benchmark rates to benefit their trading positions; and giving inappropriate directions to UBS submitters that were in part motivated by a desire to avoid unfair and negative market and media perceptions during the financial crisis. The benchmark interest rates encompassed by one or more of these resolutions include Yen LIBOR, GBP LIBOR, CHF LIBOR, Euro LIBOR, USD LIBOR, EURIBOR (Euro Interbank Offered Rate) and Euroyen TIBOR (Tokyo Interbank Offered Rate). UBS has ongoing obligations to cooperate with authorities with which it has reached resolutions and to undertake certain remediation with respect to benchmark interest rate submissions. In addition, under the NPA, UBS has agreed, among other things, that for two years from 18 December 2012 UBS will not commit any U.S. crime, and it will advise DOJ of any potentially criminal conduct by UBS or any of its employees relating to violations of U.S. laws concerning fraud or securities and commodities markets. Any failure to comply with these obligations could result in termination of the NPA and potential criminal prosecution in relation to the matters covered by the NPA. The MAS, HKMA, the Australian Securities and Investments Commission ("ASIC") and the Japan Financial Services Agency have all resolved investigations of UBS (and in some cases other banks). The orders or undertakings in connection with these investigations generally require UBS to take remedial actions to improve its processes and controls, impose monetary penalties or other measures. Investigations by the CFTC, ASIC and other governmental authorities remain ongoing notwithstanding these resolutions. In October 2014, UBS reached a settlement with the European Commission regarding its investigation of bid-ask spreads in connection with Swiss franc interest rate derivatives and agreed to pay a EUR 12.7 million fine, which was reduced to this level based in part on UBS's cooperation with the Commission.

UBS has been granted conditional leniency or conditional immunity from authorities in certain jurisdictions, including the Antitrust Division of the DOJ, WEKO and the European Commission, 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 Swiss franc LIBOR and certain transactions related to Swiss franc LIBOR. The Canadian Competition Bureau ("Bureau") had granted UBS conditional immunity in connection with potential competition law violations related to submissions for Yen LIBOR, but in January 2014, the Bureau discontinued its investigation into Yen LIBOR for lack of sufficient evidence to justify prosecution under applicable laws. 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 it has conditional immunity or leniency in connection with the matters covered by the conditional grants, subject to its 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 U.S. 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 linked directly or indirectly to U.S. dollar LIBOR, Yen LIBOR,

Euroyen TIBOR and EURIBOR. Also pending are actions asserting losses related to various products whose interest rate was linked to U.S. dollar 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 LIBOR, Euroyen TIBOR or EURIBOR rates and seek unspecified compensatory and other damages, including treble and punitive damages, under varying legal theories that include violations of the U.S. Commodity Exchange Act, the federal racketeering statute, federal and state antitrust and securities laws and other state laws. In 2013, a federal court in New York dismissed the federal antitrust and racketeering claims of certain U.S. dollar LIBOR plaintiffs and a portion of their claims brought under the Commodity Exchange Act ("CEA") and state common law. The court has granted certain plaintiffs permission to assert claims for unjust enrichment and breach of contract against UBS and other defendants and limited the CEA claims to contracts purchased between 15 April 2009 and May 2010. Certain plaintiffs have also appealed the dismissal of their antitrust claims, but the appellate court denied these appeals as premature, without prejudice to bringing the appeals again after final disposition of the LIBOR actions. UBS and other defendants in other lawsuits including the one related to Euroyen TIBOR have filed motions to dismiss. In March 2014, the court in the Euroyen TIBOR lawsuit dismissed the plaintiff's federal antitrust and state unfair enrichment claims, and dismissed a portion of the plaintiff's CEA claims. Discovery is currently stayed.

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, a benchmark rate used for various interest rate derivatives and other financial instruments. The complaints allege that the defendants conspired to manipulate ISDAFIX rates from 1 January 2006, through January 2014, in violation of US antitrust laws and the CEA, among other theories, and seeks unspecified compensatory damages, including treble damages.

With respect to additional matters and jurisdictions not encompassed by the settlements and order referred to above, UBS's balance sheet at 30 September 2014 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 recognised.

9. Swiss retrocessions

The Swiss Supreme Court ruled in 2012, in a test case against UBS, that distribution fees paid to a bank 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 bank, 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.

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

UBS's balance sheet at 30 September 2014 reflected a provision with respect to matters described in this item 9 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 recognised.

10. 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 2.6 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 or will be challenged in administrative proceedings. In May 2014, UBS was notified that the administrative court had rendered a decision in favor of the taxpayer, Pactual, in connection with a profit sharing plan assessment relating to an affiliate company. In August 2014, UBS was notified that the administrative court had rendered a decision that was largely in favor of the tax authority with respect to the goodwill amortization assessment. UBS is awaiting written decisions from the administrative court for these matters, at which time appeals will be taken. In 2013 and 2014, approximately BRL 163 million in tax claims relating to the period for which UBS has indemnification obligations, and for which UBS established provisions, were submitted for settlement through amnesty programs announced by the Brazilian government.

11. Matters relating to the CDS market

In 2013, the EC issued a Statement of Objections against thirteen 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 EU antitrust rules by colluding to prevent exchanges from entering the credit derivatives market between 2006 and 2009. UBS submitted its response to the Statement of Objections in January 2014 and presented UBS's position in an oral hearing in May 2014. 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 January and April 2014, putative class action plaintiffs filed consolidated amended complaints in the Southern District of New York against twelve dealers, including UBS, as well as Markit and ISDA, alleging violations of the U.S. Sherman Antitrust Act and common law. Plaintiffs allege that the defendants unlawfully conspired to restrain competition in and/or monopolise the market for CDS trading in the U.S. in order to protect the dealers' profits from trading CDS in the over-the-counter market. Plaintiffs assert claims on behalf of all purchasers and sellers of CDS that transacted directly with any of the dealer defendants since 1 January 2008, and seek unspecified trebled compensatory damages and other relief. In September 2014, the court granted in part and denied in part defendants' motions to dismiss the complaint.

12. Equities trading systems and practices

UBS is responding to inquiries concerning the operation of UBS's alternative trading system ("**ATS**") (also referred to as a dark pool) and its securities order routing and execution practices

from various authorities, including the SEC, the NYAG and FINRA, who reportedly are pursuing similar investigations industry-wide. These inquiries include an SEC investigation that began in early 2012 concerning features of UBS's ATS, including certain order types and disclosure practices that were discontinued two years ago. UBS is cooperating in these matters. In addition, UBS was among dozens of defendants, including broker dealers, trading exchanges, high frequency trading firms, and dark pool sponsors, named in putative class actions pending in New York federal court, which have been filed on behalf of purchasers and sellers of equity securities. The lawsuits allege principally that the defendants' equities order handling practices favored high frequency trading firms at the expense of other market participants, in violation of the federal securities laws. Plaintiffs filed a consolidated amended complaint in September 2014 in which UBS is no longer named as a defendant.

