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This document, for which we accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Rules**”) for the purpose of giving information with regard to us. We, having made all reasonable enquiries, confirm that to the best of our knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

This document is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the CBBCs.

The CBBCs are complex products. Investors should exercise caution in relation to them. Investors are warned that the price of the CBBCs may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. Prospective purchasers should therefore ensure that they understand the nature of the CBBCs and carefully study the risk factors set out in the Base Listing Document (as defined below) and this document and, where necessary, seek professional advice, before they invest in the CBBCs.

The CBBCs constitute general unsecured contractual obligations of us as the Issuer and of no other person and will rank equally among themselves and with all our other unsecured obligations (save for those obligations preferred by law) upon liquidation. If you purchase the CBBCs, you are relying upon the creditworthiness of us, and have no rights under the CBBCs against the Company which has issued the underlying Shares or any other person. If we become insolvent or default on our obligations under the CBBCs, you may not be able to recover all or even part of the amount due under the CBBCs (if any).

## Non-collateralised Structured Products

### Launch Announcement and Supplemental Listing Document for Callable Bull/Bear Contracts over Single Equities



**Issuer: UBS AG**  
*(incorporated with limited liability in Switzerland)*  
**acting through its London Branch**

**Sponsor: UBS Securities Asia Limited**

## Key Terms

CBBCs Stock code	53451	53452	53454
Liquidity Provider broker ID	9740	9740	9740
Issue size	80,000,000 CBBCs	400,000,000 CBBCs	80,000,000 CBBCs
Style / Category	European style cash settled category R	European style cash settled category R	European style cash settled category R
Type	Bear	Bear	Bull
Company	Alibaba Group Holding Limited	Alibaba Group Holding Limited	Alibaba Group Holding Limited
Shares	Existing issued ordinary shares of the Company (stock code: 9988)	Existing issued ordinary shares of the Company (stock code: 9988)	Existing issued ordinary shares of the Company (stock code: 9988)
Board Lot	10,000 CBBCs	5,000 CBBCs	10,000 CBBCs
Issue Price per CBBC	HKD 0.250	HKD 0.250	HKD 0.250
Funding Cost per CBBC as of Launch Date <sup>1</sup>	HKD 0.2240	HKD 0.2348	HKD 0.2240
	The funding cost will fluctuate throughout the life of the CBBCs		
Strike Price	HKD 207.000	HKD 212.000	HKD 204.000
Call Price	HKD 205.000	HKD 210.000	HKD 206.000
Cash Settlement Amount per Board Lot (if any) payable at expiry	Subject to no occurrence of a Mandatory Call Event:  <b>For a series of bull CBBCs:</b> $\frac{\text{Entitlement} \times (\text{Closing Price} - \text{Strike Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$ <b>For a series of bear CBBCs:</b> $\frac{\text{Entitlement} \times (\text{Strike Price} - \text{Closing Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$		
Closing Price <sup>2</sup> (for all series)	The official closing price of the relevant Share (as derived from the Daily Quotation Sheet of the Stock Exchange) on the Valuation Date.		
Entitlement	1 Share	1 Share	1 Share
Number of CBBC(s) per Entitlement	100 CBBC(s)	500 CBBC(s)	100 CBBC(s)
Maximum number of Shares to which the CBBCs relate	800,000 Shares	800,000 Shares	800,000 Shares
Launch Date (for all series)	25 February 2020		
Issue Date (for all series)	2 March 2020		
Listing Date (for all series)	3 March 2020		
Observation Commencement Date (for all series)	3 March 2020		
Valuation Date <sup>3</sup> (for all series)	The Trading Day (being a day on which the Stock Exchange is scheduled to open for trading for its regular trading sessions) immediately preceding the Expiry Date.		
Expiry Date <sup>4</sup>	30 October 2020	21 December 2020	31 August 2020
Settlement Date (for all series)	The third CCASS Settlement Day after (i) the end of the MCE Valuation Period or (ii) the later of: (a) the Expiry Date; and (b) the day on which the Closing Price is determined in accordance with the Conditions (as the case may be)		
Settlement Currency	Hong Kong Dollars	Hong Kong Dollars	Hong Kong Dollars
Effective Gearing <sup>5</sup>	8.18x	1.64x	8.26x
Gearing <sup>5</sup>	8.18x	1.64x	8.26x
Premium <sup>5</sup>	10.96%	57.44%	10.84%

<sup>1</sup> The funding cost is calculated in accordance with the following formula:

$$\text{Funding Cost} = \frac{\text{Entitlement} \times (\text{Strike Price} \times \text{funding rate} \times n / 365)}{\text{Number of CBBC(s) per Entitlement}}$$

Where,

- (i) “n” is the number of days remaining to expiration; initially, “n” is the number of days from (and including) the Launch Date to (and including) the trading day immediately preceding the Expiry Date; and
- (ii) the funding rate will fluctuate throughout the term of the CBBCs as further described in the “Key Risk Factors” section in this document. As of the Launch Date, the funding rate was 15.9264% for stock code 53451, 67.3758% for stock code 53452 and 21.3183% for stock code 53454.

<sup>2</sup> Subject to any adjustment to such closing price as may be necessary to reflect any event as contemplated in Condition 6 such as capitalisation, rights issue, distribution or the like.