13. Lehman principal protection notes

From March 2007 through September 2008, UBS Financial Services Inc. ("UBSFS") sold approximately USD 1 billion face amount of structured notes issued by Lehman Brothers Holdings Inc. ("Lehman"), a majority of which were referred to as "principal protection notes," reflecting the fact that while the notes' return was in some manner linked to market indices or other measures, some or all of the investor's principal was an unconditional obligation of Lehman as issuer of the notes. Based on its role as an underwriter of Lehman structured notes, UBSFS was named as a defendant in a putative class action asserting violations of disclosure provisions of the federal securities laws. In August 2013, UBSFS agreed to a proposed USD 120 million settlement of the case, which was approved by the Court in December 2013. Previously, certain of the other underwriter defendants and the former officers and directors of Lehman reached separate settlements regarding the same case. UBSFS also has been named in numerous individual civil suits and customer arbitrations, a small number of which were pending as of 30 September 2014. The individual customer claims, some of which have resulted in awards payable by UBSFS, relate primarily to whether UBSFS adequately disclosed the risks of these notes to its customers."

In the section headed as "I. Significant Changes in the Financial or Trading Position; Material Adverse Change in Prospects", the first sentence is replaced as follows:

"There has been no significant change in the financial or trading position of UBS Group or of UBS AG since 30 September 2014."

In the section headed as "J. General Information", section "7. Documents incorporated by Reference", the first bullet point is replaced as follows:

"

- UBS's report for the quarter ended on 31 March 2014, 30 June 2014 and 30 September 2014 (including unaudited consolidated financial statements); and"

- 2) In relation to the Base Prospectus for Certificates, Notes or Warrants of UBS AG, [London] [Jersey] [Branch] dated 23 June 2014 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 Elements B.4b, B.5 and B.12 are completely replaced as follows:

Element	Section B – Issuer	
B.4b	A description of any known trends affecting the issuer or the industries in which it operates.	<p>Trend Information</p> <p>As stated in UBS AG's third quarter report issued on 28 October 2014 (including the Group's unaudited consolidated financial statements), at the start of the fourth quarter of 2014, many of the underlying challenges and geopolitical issues that the Group has previously highlighted remain and in some cases have intensified. A number of new concerns have arisen including the fear of risks related to the Ebola virus. The mixed outlook for global growth, the absence of sustained and credible improvements to unresolved issues in Europe, continuing U.S. fiscal and monetary policy issues and increasing geopolitical instability would make improvements in prevailing market conditions unlikely. Despite these ongoing challenges, the Group will continue to execute on its strategy in order to ensure the firm's long-term success and to deliver sustainable returns for shareholders.</p>
B.5	Description of the Group and the issuer's position within the group	<p>UBS AG is the parent company of the Group. Neither the business divisions of UBS nor the Corporate Center are separate legal entities. Currently, they primarily operate out of UBS AG, through its branches worldwide. Businesses also operate through local subsidiaries where necessary or desirable.</p> <p>UBS has commenced a share for share exchange offer to establish a group holding company. Upon completion of the initial settlement of the exchange offer, which is expected to take place on 28 November 2014, it is intended that UBS Group AG will become the parent company of UBS AG and the holding company of the Group.</p> <p>UBS has also announced that it intends to establish a banking subsidiary in Switzerland in mid-2015. The scope of this future subsidiary's business will include the Retail & Corporate business division and the Swiss-booked business within the Wealth Management business division.</p> <p>In the UK, and in consultation with the UK and Swiss regulators, in May 2014 UBS Limited, UBS's UK bank subsidiary, implemented a modified business operating model under which UBS Limited bears and retains a greater degree of risk and reward in its business activities. This principally involves: UBS Limited retaining and managing credit risk as well as some market and other risks, UBS Limited taking a more independent role in</p>

managing its funding and liquidity requirements and it involved an increase in UBS Limited's total regulatory capital.

In the US, UBS will comply with new rules for banks under the Dodd-Frank Wall Street Reform and Consumer Protection Act that will require an intermediate holding company to own all of its operations other than US branches of UBS AG by 1 July 2016. As a result, UBS will designate an intermediate holding company to hold all US subsidiaries of UBS.

B.12 Selected historical key financial information.

UBS AG derived the following selected consolidated financial data from (i) its annual report 2013 containing the audited consolidated financial statements of the Group, as well as additional unaudited consolidated financial data, as of or for the fiscal year ended 31 December 2013 (including comparative figures for the fiscal years ended 31 December 2012 and 2011), (ii) its report for the third quarter 2014, containing unaudited consolidated financial statements, as well as additional unaudited consolidated financial data, as of or for the nine months ended 30 September 2014 (from which comparative figures as of or for the nine months ended 30 September 2013 have been derived). UBS's 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).

CHF million, except where indicated	As of or for the nine months ended		As of or for the year ended		
	30.9.14	30.9.13	31.12.13	31.12.12	31.12.11
	<i>unaudited</i>		<i>audited, except where indicated</i>		
Group results					
Operating income	21,281	21,425	27,732	25,423	27,788
Operating expenses	19,224	18,602	24,461	27,216	22,482
Operating profit / (loss) before tax	2,057	2,823	3,272	(1,794)	5,307
Net profit / (loss) attributable to UBS shareholders	2,609	2,255	3,172	(2,480)	4,138
Diluted earnings per share (CHF)	0.68	0.59	0.83	(0.66)	1.08
Key performance indicators					
Profitability					
Return on equity (RoE) (%) ¹	7.1	6.4	6.7*	(5.1)*	9.1*
Return on assets, gross (%) ²	2.8	2.5	2.5*	1.9*	2.1*
Cost / income ratio (%) ³	90.3	86.7	88.0*	106.6*	80.7*
Growth					
Net profit growth (%) ⁴	15.7	-	-	-	(44.5)*
Net new money growth for combined wealth management businesses (%) ⁵	2.7	3.6	3.4*	3.2*	2.4*
Resources					

Common equity tier 1 capital ratio (fully applied, %) ^{6,7}	13.7	11.9	12.8*	9.8*	-
Swiss SRB leverage ratio (phase-in, %) ⁸	5.4	4.2	4.7*	3.6*	-
Additional information					
Profitability					
Return on tangible equity (%) ⁹	8.3	7.6	8.0*	1.6*	11.9*
Return on risk-weighted assets, gross (%) ¹⁰	12.4	11.5	11.4*	12.0*	13.7*
Resources					
Total assets	1,049,258	1,049,101	1,018,374* ¹¹	1,259,797	1,416,962
Equity attributable to UBS shareholders	50,824	47,403	48,002	45,949	48,530
Common equity tier 1 capital (fully applied) ⁷	30,047	26,019	28,908	25,182*	-
Common equity tier 1 capital (phase-in) ⁷	42,464	38,963	42,179	40,032*	-
Risk-weighted assets (fully applied) ⁷	219,296	218,926	225,153*	258,113*	-
Risk-weighted assets (phase-in) ⁷	222,648	222,306	228,557*	261,800*	-
Common equity tier 1 capital ratio (phase-in, %) ^{6,7}	19.1	17.5	18.5*	15.3*	-
Total capital ratio (fully applied, %) ⁷	18.7	14.3	15.4*	11.4*	-
Total capital ratio (phase-in, %) ⁷	24.9	21.8	22.2*	18.9*	-
Swiss SRB leverage ratio (fully applied, %) ⁸	4.2	3.0	3.4*	2.4*	-
Swiss SRB leverage ratio denominator (fully applied) ¹²	985,071	1,055,956	1,020,247*	1,206,214*	-
Swiss SRB leverage ratio denominator (phase-in) ¹²	991,730	1,063,294	1,027,864*	1,216,561*	-
Other					
Invested assets (CHF billion) ¹³	2,640	2,339	2,390	2,230	2,088
Personnel (full-time equivalents)	60,292	60,635	60,205*	62,628*	64,820*
Market capitalization	64,047	71,066	65,007*	54,729*	42,843*
Total book value per share (CHF)	13.54	12.58	12.74*	12.26*	12.95*
Tangible book value per share (CHF)	11.78	10.89	11.07*	10.54*	10.36*
* unaudited					
<p>¹ Net profit / loss attributable to UBS shareholders (annualized as applicable) / average equity attributable to UBS shareholders. 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 shareholders from continuing operations between current and comparison periods / net profit attributable to UBS 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's and Wealth Management Americas' net new money for the period (annualized as applicable) / invested assets at the beginning of the period. Figures for the periods ended 31 December 2013, 2012 and 2011 are derived from the accounting records of the Group. ⁶ Common equity tier 1 capital / risk-weighted assets. ⁷ Based on the Basel III framework as applicable to Swiss systemically relevant banks (SRB), which became effective in Switzerland on 1 January 2013. The information provided on a fully applied basis entirely reflects the effects of the new capital deductions and the phase out of ineligible capital instruments. The information provided on a phase-in basis gradually reflects those effects during the transition period. Numbers for 31 December 2012 are on a pro-forma basis. Numbers for 31 December 2012 are calculated on an estimated basis described below and are referred to as "pro-forma" in this prospectus. The term "pro-forma" as used in this prospectus does not refer to the term "pro forma financial information" within the meaning of Regulation (EC) 809/2004. Some of the models applied when calculating 31 December 2012 pro-forma information required regulatory approval and included estimates (as discussed with UBS's primary regulator) of the effect of new capital charges. These figures are not required to be presented, because Basel III requirements were not in effect on 31 December 2012. They are nevertheless included for comparison reasons, because the Basel III requirements were effective as of 1 January 2013. Information for 31 December 2011 is not available. ⁸ Swiss SRB Basel III common equity tier 1 capital and loss-absorbing capital / total adjusted exposure (leverage ratio denominator). The Swiss SRB leverage ratio came into force on 1 January 2013. Numbers for 31 December 2012 are on a pro-forma</p>					

	basis (see footnote 7 above). Information for 31 December 2011 is not available. ⁹ Net profit / loss attributable to UBS shareholders before amortization and impairment of goodwill and intangible assets (annualized as applicable) / average equity attributable to UBS shareholders less average goodwill and intangible assets. ¹⁰ Operating income before credit loss (expense) or recovery (annualized as applicable) / average risk-weighted assets. Based on Basel III risk-weighted assets (phase-in) for 2014 and 2013, on Basel 2.5 risk-weighted assets for 2012 and on Basel II risk-weighted assets for 2011. ¹¹ On 1 January 2014, UBS adopted <i>Offsetting Financial Assets and Financial Liabilities</i> (Amendments to IAS 32, <i>Financial Instruments: Presentation</i>). The prior period balance sheet as of 31 December 2013 was restated to reflect the effects of adopting these amendments to IAS 32. ¹² The leverage ratio denominator is also referred to as "total adjusted exposure" and is calculated in accordance with Swiss SRB leverage ratio requirements. Data represent the average of the total adjusted exposure at the end of the three months preceding the end of the reporting period. The figure for the period ended 31 December 2012 is derived from the accounting records of the Group. Numbers for 31 December 2012 are on a pro-forma basis (see footnote 7 above). Information for 31 December 2011 is not available. ¹³ Invested assets include invested assets for Retail & Corporate.	
	Material adverse change statement.	There has been no material adverse change in the prospects of UBS AG or UBS Group since 31 December 2013.
	Significant changes statement.	There has been no significant change in the financial or trading position of UBS Group or of UBS AG since 30 September 2014.

- the second paragraph of Element B.16 is replaced as follows:

B.16	Direct or indirect shareholdings or control agreements of the issuer	As of 30 September 2014, the following shareholders (acting in their own name or in their capacity as nominees for other investors or beneficial owners) were registered in the share register with 3% or more of the total share capital of UBS AG: Chase Nominees Ltd., London (11.65%); Government of Singapore Investment Corp., Singapore (6.39%); the US securities clearing organization DTC (Cede & Co.) New York, "The Depository Trust Company" (6.76%); and Nortrust Nominees Ltd., London (3.54%).
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B.17:

In Element "B.17 – Credit Ratings assigned to the issuer or its debt securities" the term "Fitch France S.A.S. is replaced by "Fitch Ratings Limited".

- 3) In relation to the Base Prospectus for Certificates, Notes or Warrants of UBS AG, [London] [Jersey] [Branch] dated 23 June 2014 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 – Emittenten":

The Elements B.4b, B.5 and B.12 are completely replaced as follows:

Punkt	Avsnitt B – Emittent	
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 anges i UBS AG:s rapport för det tredje kvartalet 2014 utfärdad den 28 oktober 2014 (inklusive UBS-Koncernens konsoliderade finansiella räkenskaper), vid starten av det fjärde kvartalet 2014, kvarstår många av de underliggande utmaningar och geopolitiska frågor som UBS tidigare har lyft fram och har i vissa fall intensifierats. Att antal nya farhågor har uppkommit däribland oro för risker förknippade med Ebola-viruset. De blandade utsikterna för global tillväxt, frånvaron av ihållande och trovärdiga förbättringar av olösta frågor i Europa, fortsatta frågor om USA:s skatte- och monetära aspekter, ökande geopolitisk instabilitet, gör det osannolikt att förbättrade marknadsförhållanden skulle inträffa. Trots dessa pågående utmaningar kommer UBS att fortsätta att verkställa sin strategi för att säkerställa företagets långsiktiga framgång och att leverera uthålliga avkastningsnivåer för aktieägare.</p>
B.5	Beskrivning av Koncernen och emittentens plats inom koncernen	<p>UBS AG är moderbolag i Koncernen. Varken verksamhetsgrenarna inom UBS eller dess Corporate Center är separata juridiska personer. För närvarande är de främst verksamma genom UBS AG, genom dess filialer världen över. Verksamheter bedrivs också genom lokala dotterföretag där detta är nödvändigt eller önskvärt.</p> <p>UBS AG har påbörjat ett aktie-för-aktie-utbyteserbjudande för att etablera ett koncernholdingföretag. Vid genomförandet av den initiala avvecklingen av utbyteserbjudandet, som förväntas ske den 28 november 2014, är det avsikten att UBS Group AG kommer att bli moderbolaget till UBS AG och holdingföretaget för Koncernen.</p> <p>UBS AB har också tillkännagivit att banken avser att etablera ett bankdotterföretag i Schweiz under mitten av år 2015. Omfattningen av verksamheten hos detta framtida dotterföretag kommer att omfatta verksamhetsgrenen Privatkunds- & Företagsverksamhet (<i>Retail & Corporate</i>) och den del av verksamhetsgrenen Förmögenhetsförvaltning (<i>Wealth Management</i>) som bokförs i Schweiz.</p> <p>I Storbritannien och, i samråd med de brittiska och schweiziska tillsynsmyndigheterna, implementerade i maj 2014 UBS Limited, UBS engelska bankdotterföretag, en förändrad affärsverksamhetsmodell under vilken UBS Limited får bära och behålla en större grad av riskerna i och avkastningen från dess affärsverksamheter. Detta innefattar huvudsakligen: UBS Limited behåller och hanterar kreditrisker liksom vissa marknads- och andra risker, att UBS Limited tar en mer självständig roll i att hantera sina finansierings- och likviditetskrav och det involverade</p>