<sup>3</sup> Subject to any potential postponement upon the occurrence of a Market Disruption Event. Please see Condition 2 for details.

<sup>4</sup> If such day is a Saturday, Sunday or public holiday in Hong Kong, the immediately succeeding day which is not a Saturday, Sunday or public holiday in Hong Kong.

<sup>5</sup> This data may fluctuate during the life of the CBBCs and may not be comparable to similar information provided by other issuers of callable bull/bear contracts. Each issuer may use different pricing models.

## IMPORTANT INFORMATION

**The CBBCs are listed structured products which involve derivatives. Do not invest in them unless you fully understand and are willing to assume the risks associated with them.**

### **What documents should you read before investing in the CBBCs?**

You must read this document together with our base listing document dated 3 April 2019 (the “**Base Listing Document**”), as supplemented by any addendum thereto (together, the “**Listing Documents**”), in particular the section “Terms and Conditions of Cash Settled Callable Bull/Bear Contracts over Single Equities” (the “**Conditions**”) set out in our Base Listing Document. This document (as read in conjunction with our Base Listing Document and each addendum referred to in the section headed “**Product Summary Statement**”) is accurate as at the date of this document. You should carefully study the risk factors set out in the Listing Documents. You should also consider your financial position and investment objectives before deciding to invest in the CBBCs. We cannot give you investment advice. You must decide whether the CBBCs meet your investment needs before investing in the CBBCs.

### **Is there any guarantee or collateral for the CBBCs?**

No. Our obligations under the CBBCs are neither guaranteed by any third party, nor collateralised with any of our assets or other collaterals. When you purchase our CBBCs, you are relying on our creditworthiness only, and of no other person. If we become insolvent or default on our obligations under the CBBCs, you can only claim as an unsecured creditor of the Issuer. In such event, you may not be able to recover all or even part of the amount due under the CBBCs (if any).

### **What are the Issuer’s credit ratings?**

The Issuer’s long term credit ratings are:

<i>Rating agency</i>	<i>Rating as of the Launch Date</i>
Moody’s Deutschland GmbH	Aa3 (stable outlook)
S&P Global Ratings Europe Limited	A+ (stable outlook)

Rating agencies usually receive a fee from the companies that they rate. When evaluating our creditworthiness, you should not solely rely on our credit ratings because:

- a credit rating is not a recommendation to buy, sell or hold the CBBCs;
- ratings of companies may involve difficult-to-quantify factors such as market competition, the success or failure of new products and markets and managerial competence;
- a high credit rating is not necessarily indicative of low risk. Our credit ratings as of the Launch Date are for reference only. Any downgrading of our credit ratings could result in a reduction in the value of the CBBCs;
- a credit rating is not an indication of the liquidity or volatility of the CBBCs; and
- a credit rating may be downgraded if our credit quality declines.

### **The CBBCs are not rated.**

The Issuer’s credit ratings are subject to change or withdrawal at any time within each rating agency’s sole discretion. You should conduct your own research using publicly available sources to obtain the latest information with respect to the Issuer’s ratings from time to time.

### **Is the Issuer regulated by the Hong Kong Monetary Authority referred to in Rule 15A.13(2) or the Securities and Futures Commission referred to in Rule 15A.13(3)?**

We are a licensed bank regulated by the Hong Kong Monetary Authority. We are also authorised and regulated by the Financial Market Supervisory Authority in Switzerland, and authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority in the United Kingdom.

### **Is the Issuer subject to any litigation?**

Save as disclosed in the Listing Documents, we and our subsidiaries are not aware of any litigation or claims of material importance pending or threatened against us or them.

### **Has our financial position changed since last financial year-end?**

There has been no material adverse change in our financial or trading position since 31 December 2018.

## PRODUCT SUMMARY STATEMENT

*The CBBCs are listed structured products which involve derivatives. This statement provides you with key information about the CBBCs. You should not invest in the CBBCs based on the information contained in this statement alone. You should read and understand the remaining sections of this document, together with the other Listing Documents, before deciding whether to invest.*

### Overview of the CBBCs

- **What is a CBBC?**

A CBBC linked to the shares of a company is an instrument which tracks the performance of the underlying shares.

The trading price of the CBBCs tends to mirror the movement in the price of the underlying Shares in dollar value.

Similar to a derivative warrant, a CBBC may provide a leveraged return to you. Conversely, such leverage could also magnify your losses.

A bull CBBC is designed for an investor holding a view that the price of the underlying shares will increase during the term of the CBBC.

A bear CBBC is designed for an investor holding a view that the price of the underlying shares will decrease during the term of the CBBC.

- **How do the CBBCs work?**

The CBBCs are European style cash settled callable bull/bear contracts linked to the underlying Shares. Subject to no occurrence of a Mandatory Call Event (see “Mandatory call feature” below), the CBBCs can only be exercised on the Expiry Date.

#### **Mandatory call feature**

A Mandatory Call Event occurs if the Spot Price is at or below (in respect of a series of bull CBBCs) or at or above (in respect of a series of bear CBBCs) the Call Price at any time during a Trading Day in the Observation Period.

The Observation Period commences from the Observation Commencement Date to the Trading Day immediately preceding the Expiry Date (both dates inclusive). “**Trading Day**” means any day on which the Stock Exchange is scheduled to open for trading for its regular trading sessions.

Upon the occurrence of a Mandatory Call Event, trading in the CBBCs will be suspended immediately and, subject to the limited circumstances set out in the Conditions in which a Mandatory Call Event may be reversed, the CBBCs will be terminated and all Post MCE Trades will be invalid and will be cancelled and will not be recognised by us or the Stock Exchange. The term “**Post MCE Trades**” means subject to such modification and amendment prescribed by the Stock Exchange from time to time, (a) in the case where the Mandatory Call Event occurs during a continuous trading session, all trades in the CBBCs concluded via auto-matching or manually after the time of the occurrence of a Mandatory Call Event, and (b) in the case where the Mandatory Call Event occurs during a pre-opening session or a closing auction session (if applicable), all auction trades in the CBBCs concluded in such session and all manual trades concluded after the end of the pre-order matching period in such session.

The time at which a Mandatory Call Event occurs will be determined by reference to the Stock Exchange’s automatic order matching and execution system time at which the Spot Price is at or below (in respect of a series of bull CBBCs) or at or above (in respect of a series of bear CBBCs) the Call Price.

#### **Residual Value calculation**

The CBBCs are Category R as the Call Price is different from the Strike Price. Upon the occurrence of a Mandatory Call Event, the holder may be entitled to a cash amount called the “**Residual Value**” net of any Exercise Expenses (as defined under the heading “Exercise Expenses” in the sub-section titled “What are the fees and charges?” below).

The Residual Value will be calculated in accordance with a formula by reference to the lowest Spot Price (in respect of a series of bull CBBCs) or the highest Spot Price (in respect of a series of bear CBBCs) of the underlying Shares in the trading session during which a Mandatory Call Event occurs and in the following session, subject to potential extension as further described in Condition 2.

The Residual Value per Board Lot (if any) payable is calculated as follows:

*In respect of a series of bull CBBCs:*

$$\frac{\text{Entitlement} \times (\text{Minimum Trade Price} - \text{Strike Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

*In respect of a series of bear CBBCs:*

$$\frac{\text{Entitlement} \times (\text{Strike Price} - \text{Maximum Trade Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

Where:

**“Minimum Trade Price”** means, in respect of a series of bull CBBCs, the lowest Spot Price of the underlying Shares (subject to any adjustment to such Spot Price as may be necessary to reflect any event as contemplated in Condition 6 such as capitalisation, rights issue, distribution or the like) during the MCE Valuation Period;

**“Maximum Trade Price”** means, in respect of a series of bear CBBCs, the highest Spot Price of the underlying Shares (subject to any adjustment to such Spot Price as may be necessary to reflect any event as contemplated in Condition 6 such as capitalisation, rights issue, distribution or the like) during the MCE Valuation Period;

**“MCE Valuation Period”** means, subject to any extension (as described in further detail in the Conditions), the period commencing from and including the moment upon which the Mandatory Call Event occurs and up to the end of the following trading session on the Stock Exchange; and

**“Spot Price”** means:

(i) in respect of a continuous trading session of the Stock Exchange, the price per Share concluded by means of automatic order matching on the Stock Exchange as reported in the official real-time dissemination mechanism for the Stock Exchange during such continuous trading session in accordance with the Rules of the Exchange (the **“Trading Rules”**), excluding direct business (as defined in the Trading Rules); and

(ii) in respect of a pre-opening session or a closing auction session (if applicable) of the Stock Exchange (as the case may be), the final Indicative Equilibrium Price (as defined in the Trading Rules) of the Share (if any) calculated at the end of the pre-order matching period of such pre-opening session or closing auction session (if applicable) (as the case may be) in accordance with the Trading Rules, excluding direct business (as defined in the Trading Rules),

subject to such modification and amendment prescribed by the Stock Exchange from time to time.

**If the Residual Value is equal to or less than the Exercise Expenses (if any), you will lose all of your investment.**

#### **At expiry**

If a Mandatory Call Event has not occurred during the Observation Period, the CBBCs will be terminated on the Expiry Date.

A bull CBBC will be automatically exercised at expiry without the need for the holder to deliver an exercise notice if the Closing Price is above the Strike Price. The more the Closing Price is above the Strike Price, the higher the payoff at expiry. If the Closing Price is at or below the Strike Price, you will lose all of your investment in the bull CBBC.

A bear CBBC will be automatically exercised at expiry without the need for the holder to deliver an exercise notice if the Closing Price is below the Strike Price. The more the Closing Price is below the Strike Price, the higher the payoff at expiry. If the Closing Price is at or above the Strike Price, you will lose all of your investment in the bear CBBC.