		<p>en höjning av UBS Limiteds totala regulatoriska kapital.</p> <p>I USA kommer UBS att efterleva de nya reglerna för banker enligt amerikansk lagstiftning (<i>Dodd-Frank Wall Street Reform and Consumer Protection Act</i>) som kommer att kräva ett mellanliggande holdingbolag för att äga alla sina verksamheter, förutom UBS AG:s filialer, till den 1 juli 2016. Som ett resultat kommer UBS att utse ett mellanliggande holdingbolag för att äga alla amerikanska dotterföretag till UBS.</p>																																																																																																																							
B.12	Utvald historisk finansiell nyckel-information.	<p>UBS AG har hämtat följande utvalda konsoliderade finansiella uppgifter från (i) dess årsredovisning 2013, som innehåller de reviderade konsoliderade finansiella räkenskaperna för UBS-Koncernen, liksom ytterligare oreviderade konsoliderade finansiella uppgifter för räkenskapsåret som slutade den 31 december 2013 (inklusive jämförande siffror för räkenskapsåren som slutade 31 december 2012 och 2011) och (ii) dess rapport för det tredje kvartalet 2014, som innehåller de oreviderade finansiella räkenskaperna för UBS-Koncernen, liksom ytterligare oreviderade konsoliderade finansiella uppgifter per eller för kvartalet som slutade den 30 september 2014 (från vilken jämförande siffror per eller för kvartalet som slutade den 30 september 2013 har hämtats). De konsoliderade finansiella räkenskaperna har tagits fram i enlighet med internationella redovisningsstandarder ("IFRS") som utfärdats av International Accounting Standards Board ("IASB") och anges i schweiziska franc (CHF).</p>																																																																																																																							
		<table border="1"> <thead> <tr> <th rowspan="2">CHF miljoner, förutom där annat indikeras</th> <th colspan="2">Per och för de nio månader som slutade</th> <th colspan="3">Per och för året som slutade</th> </tr> <tr> <th>30.9.14</th> <th>30.9.13</th> <th>31.12.13</th> <th>31.12.12</th> <th>31.12.11</th> </tr> </thead> <tbody> <tr> <td></td> <td colspan="2" style="text-align: center;"><i>oreviderat</i></td> <td colspan="3" style="text-align: center;"><i>Reviderat, förutom där så indikeras</i></td> </tr> <tr> <td colspan="6">Koncernresultat</td> </tr> <tr> <td>Rörelseintäkter</td> <td>21 281</td> <td>21 425</td> <td>27 732</td> <td>25 423</td> <td>27 788</td> </tr> <tr> <td>Rörelsekostnader</td> <td>19 224</td> <td>18 602</td> <td>24 461</td> <td>27 216</td> <td>22 482</td> </tr> <tr> <td>Rörelsevinst / (förlust) före skatt</td> <td>2 057</td> <td>2 823</td> <td>3 272</td> <td>(1 794)</td> <td>5 307</td> </tr> <tr> <td>Nettovinst / (förlust) hänförlig till UBS aktieägare</td> <td>2 609</td> <td>2 255</td> <td>3 172</td> <td>(2 480)</td> <td>4 138</td> </tr> <tr> <td>Utspätt resultat per aktie (CHF)</td> <td>0,68</td> <td>0,59</td> <td>0,83</td> <td>(0,66)</td> <td>1,08</td> </tr> <tr> <td colspan="6">Viktiga lönsamhetsindikatorer</td> </tr> <tr> <td colspan="6">Lönsamhet</td> </tr> <tr> <td>Avkastning på eget kapital (RoE) (%)¹</td> <td>7,1</td> <td>6,4</td> <td>6,7*</td> <td>(5,1)*</td> <td>9,1*</td> </tr> <tr> <td>Avkastning på tillgångar, brutto (%)²</td> <td>2,8</td> <td>2,5</td> <td>2,5*</td> <td>1,9*</td> <td>2,1*</td> </tr> <tr> <td>Kostnads / intäktsrelation (%)³</td> <td>90,3</td> <td>86,7</td> <td>88,0*</td> <td>106,6*</td> <td>80,7*</td> </tr> <tr> <td colspan="6">Tillväxt</td> </tr> <tr> <td>Nettovinsttillväxt (%)⁴</td> <td>15,7</td> <td>-</td> <td>-</td> <td>-</td> <td>(44,5)*</td> </tr> <tr> <td>Nettotillväxt nya medel för kombinerade verksamheter inom förmögenhetsförvaltning (%)⁵</td> <td>2,7</td> <td>3,6</td> <td>3,4*</td> <td>3,2*</td> <td>2,4*</td> </tr> <tr> <td colspan="6">Resurser</td> </tr> <tr> <td>Primärkapitalrelation (<i>Common equity tier 1 capital ratio</i>) (fullt tillämpad, %) ^{6,7}</td> <td>13,7</td> <td>11,9</td> <td>12,8*</td> <td>9,8*</td> <td>-</td> </tr> <tr> <td>Schweizisk SRB-hävstångsrelation</td> <td>5,4</td> <td>4,2</td> <td>4,7*</td> <td>3,6*</td> <td>-</td> </tr> </tbody> </table>	CHF miljoner, förutom där annat indikeras	Per och för de nio månader som slutade		Per och för året som slutade			30.9.14	30.9.13	31.12.13	31.12.12	31.12.11		<i>oreviderat</i>		<i>Reviderat, förutom där så indikeras</i>			Koncernresultat						Rörelseintäkter	21 281	21 425	27 732	25 423	27 788	Rörelsekostnader	19 224	18 602	24 461	27 216	22 482	Rörelsevinst / (förlust) före skatt	2 057	2 823	3 272	(1 794)	5 307	Nettovinst / (förlust) hänförlig till UBS aktieägare	2 609	2 255	3 172	(2 480)	4 138	Utspätt resultat per aktie (CHF)	0,68	0,59	0,83	(0,66)	1,08	Viktiga lönsamhetsindikatorer						Lönsamhet						Avkastning på eget kapital (RoE) (%) ¹	7,1	6,4	6,7*	(5,1)*	9,1*	Avkastning på tillgångar, brutto (%) ²	2,8	2,5	2,5*	1,9*	2,1*	Kostnads / intäktsrelation (%) ³	90,3	86,7	88,0*	106,6*	80,7*	Tillväxt						Nettovinsttillväxt (%) ⁴	15,7	-	-	-	(44,5)*	Nettotillväxt nya medel för kombinerade verksamheter inom förmögenhetsförvaltning (%) ⁵	2,7	3,6	3,4*	3,2*	2,4*	Resurser						Primärkapitalrelation (<i>Common equity tier 1 capital ratio</i>) (fullt tillämpad, %) ^{6,7}	13,7	11,9	12,8*	9,8*	-	Schweizisk SRB-hävstångsrelation	5,4	4,2	4,7*	3,6*	-
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Ytterligare information					
Lönsamhet					
Avkastning på synligt kapital (%) ⁹	8,3	7,6	8,0*	1,6*	11,9*
Avkastning på riskvägda tillgångar, brutto (%) ¹⁰	12,4	11,5	11,4*	12,0*	13,7*
Resurser					
Totala tillgångar	1 049 258	1 049 101	1 018 374* ¹¹	1 259 797	1 416 962
Eget kapital hänförligt till UBS aktieägare	50 824	47 403	48 002	45 949	48 530
Primärkapital (<i>Common equity tier 1 capital</i>) (fullt tillämpad) ⁷	30 047	26 019	28 908	25 182*	-
Primärkapital (<i>Common equity tier 1 capital</i>) (infasing) ⁷	42 464	38 963	42 179	40 032*	-
Riskvägda tillgångar (fullt tillämpad) ⁷	219 296	218 926	225 153*	258 113*	-
Riskvägda tillgångar (infasing) ⁷	222 648	222 306	228 557*	261 800*	-
Primärkapitalrelation (<i>Common equity tier 1 capital ratio</i>) (infasing, %) ^{6,7}	19,1	17,5	18,5*	15,3*	-
Totalkapitalrelation (fullt tillämpad, %) ⁷	18,7	14,3	15,4*	11,4*	-
Totalkapitalrelation (infasing, %) ⁷	24,9	21,8	22,2*	18,9*	-
Schweizisk SRB-hävtångsrelation (fullt tillämpad, %) ⁸	4,2	3,0	3,4*	2,4*	-
Schweizisk SRB-hävtångsrelation nämnare (fullt tillämpad) ¹²	985 071	1 055 956	1 020 247*	1 206 214*	-
Schweizisk SRB-hävtångsrelation nämnare (infasing) ¹²	991 730	1 063 294	1 027 864*	1 216 561*	-
Övrigt					
Investerade tillgångar (CHF miljarder) ¹³	2 640	2 339	2 390	2 230	2 088
Anställda (motsvarande heltidsanställda)	60 292	60 635	60 205*	62 628*	64 820*
Marknadskapitalisering	64 047	71 066	65 007*	54 729*	42 843*
Totalt bokfört värde per aktie (CHF)	13,54	12,58	12,74*	12,26*	12,95*
Synligt bokfört värde per aktie (CHF)	11,78	10,89	11,07*	10,54*	10,36*
* oreviderat					
<p>1 Nettovinst / förlust hänförligt till UBS aktieägare (på årsbasis där tillämpligt) / genomsnittligt eget kapital hänförligt till UBS aktieägare. 2 Rörelseintäkter före kreditförluster (utgift) eller återvinning (på årsbasis där tillämpligt) / genomsnitt totala tillgångar. 3 Rörelseutgifter / rörelseintäkter före kreditförluster (utgift) eller återvinning. 4 Förändring i nettovinst hänförlig till UBS aktieägare från fortsatt bedrivna verksamheter mellan nuvarande och jämförelseperioder / nettovinst hänförligt till UBS aktieägare från fortsatt bedrivna verksamheter från jämförelseperiod. Inte meningsfullt och inte inkluderat om antingen rapporteringsperioden eller jämförelseperioden är en förlustperiod. 5 Kombinerat för Wealth Management och Wealth Management Americas netto nya medel för perioden (på årsbasis där tillämpligt) / investerade tillgångar vid början av perioden. Siffrorna för perioderna som slutade den 31 december 2013, 2012 och 2011 har hämtats från Koncernens räkenskapsmaterial. 6 Primärkapital / riskvägda tillgångar. 7 Baserat på Basel III regelverket så som detta tillämpas på schweiziska systemviktiga banker (SRB), vilket trädde i kraft i Schweiz den 1 januari 2013. Informationen som återges på fullt tillämpad basis återspeglar fullt ut effekterna av de nya kapitalavdragen och utfasningen av icke kvalificerande kapitalinstrument. Informationen som återges på infasad basis återspeglar gradvis dessa effekter under övergångsperioden. Siffror för 31 december 2012 är på pro forma-basis. Siffrorna för 31 december 2012 beräknas på uppskattad basis beskriven nedan och benämns som "pro forma" i detta prospekt. Begreppet "pro forma" så som det används i detta prospekt avser inte begreppet "pro forma finansiell information" i den innebörd som avses i Förordning 2004/809/EG. Vissa av modellerna tillämpade vid beräkningen av pro forma finansiell information per 31 december 2012 krävde regulatoriskt godkännande och inkluderar uppskattningar (som diskuterat med UBS primära tillsynsmyndighet) av effekterna av nya kapitalbelastningar. Det krävs inte att dessa siffror presenteras, eftersom Basel III-kraven inte var i kraft den 31 december 2012. De är ändå inkluderade för jämförelseändamål, eftersom Basel III-kraven var i kraft per den 1 januari 2013. Information</p>					