Upon the automatic exercise of the CBBCs, the holder is entitled to a cash amount called the **“Cash Settlement Amount”** net of any Exercise Expenses (as defined under the heading “Exercise Expenses” in the sub-section titled “What are the fees and charges?” below) according to the terms and conditions in the Listing Documents. **If the Cash Settlement Amount is equal to or less than the Exercise Expenses (if any), you will lose all of your investment in the CBBCs.**

- **Can you sell the CBBCs before the Expiry Date?**

Yes. We have made an application for listing of, and permission to deal in, the CBBCs on the Stock Exchange. All necessary arrangements have been made to enable the CBBCs to be admitted into the Central Clearing and Settlement System (“CCASS”). Issue of the CBBCs is conditional upon listing approval being granted. From the Listing Date up to the Trading Day immediately preceding the Expiry Date (both dates inclusive), you may sell or buy the CBBCs on the Stock Exchange. No application has been made to list the CBBCs on any other stock exchange.

The CBBCs may only be transferred in a Board Lot (or integral multiples thereof). Where a transfer of CBBCs takes place on the Stock Exchange, currently settlement must be made not later than two CCASS Settlement Days after such transfer.

The Liquidity Provider will make a market in the CBBCs by providing bid and/or ask prices. See the section headed “Liquidity” below.

- **What is your maximum loss?**

The maximum loss in the CBBCs will be your entire investment amount plus any transaction costs.

- **What are the factors determining the price of a CBBC?**

The price of a CBBC linked to the shares of a company generally depends on the price of the underlying shares (being the underlying Shares for the CBBCs). However, throughout the term of the CBBCs, the price of the CBBCs will be influenced by a number of factors, including:

- the Strike Price and Call Price of the CBBCs;
- the likelihood of the occurrence of a Mandatory Call Event;
- the probable range of Residual Value (if any) upon the occurrence of a Mandatory Call Event;
- the time remaining to expiry;
- the interim interest rates and expected dividend payments or other distributions on the underlying Shares;
- the supply and demand for the CBBCs;
- the probable range of the Cash Settlement Amount;
- the depth of the market and liquidity of the underlying Shares;
- our related transaction costs; and
- the creditworthiness of the Issuer.

Although the price of the CBBCs tends to mirror the movement in the price of the underlying Shares in dollar value, movements in the price of the CBBCs may not always correspond with the movements in the price of the underlying Shares, especially when the Spot Price is close to the Call Price. It is possible that the price of the CBBCs does not increase as much as the increase (in respect of the bull CBBCs) or decrease (in respect of the bear CBBCs) in the price of the underlying Shares.

#### **Risks of investing in the CBBCs**

You must read the section headed “Key Risk Factors” in this document together with the risk factors set out in our Base Listing Document. You should consider all these factors collectively when making your investment decision.

#### **Liquidity**

- **How to contact the Liquidity Provider for quotes?**

Liquidity Provider:	UBS Securities Hong Kong Limited
Address:	52/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong
Telephone Number:	+ 852 2971 6628

The Liquidity Provider is regulated by the Stock Exchange and the Securities and Futures Commission. It is an affiliate of the Issuer and will act as our agent in providing quotes. You can request a quote by calling the Liquidity Provider at the telephone number above.

- **What is the Liquidity Provider’s maximum response time for a quote?**

The Liquidity Provider will respond within 10 minutes and the quote will be displayed on the Stock Exchange’s designated stock page for the CBBCs.

- **Maximum spread between bid and ask prices: 20 spreads**

- **Minimum quantity for which liquidity will be provided: 20 Board Lots**

- **What are the circumstances under which the Liquidity Provider is not obliged to provide liquidity?**

There will be circumstances under which the Liquidity Provider is not obliged to provide liquidity. Such circumstances include:

- (i) upon the occurrence of a Mandatory Call Event;
- (ii) during the first 5 minutes of each morning trading session or the first 5 minutes after trading commences for the first time on a trading day;
- (iii) during a pre-opening session or a closing auction session (if applicable) or any other circumstances as may be prescribed by the Stock Exchange;
- (iv) when the CBBCs or the underlying Share are suspended from trading for any reason;
- (v) when there are no CBBCs available for market making activities. In such event, the Liquidity Provider shall continue to provide bid prices. CBBCs held by us or any of our affiliates in a fiduciary or agency capacity are not CBBCs available for market making activities;
- (vi) when there are operational and technical problems beyond the control of the Liquidity Provider hindering the ability of the Liquidity Provider to provide liquidity;
- (vii) if the underlying Shares or the stock market experiences exceptional price movement and high volatility over a short period of time which materially affects the Liquidity Provider's ability to source a hedge or unwind an existing hedge; or
- (viii) if the theoretical value of the CBBCs is less than HK\$0.01. If the Liquidity Provider chooses to provide liquidity under this circumstance, both bid and ask prices will be made available.

You should read the sub-section entitled "Possible limited secondary market" under the "Key Risk Factors" section for further information on the key risks when the Liquidity Provider is not able to provide liquidity.

#### **How can you obtain further information?**

- **Information about the underlying Company and the underlying Shares**

You may obtain information on the underlying Shares (including the underlying Company's financial statements) by visiting the Stock Exchange's website at [www.hkex.com.hk](http://www.hkex.com.hk) or (if applicable) the underlying Company's website(s) as follows:

**Underlying Company**  
Alibaba Group Holding Limited

**Website**  
[www.alibabagroup.com](http://www.alibabagroup.com)

- **Information about the CBBCs after issue**

You may visit the Stock Exchange's website at [www.hkex.com.hk/products/securities/callable-bull-bear-contracts?sc\\_lang=en](http://www.hkex.com.hk/products/securities/callable-bull-bear-contracts?sc_lang=en) or our website at [http://warrants.ubs.com/home/html/cbbc\\_e.html](http://warrants.ubs.com/home/html/cbbc_e.html) to obtain information on the CBBCs or any notice given by us or the Stock Exchange in relation to the CBBCs.

- **Information about us**

You should read the section "Updated Information about Us" in this document. You may visit <http://www.ubs.com> to obtain general corporate information about us.

*We have included references to websites in this document to indicate how further information may be obtained. Information appearing on those websites does not form part of the Listing Documents. We accept no responsibility for the accuracy or completeness of the information appearing on those websites. You should conduct your own due diligence (including without limitation web searches) to ensure that you are viewing the most up-to-date information.*

#### What are the fees and charges?

- **Trading Fees and Levies**

The Stock Exchange charges a trading fee of 0.005 per cent. and the Securities and Futures Commission charges a transaction levy of 0.0027 per cent. for each transaction effected on the Stock Exchange payable by each of the seller and the buyer and calculated on the value of the consideration for the CBBCs. The levy for the investor compensation fund is currently suspended.

- **Exercise Expenses**

You are responsible for any Exercise Expenses. Exercise Expenses mean any charges or expenses including any taxes or duties which are incurred in respect of the early termination of the CBBCs upon the occurrence of a Mandatory Call Event or the exercise of the CBBCs at expiry. Any Exercise Expenses will be deducted from the Residual Value or the Cash Settlement Amount payable at expiry (if any, as the case may be). If the Residual Value or the Cash Settlement Amount payable at expiry (as the case may be) is equal to or less than the Exercise Expenses, no amount is payable. As at the date of this document, no Exercise Expenses are payable for cash settled callable bull/bear contracts (including the CBBCs).

- **Stamp Duty**

No stamp duty is currently payable in Hong Kong on transfer of cash settled callable bull/bear contracts (including the CBBCs).

You should note that any transaction cost will reduce your gain or increase your loss under your investment in the CBBCs.

#### What is the legal form of the CBBCs?

Each series of the CBBCs will be represented by a global certificate in the name of HKSCC Nominees Limited that is the only legal owner of the CBBCs. We will not issue definitive certificates for the CBBCs. You may arrange for your broker to hold the CBBCs in a securities account on your behalf, or if you have a CCASS Investor Participant securities account, you may arrange for the CBBCs to be held in such account. You will have to rely on the records of CCASS and/or the statements you receive from your brokers as evidence of your beneficial interest in the CBBCs.

#### Can we adjust the terms or early terminate the CBBCs?

The occurrence of certain events (including, without limitation, a rights issue, bonus issue or cash distribution by the Company, a subdivision or consolidation of the underlying Share or a restructuring event affecting the Company) may entitle us to adjust the terms and conditions of the CBBCs. However, we are not obliged to adjust the terms and conditions of the CBBCs for every event that affects the underlying Shares.

We may early terminate the CBBCs if it becomes illegal or impracticable for us (i) to perform our obligations under the CBBCs as a result of a change in law event, or (ii) to maintain our hedging arrangement with respect to the CBBCs due to a change in law event. In such event, the amount payable by us (if any) will be the fair market value of the CBBCs less our cost of unwinding any related hedging arrangements as determined by us, which may be substantially less than your initial investment and may be zero.

Please refer to Conditions 3, 6 and 13 for details about adjustments or early termination events. Such events may negatively affect your investment and you may suffer a loss.

#### Mode of settlement for the CBBCs

Subject to early termination upon the occurrence of a Mandatory Call Event, the CBBCs will be automatically exercised on the Expiry Date in integral multiples of the Board Lot if the Cash Settlement Amount is positive. If the Cash Settlement Amount is zero or negative, or is equal to or less than the Exercise Expenses, you will lose all of your investment.

Upon the occurrence of a Mandatory Call Event, the CBBCs will be early terminated and the holder is entitled to the Residual Value (if any) net of any Exercise Expenses.

We will deliver a cash amount in the Settlement Currency equal to the Residual Value or the Cash Settlement Amount payable at expiry net of any Exercise Expenses (if any) no later than the Settlement Date to HKSCC Nominees Limited (as the registered holder of the CBBCs), which will then distribute such amount to the securities account of your broker (and if applicable, its custodian) or to your CCASS Investor Participant securities account (as the case may be). You may have to rely on your broker (and if applicable, its custodian) to ensure that the Residual Value or the Cash Settlement Amount payable at expiry (if any) is credited to your account maintained with your broker. Once we make the payment to HKSCC Nominees Limited, who operates CCASS, you will have no further right against us for that payment, even if CCASS or your broker (and if applicable, its custodian) does not transfer your share of payment to you, or is late in making such payment transfer.

Payment of the Residual Value or the Cash Settlement Amount payable at expiry (if any) may be delayed if a Settlement Disruption Event occurs on the Settlement Date, as a result of which we are unable to deliver such amount through CCASS on such day. See Condition 4(G) for further information.