	<p>för 31 december 2011 är inte tillgänglig. 8 Schweiziska SRB Basel III primärkapital och förlustabsorberande kapital / total justerad exponering (hävstångsrelation nämnare). Den schweiziska SRB-hävstångsrelationen trädde i kraft den 1 januari 2013. Siffror för 31 december 2012 är på pro forma-basis (se fotnot 7 ovan). Information för 31 december 2011 är inte tillgänglig. 9 Nettovinst / förlust hänförlig till UBS aktieägare före nedskrivning och försämrad goodwill och immateriella tillgångar (på årsbasis där tillämpligt) / genomsnitt eget kapital hänförligt till UBS aktieägare minskat med genomsnitt goodwill och immateriella tillgångar. 10 Rörelseintäkter före kreditförluster (utgift) eller återvinning (på årsbasis där tillämpligt) / genomsnitt riskvägda tillgångar. Baserat på Basel III riskvägda tillgångar (infasat) för 2014 och 2013, på Basel 2.5 riskvägda tillgångar för 2012 och på Basel II riskvägda tillgångar för 2011. 11 Den 1 januari 2014 införde UBS Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32, Financial Instruments: Presentation). Balansräkningen för den föregående perioden per 31 december 2013 räknades om för att återspegla effekterna för att införa dessa förändringar av IAS 32. 12 Nämnaren för hävstångsrelationen kallas också för "total justerad exponering" och beräknas i enlighet med schweiziska krav för SRB-hävstångsrelation. Uppgifterna representerar genomsnittet av den totala justerade exponeringen vid slutet av de tre månader som föregår slutet av rapportperioden. Siffran för perioden som slutade den 31 december 2012 har hämtats från Koncernens räkenskapsmaterial. Siffror för 31 december 2012 är på pro forma-basis (se fotnot 7 ovan). Information för 31 december 2011 är inte tillgänglig. 13 Investerade tillgångar inkluderar för Retail & Corporate.</p>	
	Uttalande om väsentliga negativa förändringar.	Det har inte inträffat någon väsentlig negativ förändring i framtidsutsikterna för UBS AG eller UBS-Koncernen sedan den 31 december 2013.
	Uttalande om väsentliga förändringar.	Det har inte inträffat någon väsentlig förändringar i den finansiella positionen eller handelspositionen för UBS-Koncernen eller UBS AG sedan den 30 september 2014.

and the second paragraph of Element B.16 is replaced as follows:

B.16	Direkt eller indirekt aktieäggande eller kontrollöverenskommelser avseende emittenten.	Per den 30 september 2014 var följande aktieägare (genom agerande i eget namn eller som förvaltare för andra investerare eller faktiska ägare) registrerade i aktieboken med ett aktieinnehav om 3% eller mer av det totala aktiekapitalet i UBS AG: Chase Nominees Ltd., London (11,65%); GIC Private Limited, Singapore (6,39%); den amerikanska värdepappersclearingorganisationen DTC (Cede & Co.) New York, "The Depository Trust Company" (6,76%); och Nortrust Nominees Ltd., London (3,54%).
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B.17:

In Element "B.17 – Kreditvärdighetsbetyg som tilldelats emittenten eller dess skuldvärdepapper" the term "Fitch France S.A.S is replaced by "Fitch Ratings Limited".

The second and third paragraphs of Element E.7 is amended to read as follows:

E.7	Förväntade kostnader debiteras investeraren av emittenten eller erbjudaren.	[Ej tillämpligt] [[Varken den relevanta Emittenten [eller Managern] debiterar någon investerare i Värdepapperen några avgifter i samband med emissionen.]] [I samband med emissionen kommer [den relevanta Emittenten [[och] Managern att debitera investerarna avgifter om [•] [SEK/NOK/DKK/EUR/Annan valuta] [respektive [•] [SEK/NOK/DKK/EUR/Annan valuta].]]
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- 4) In relation to the Base Prospectus for Certificates, Notes or Warrants of UBS AG, [London] [Jersey] [Branch] dated 23 June 2014 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":

The Elements B.4b, B.5 and B.12 are completely replaced as follows:

Element	Afsnit – Udsteder	
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 AG's 3. kvartalsrapport udsendt 28. oktober 2014, (herunder UBS-koncernens ureviderede koncernregnskab), er mange af de underliggende udfordringer og geopolitiske problemstillinger, som USB tidligere har fremhævet, stadig aktuelle og i visse tilfælde intensiverede. En række nye bekymringer er opstået, herunder frygten for risici, der relaterer sig til Ebolavirusen.. De blandede udsigter for global vækst, fraværet af vedvarende og troværdige forbedringer af uløste udfordringer i Europa, de fortsatte problemstillinger vedrørende USA's skattemæssige og monetære forhold, den stigende geopolitiske ustabilitet gør det usandsynligt, at der skulle indtræffe forbedringer i de aktuelle markedsforhold. Til trods for disse fortsatte udfordringer agter Koncernen fortsat at iværksætte sin strategi for at sikre selskabets langsigtede succes og for at levere holdbare afkast til aktionærerne.</p>
B.5	Beskrivelse af koncernen og Udstederens position inden for koncernen.	<p>UBS AG er moderselskab i Koncernen. Hverken UBS' forretningsdivisioner eller Koncerncentret (Corporate Center) er selvstændige juridiske enheder. På nuværende tidspunkt driver de primært virksomhed ud fra UBS AG gennem filialer verden over. Forretningsdivisionerne driver ligeledes virksomhed gennem lokale datterselskaber, hvor dette er nødvendigt eller hensigtsmæssigt.</p> <p>UBS har påbegyndt, et aktie-for-aktie ombytningsudbud med henblik på at etablere et koncernholdingselskab. Ved gennemførelsen af den indledende afregning af ombytningstilbuddet, som forventes at finde sted den 28. november 2014, er det intentionen, at UBS Group AG skal blive moderselskab for UBS AG og holdingselskab i Koncernen.</p> <p>UBS har ligeledes tilkendegivet, at banken agter at etablere et bankdatterselskab i Schweiz medio 2015. Dette fremtidige datterselskabs aktiviteter forventes at komme til at omfatte forretningsdivisionen Privatkunder & Virksomheder (Retail & Corporate) og forretningsdivisionen Formueforvaltning (Wealth Management), som bogføres i Schweiz.</p> <p>I Storbritannien, og i samråd med tilsynsmyndighederne i Storbritannien og Schweiz, implementerede UBS Limited, UBS'</p>