**Where can you inspect the relevant documents of the CBBCs?**

The following documents are available for inspection during usual business hours on any weekday (Saturdays, Sundays and holidays excepted) until the Expiry Date at 52/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong:

- each of the Listing Documents (in separate English and Chinese versions), including:
  - this document
  - our Base Listing Document
  - the addendum to the Base Listing Document dated 21 November 2019
- our latest audited consolidated financial statements and any interim or quarterly financial statements;
- the consent letter of our Auditors; and
- the instrument executed by us on 10 April 2006.

The Listing Documents are also available on the website of the HKEX at [www.hkexnews.hk](http://www.hkexnews.hk) and our website at [http://warrants.ubs.com/home/html/cbbc\\_e.html](http://warrants.ubs.com/home/html/cbbc_e.html).

各上市文件亦可於香港交易所披露易網站([www.hkexnews.hk](http://www.hkexnews.hk)) 以及本公司網站 [http://warrants.ubs.com/home/html/cbbc\\_c.html](http://warrants.ubs.com/home/html/cbbc_c.html) 瀏覽。

**Are there any dealings in the CBBCs before the Listing Date?**

It is possible that there may have been dealings in the CBBCs before the Listing Date. If there are any dealings in the CBBCs by us or any of our subsidiaries or associated companies from the Launch Date prior to the Listing Date, we will report those dealings to the Stock Exchange by the Listing Date and such report will be released on the website of the Stock Exchange.

**Have the auditors consented to the inclusion of their report to the Listing Documents?**

Our auditors (“**Auditors**”) have given and have not since withdrawn their written consent to the inclusion of their report dated 14 March 2019 and/or the references to their name in our Base Listing Document, in the form and context in which they are included. Their report was not prepared exclusively for incorporation into our Base Listing Document. The Auditors do not own any of our shares or shares in any member of our group, nor do they have the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities or securities of any member of our group.

**Authorisation of the CBBCs**

The issue of the CBBCs was authorised by our board of directors on 19 September 2001.

**Selling restrictions**

The CBBCs have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), and will not be offered, sold, delivered or traded, at any time, indirectly or directly, in the United States or to, or for the account or benefit of, any U.S. person (as defined in the Securities Act).

The offer or transfer of the CBBCs is also subject to the selling restrictions specified in our Base Listing Document.

**Capitalised terms and inconsistency**

Unless otherwise specified, capitalised terms used in this document have the meanings set out in the Conditions. If this document is inconsistent with our Base Listing Document, this document shall prevail.

## KEY RISK FACTORS

You must read these key risk factors together with the risk factors set out in our Base Listing Document. These key risk factors do not necessarily cover all risks related to the CBBCs. If you have any concerns or doubts about the CBBCs, you should obtain independent professional advice.

### Non-collateralised structured products

The CBBCs are not secured on any of our assets or any collateral.

### Credit risk

If you invest in the CBBCs, you are relying on our creditworthiness and of no other person. If we become insolvent or default on our obligations under the CBBCs, you can only claim as our unsecured creditor regardless of the performance of the underlying Shares and may not be able to recover all or even part of the amount due under the CBBCs (if any). You have no rights under the terms of the CBBCs against the Company.

### Resolution and recovery regime

We, UBS AG, are incorporated in Switzerland. Under the Swiss Banking Act, the Swiss Financial Market Supervisory Authority FINMA is able to exercise broad statutory powers with respect to Swiss banks and Swiss parent companies of financial groups, such as UBS AG and UBS Group AG (i.e. our holding company), if there is justified concern that the entity is over-indebted, has serious liquidity problems or, after the expiration of any relevant deadline, no longer fulfils capital adequacy requirements. These powers include powers to (i) transfer all or some of our liabilities under the CBBCs to another entity and (ii) convert into equity or write down our liabilities under the CBBCs. The exercise of any resolution power by the relevant resolution authorities in respect of UBS AG could materially adversely affect the value of, or your potential return under, the CBBCs. In the worst case scenario, you may get nothing back and you could lose all of your investment.

### Financial Institutions (Resolution) Ordinance

The Financial Institutions (Resolution) Ordinance (Cap. 628, the Laws of Hong Kong) (the “FIRO”) was enacted by the Legislative Council of Hong Kong in June 2016. The FIRO (except Part 8, section 192 and Division 10 of Part 15 thereof) came into operation on 7 July 2017.

The FIRO provides a regime for the orderly resolution of financial institutions with a view to avoiding or mitigating the risks otherwise posed by their non-viability to the stability and effective working of the financial system of Hong Kong, including the continued performance of critical financial functions. The FIRO seeks to provide the relevant resolution authorities with a range of powers to bring about timely and orderly resolution in order to stabilise and secure continuity for a failing authorised institution in Hong Kong. In particular, it is envisaged that subject to certain safeguards, the relevant resolution authority would be provided with powers to affect contractual and property rights as well as payments (including in respect of any priority of payment) that creditors would receive in resolution, including but not limited to powers to write off, or convert into equity, all or a part of the liabilities of the failing financial institution.

As an authorised institution regulated by the Hong Kong Monetary Authority, we are subject to and bound by the FIRO. The exercise of any resolution power by the relevant resolution authority under the FIRO in respect of us may have a material adverse effect on the value of the CBBCs, and as a result, you may not be able to recover all or any amount due under the CBBCs.

### CBBCs are not principal protected and may become worthless

Given the gearing effect inherent in the CBBCs, a small change in the price of the underlying Shares may lead to a substantial price movement in the CBBCs.

Unlike stocks, the CBBCs have a limited life and will be early terminated upon the occurrence of a Mandatory Call Event or expire on the Expiry Date. In the worst case, the CBBCs may be early terminated or expire with no value and you will lose all of your investment. The CBBCs may only be suitable for experienced investors who are willing to accept the risk that they may lose all their investment.

### The CBBCs can be volatile

Prices of the CBBCs may rise or fall rapidly. You should carefully consider, among other things, the following factors before dealing in the CBBCs:

- (i) the Strike Price and Call Price of the CBBCs;
- (ii) the likelihood of the occurrence of a Mandatory Call Event;
- (iii) the probable range of Residual Value (if any) upon the occurrence of a Mandatory Call Event;
- (iv) the time remaining to expiry;
- (v) the interim interest rates and expected dividend payments or other distributions on the underlying Shares;
- (vi) the supply and demand for the CBBCs;
- (vii) the probable range of the Cash Settlement Amount;
- (viii) the depth of the market and liquidity of the underlying Shares;
- (ix) the related transaction cost (including the Exercise Expenses, if any); and
- (x) the creditworthiness of the Issuer.

The value of the CBBCs may not correspond with the movements in the price of the underlying Shares. If you buy the CBBCs with a view to hedge against your exposure to the underlying Shares, it is possible that you could suffer loss in your investment in the underlying Shares and the CBBCs.

**In particular, you should note that when the Spot Price of the underlying Shares is close to the Call Price, the trading price of the CBBCs will be more volatile. The change in the trading price of the CBBCs may not be comparable and may be disproportionate with the change in the price of the underlying Shares. In such case, a small change in the price of the underlying Shares may lead to a substantial price movement in the CBBCs.**

### You may lose your entire investment when a Mandatory Call Event occurs

Unlike warrants, CBBCs has a mandatory call feature and trading in the CBBCs will be suspended when the Spot Price reaches the Call Price (subject to the circumstances in which a Mandatory Call Event will be reversed as set out in the sub-section titled “Mandatory Call Event is irrevocable” below). No investors can sell the CBBCs after the occurrence of a Mandatory Call Event. Even if the price of the underlying Shares bounces back in the right direction, the CBBCs which have been terminated as a result of the Mandatory Call Event will not be revived and investors will not be able to profit from the bounce-back. Investors may receive a Residual Value after the occurrence of a Mandatory Call Event but such amount may be zero.

**Mandatory Call Event is irrevocable**

A Mandatory Call Event is irrevocable unless it is triggered as a result of any of the following events:

- (i) report of system malfunction or other technical errors of HKEX (such as the setting up of wrong Call Price or other parameters) by the Stock Exchange to us; or
- (ii) report of manifest errors caused by the relevant third party price source where applicable by us to the Stock Exchange,

and we agree with the Stock Exchange that such Mandatory Call Event is to be revoked provided that such mutual agreement must be reached no later than 30 minutes before the commencement of trading (including the pre-opening session) (Hong Kong time) on the Trading Day of the Stock Exchange immediately following the day on which the Mandatory Call Event occurs, or such other time as prescribed by the Stock Exchange from time to time.

In such case, the Mandatory Call Event so triggered will be reversed and all trades cancelled (if any) will be reinstated and the trading of the CBBCs will resume.

**Delay in Mandatory Call Event notification**

We will notify the market as soon as reasonably practicable after the occurrence of a Mandatory Call Event. You should be aware that there may be a delay in our announcement of a Mandatory Call Event due to technical errors, system failures and other factors that are beyond the reasonable control of the Stock Exchange and us.

**Non-Recognition of Post MCE Trades**

The Stock Exchange and its recognised exchange controller, HKEX, will not incur any liability (whether based on contract, tort, (including, without limitation, negligence), or any other legal or equitable grounds and without regard to the circumstances giving rise to any purported claim except in the case of wilful misconduct on the part of the Stock Exchange and/or HKEX) for, any direct, consequential, special, indirect, economic, punitive, exemplary or any other loss or damage suffered or incurred by us or any other party arising from or in connection with the Mandatory Call Event or the suspension of trading (“**Trading Suspension**”) or the non-recognition of trades after a Mandatory Call Event (“**Non-Recognition of Post MCE Trades**”), including without limitation, any delay, failure, mistake or error in the Trading Suspension or Non-Recognition of Post MCE Trades.

We and our affiliates shall not have any responsibility for any losses suffered as a result of the Trading Suspension and/or Non-Recognition of Post MCE Trades in connection with the occurrence of a Mandatory Call Event, notwithstanding that such Trading Suspension or Non-Recognition of Post MCE Trades may have occurred as a result of an error in the observation of the event.

**Fluctuation in the Funding Cost**

The Issue Price of the CBBCs is set by reference to the difference between the initial reference spot price of the underlying Shares and the Strike Price, plus the applicable Funding Cost as of the Launch Date. The initial Funding Cost applicable to the CBBCs is specified in the section headed “Key Terms” in this document. It will fluctuate throughout the life of the CBBCs as the funding rate may change from time to time. The funding rate is a rate determined by us based on one or more of the following factors, including but not limited to the Strike Price, the prevailing interest rate, the expected life of the CBBCs, any expected notional dividends in respect of the underlying Shares and the margin financing provided by us.