		<p>engelske bankdatterselskab, i maj 2014 en revideret forretnings- og driftsmodel i henhold til hvilken UBS Limited bærer og beholder en større del af de risici henholdsvis det afkast, der er forbundet med bankens forretningsaktiviteter. Det indbefatter primært, at UBS Limited indtager en mere uafhængig rolle i forhold til at forvalte sine finanserings- og likviditetskrav samt en stigning i UBS Limiteds samlede lovpligtige kapital.</p> <p>I USA vil UBS efterleve de nye regler for banker i henhold til den amerikanske lov 'the Dodd-Frank Wall Street Reform and Consumer Protection Act', som vil kræve, at et mellemliggende holdingselskab (intermediate holding company) senest den 1. juli 2016 skal eje alle sine virksomheder ud over UBS AG's amerikanske filialer. Som følge deraf vil UBS udpege et mellemliggende holdingselskab til at eje samtlige UBS' amerikanske datterselskaber.</p>																																																																								
B.12	Udvalgte historiske finansielle nøgleoplysninger	<p>USB AG har hentet følgende udvalgte konsoliderede økonomiske data fra (i) sin årsrapport for 2013, som indeholder UBS-koncernens reviderede koncernregnskab, samt yderligere reviderede konsoliderede økonomiske data for året, som sluttede den 31. december 2013 (herunder sammenligningstal for årene, som sluttede henholdsvis 31. december 2012 og 2011), (ii) sin 2. kvartalsrapport for 2014, som indeholder UBS-koncernens ureviderede koncernregnskab, samt yderligere ureviderede konsoliderede økonomiske data pr. eller for halvåret, som sluttede den 30. juni 2014 (hvoraf sammenligningstal pr. eller for halvåret, som sluttede den 30. juni 2013 er hentet). UBS' koncernregnskaber er udarbejdet i overensstemmelse med de internationale regnskabsstandarder (International Financial Reporting Standards ("IFRS")), som er udstedt af the International Accounting Standards Board ("IASB") og angivet i schweizerfranc (CHF).</p>																																																																								
		<table border="1"> <thead> <tr> <th></th> <th colspan="2">Pr. eller for halvåret, der sluttede</th> <th colspan="3">Pr. eller for året, der sluttede</th> </tr> <tr> <th><i>CHF mio., medmindre andet fremgår</i></th> <th>30.9.14</th> <th>30.9.13</th> <th>31.12.13</th> <th>31.12.12</th> <th>31.12.11</th> </tr> <tr> <th></th> <th colspan="2"><i>Urevideret</i></th> <th colspan="3"><i>revideret, medmindre andet fremgår</i></th> </tr> </thead> <tbody> <tr> <td colspan="6">Koncernresultat</td> </tr> <tr> <td>Driftsindtægter</td> <td>21.281</td> <td>21.425</td> <td>27.732</td> <td>25.423</td> <td>27.788</td> </tr> <tr> <td>Driftsudgifter</td> <td>19.224</td> <td>18.602</td> <td>24.461</td> <td>27.216</td> <td>22.482</td> </tr> <tr> <td>Driftsoverskud (driftstab) før skat</td> <td>2.057</td> <td>2.823</td> <td>3.272</td> <td>(1.794)</td> <td>5.307</td> </tr> <tr> <td>Nettooverskud (nettotab) henførbart til UBS-aktionærer</td> <td>2.609</td> <td>2.255</td> <td>3.172</td> <td>(2.480)</td> <td>4.138</td> </tr> <tr> <td>Udvandet indtjening pr. aktie (CHF)</td> <td>0,68</td> <td>0,59</td> <td>0,83</td> <td>(0,66)</td> <td>1,08</td> </tr> <tr> <td colspan="6">Nøgleindikatorer</td> </tr> <tr> <td colspan="6">Rentabilitet</td> </tr> <tr> <td>Egenkapitalforrentning (RoE) (%)¹</td> <td>7,1</td> <td>6,4</td> <td>6,7*</td> <td>(5,1)*</td> <td>9,1*</td> </tr> </tbody> </table>		Pr. eller for halvåret, der sluttede		Pr. eller for året, der sluttede			<i>CHF mio., medmindre andet fremgår</i>	30.9.14	30.9.13	31.12.13	31.12.12	31.12.11		<i>Urevideret</i>		<i>revideret, medmindre andet fremgår</i>			Koncernresultat						Driftsindtægter	21.281	21.425	27.732	25.423	27.788	Driftsudgifter	19.224	18.602	24.461	27.216	22.482	Driftsoverskud (driftstab) før skat	2.057	2.823	3.272	(1.794)	5.307	Nettooverskud (nettotab) henførbart til UBS-aktionærer	2.609	2.255	3.172	(2.480)	4.138	Udvandet indtjening pr. aktie (CHF)	0,68	0,59	0,83	(0,66)	1,08	Nøgleindikatorer						Rentabilitet						Egenkapitalforrentning (RoE) (%) ¹	7,1	6,4	6,7*	(5,1)*	9,1*
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Afkastningsgrad, brutto (%) ²	2,8	2,5	2,5*	1,9*	2,1*
Omkostninger i forhold til indtægter (%) ³	90,3	86,7	88,0*	106,6*	80,7*
Vækst					
Nettovækst i overskud (%) ⁴	15,7	-	-	-	(44,5)*
Nettovækst nye midler for kombinerede formueforvaltningsvirksomheder (%) ⁵	2,7	3,6	3,4*	3,2*	2,4*
Ressourcer					
Egentlig kernekapitaldækning (fuldt anvendt, %) ^{6,7}	13,7	11,9	12,8*	9,8*	-
Schweizisk SRB gearingsforhold (indfaset, %) ⁸	5,4	4,2	4,7*	3,6*	-
Yderligere oplysninger					
Rentabilitet					
Afkast på synlig kapital (%) ⁹	8,3	7,6	8,0*	1,6*	11,9*
Afkast på risikovægtede aktiver, brutto (%) ¹⁰	12,4	11,5	11,4*	12,0*	13,7*
Ressourcer					
Aktiver i alt	1.049.258	1.049.101	1.018.374* ¹¹	1.259.797	1.416.962
Egenkapital henførbart til UBS-aktionærer	50.824	47.403	48.002	45.949	48.530
Egentlig kernekapital (fuldt anvendt) ⁷	30.047	26.019	28.908	25.182*	-
Egentlig kernekapital (indfaset) ⁷	42.464	38.963	42.179	40.032*	-
Risikovægtede aktiver (fuldt anvendt) ⁷	219.296	218.926	225.153	258.113*	-
Risikovægtede aktiver (indfaset) ⁷	222.648	222.306	228.557	261.800*	-
Egentlig kernekapitaldækning (indfaset, %) ^{6,7}	19,1	17,5	18,5*	15,3*	-
Kapitaldækning i alt (fuldt anvendt, %) ⁷	18,7	14,3	15,4*	11,4*	-
Kapitaldækning i alt (indfaset, %) ⁷	24,9	21,8	22,2*	18,9*	-
Schweizisk SRB gearingsforhold (fuldt anvendt, %) ⁸	4,2	3,0	3,4*	2,4*	-
Schweizisk SRB gearingsforholdets nævner (fuldt anvendt, %) ¹²	985.071	1.055.956	1.020.247*	1.206.214*	-
Schweizisk SRB gearingsforholdets nævner (indfaset) ¹²	991.730	1.063.294	1.027.864*	1.216.561*	-
Andet					
Investerede aktiver (CHF mia.) ¹³	2.640	2.339	2.390	2.230	2.088
Medarbejdere (årsværk)	60.292	60.635	60.205*	62.628*	64.820*
Børsværdi	64.047	71.066	65.007*	54.729*	42.843*
Indre værdi pr. aktie i alt (CHF)	13,54	12,58	12,74*	12,26*	12,95*

	Synlig indre værdi pr. aktie (CHF)	11,78	10,89	11,07*	10,54*	10,36*
	<p>* urevideret</p> <p>1 Nettooverskud / nettotab, som kan henføres til UBS-aktionærer (på årsbasis, hvor relevant) / gennemsnitlig egenkapital, der kan henføres til UBS-aktionærer. 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-aktionærer fra fortsættende aktiviteter mellem nuværende og jävnførelsesperioder / nettooverskud, som kan henføres til UBS-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. Tal for perioderne, der afsluttedes 31. december 2013, 2012 og 2011 stammer fra Koncernens regnskabsmaterialer 6 Egentlig kernekapital / risikovægtede aktiver. 7 Baseret på Basel III-regelsættet således som dette gælder for schweiziske systemisk vigtige banker (SIB), som trådte i kraft i Schweiz den 1. januar 2013. Oplysningerne, som er angivet på fuldt anvendt basis, afspejler fuldt ud virkningerne af de nye kapitalfradrag og afviklingen af ikke-kvalificerende kapitalinstrumenter. De oplysninger, der er angivet på indfaset basis, afspejler gradvist disse virkninger i overgangsperioden. Tal for 31. december 2012 er pro-forma-tal. Oplysninger pr. 31. december 2012 er beregnet på estimeret basis beskrevet nedenfor og refereres til som "pro-forma" i dette prospekt. Termen "pro-forma" anvendt i dette prospekt refererer ikke til termen "pro forma regnskabsoplysninger" i henhold til Forordning 809/2004/EF. Visse af de modeller, der er anvendt ved beregning af pro-forma information for 31. december 2012 har krævet myndighedsgodkendelse og indeholdte estimater med betydning for effekten af de nye kapitalkrav (som drøftet med UBS' primære myndigheder). Disse tal kræver ikke offentliggørelse da Basel III-kravene ikke var trådt i kraft den 31. december 2012. De er dog medtaget med henblik på sammenligning, da Basel III-kravene trådte i kraft 1. januar 2013. Information for 31. december 2011 er ikke tilgængelige. 8 Schweizisk SRB Basel III egentlig kernekapital og tabsabsorberende kapital / reguleret eksponering i alt (gearingsforholdets nævner). Det schweiziske SRB gearingsforhold trådte i kraft den 1. januar 2013. Tal for 31. december 2012 er pro-forma-tal (se fodnote 7 ovenfor). Oplysninger pr. 31. december 2011 er ikke tilgængelige. 9 Nettooverskud / nettotab, der kan henføres til UBS-aktionærer før amortisering og værdiforringelse af goodwill og immaterielle anlægsaktiver (på årsbasis, hvor relevant) / gennemsnitlig egenkapital, som kan henføres til UBS-aktionærer minus gennemsnitlig goodwill og immaterielle anlægsaktiver. 10 Driftsindtægter før kredittab (udgift) eller genindvinding (på årsbasis, hvor relevant) / gennemsnitlig risikovægtede aktiver. Baseret på Basel III risikovægtede aktiver (indfaset) for 2014 og 2013, på Basel 2.5 risikovægtede aktiver for 2012 og på Basel II risikovægtede aktiver for 2011. 11 Den 1. januar 2014 indførte UBS Modregning af Finansielle Aktiver og Finansielle Forpligtelser (Ændringer til IAS 32, Finansielle Instrumenter: Præsentation). Balancen for den foregående periode pr. 31. december 2013 blev tilpasset for at afspejle virkningerne af indførelsen af disse ændringer til IAS 32. 12 Gearingsforholdets nævner benævnes ligeledes "reguleret eksponering i alt" og beregnes i overensstemmelse med kravene i henhold til det schweiziske SRB gearingsforhold. Tallene repræsenterer gennemsnittet af den regulerede eksponering i alt ved udgangen af den 3-måneders periode, der går forud for rapporteringsperiodens afslutning. Tallene for perioden der endte 31. december 2012 stammer fra Koncernens regnskabsoplysninger. Tallene for 31. december 2012 er på pro-forma basis (se fodnote 7 ovenfor). Oplysninger pr. 31. december 2011 er ikke tilgængelige. 13 Koncernens investerede aktiver inkluderer investerede aktiver for Retail & Corporate.</p>					
	Erklæring vedrørende væsentlige negative ændringer.	Der er ikke siden den 31. december 2013 indtrådt nogen væsentlig negativ ændring i fremtidsudsigterne for UBS AG eller UBS-Koncernen.				
	Erklæring vedrørende væsentlige ændringer.	Der er ikke siden den 30. september 2014 indtrådt nogen væsentlig ændring i den finansielle stilling eller handelsmæssige stilling for UBS-koncernen eller UBS AG.				

and the second paragraph of Element B.16 is replaced as follows:

<p>B.16</p>	<p>Beskrivelse af, om Udstederen er direkte eller indirekte ejet eller kontrolleret.</p>	<p>Nedenfor følger de seneste anmeldelser vedrørende besiddelser i UBS AG's aktiekapital foretaget i overensstemmelse med den schweiziske føderale børs- og værdipapirhandelslov (<i>Federal Act on Stock Exchanges and Securities Trading</i>) af 24. marts 1995, som senere ændret, baseret på UBS AG's registrerede aktiekapital på tidspunktet for anmeldelsen: (i) 18. september 2013, Government of Singapore Investment Corp anmeldte ændring af sit selskabsnavn til GIC Private Limited og en besiddelse på 6,40 %, (ii) 30. september 2011, Norges Bank (Norges centralbank), 3,04 %, (iii) 17. december 2009, BlackRock Inc., New York, USA, 3,45 %.</p> <p>Pr. 30. september 2014 blev følgende aktionærer (i eget navn eller som nominelle ejere for andre investorer eller egentlige ejere) registeret i ejerbogen med beholdninger på 3 % eller mere af den samlede aktiekapital i UBS AG: Chase Nominees Ltd., London (11,65 %), GIC Private Limited, Singapore (6,39 %), den amerikanske værdipapirclearingvirksomhed DTC (Cede & Co.) New York, "The Depository Trust Company" (6,76 %) og Nortrust Nominees Ltd., London (3,54 %).</p>
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B.17:

In Element "B.17 – Den kreditvurdering, som Udstederen eller dens gældsværdipapirer har opnået" the term "Fitch France S.A.S" is replaced by "Fitch Ratings Limited".

The Base Prospectus for Certificates, Notes or Warrants of UBS AG, [London] [Jersey] [Branch] dated 23 June 2014 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 and quarterly reports of UBS AG are published on UBS's website, at www.ubs.com/investors or a successor address.

Zurich, 28 November 2014

UBS AG

By:



(signed by Sebastian Rogge)

By:



(signed by Stefanie Ganz)