**Residual Value will not include residual Funding Cost**

The Residual Value (if any) payable by us following the occurrence of a Mandatory Call Event will not include the residual Funding Cost for the CBBCs. When a Mandatory Call Event occurs, the investors will lose the Funding Cost for the full period.

**Our hedging activities**

Our trading and/or hedging activities or those of our related parties related to the CBBCs and/or other financial instruments issued by us from time to time may have an impact on the price of the underlying Shares and may trigger a Mandatory Call Event.

In particular, when the Spot Price of the underlying Shares is close to the Call Price, our unwinding activities in relation to the underlying Shares may cause a fall or rise (as the case may be) in the price of the underlying Shares leading to a Mandatory Call Event as a result of such unwinding activities.

Before the occurrence of a Mandatory Call Event, we or our related party may unwind our hedging transactions relating to the CBBCs in proportion to the amount of the CBBCs we repurchase from the market from time to time. Upon the occurrence of a Mandatory Call Event, we or our related party may unwind any hedging transactions relating to the CBBCs. Such unwinding activities after the occurrence of a Mandatory Call Event may affect the price of the underlying Shares and consequently the Residual Value for the CBBCs.

**Time decay**

All other factors being equal, the value of a CBBC is likely to decrease over time. Therefore, the CBBCs should not be viewed as a product for long term investments.

**Not the same as investing in the underlying Shares**

Investing in the CBBCs is not the same as investing in the underlying Share. You have no rights in the underlying Share throughout the term of the CBBCs. Changes in the market value of the CBBCs may not correspond with the movements in the price of the underlying Share, especially when the theoretical value of the CBBCs is at HK\$0.01 or below. If you buy the CBBCs with a view to hedge against your exposure to the underlying Share, it is possible that you could suffer loss in your investment in the underlying Share and the CBBCs.

**Possible limited secondary market**

The Liquidity Provider may be the only market participant for the CBBCs and therefore the secondary market for the CBBCs may be limited. The more limited the secondary market, the more difficult it may be for you to realise the value in the CBBCs prior to expiry.

You should also be aware that the Liquidity Provider may not be able to provide liquidity when there are operational and technical problem hindering its ability to do so. Even if the Liquidity Provider is able to provide liquidity in such circumstances, its performance of liquidity provision may be adversely affected. For example:

- (i) the spread between bid and ask prices quoted by the Liquidity Provider may be significantly wider than its normal standard;
- (ii) the quantity for which liquidity will be provided by the Liquidity Provider may be significantly smaller than its normal standard; and/or
- (iii) the Liquidity Provider’s response time for a quote may be significantly longer than its normal standard.

### **Adjustment related risk**

The occurrence of certain events (including, without limitation, a rights issue, bonus issue or cash distribution by the Company, a subdivision or consolidation of the underlying Share and a restructuring event affecting the Company) may entitle us to adjust the terms and conditions of the CBBCs. However, we are not obliged to adjust the terms and conditions of the CBBCs for every event that affects the underlying Shares. Any adjustment or decision not to make any adjustment may adversely affect the value of the CBBCs. Please refer to Conditions 6 and 13 for details about adjustments.

### **Possible early termination**

The CBBCs will lapse and cease to be valid in the event of liquidation of the Company. We may also early terminate the CBBCs if it becomes illegal or impracticable for us (i) to perform our obligations under the CBBCs as a result of a change in law event, or (ii) to maintain our hedging arrangement with respect to the CBBCs due to a change in law event. In such event, the amount payable by us (if any) will be the fair market value of the CBBCs less our cost of unwinding any related hedging arrangements as determined by us, which may be substantially less than your initial investment and may be zero. Please refer to Conditions 3 and 11 for details about our early termination rights.

### **Time lag between early termination or exercise and settlement of the CBBCs**

There is a time lag between the early termination or exercise of the CBBCs and payment of the Residual Value or the Cash Settlement Amount payable at expiry net of Exercise Expenses (if any). There may be delays in the electronic settlement or payment through CCASS.

### **Suspension of trading**

If trading in the underlying Shares is suspended on the Stock Exchange, trading in the CBBCs will be suspended for a similar period. In such case, the price of the CBBCs may be subject to a significant impact of time decay due to such suspension and may fluctuate significantly upon resumption of trading, which may adversely affect your investment.

### **Conflict of interest**

We and our subsidiaries and affiliates engage in a wide range of commercial and investment banking, brokerage, funds management, hedging, investment and other activities and may possess material information about the Company and/or the underlying Shares or issue or update research reports on the Company and/or the underlying Shares. Such activities, information and/or research reports may involve or affect the Company and/or the underlying Shares and may cause consequences adverse to you or otherwise create conflicts of interests in connection with the issue of the CBBCs. We have no obligation to disclose such information and may issue research reports and engage in any such activities without regard to the issue of the CBBCs.

In the ordinary course of our business, we and our subsidiaries and affiliates may effect transactions for our own account or for the account of our customers and may enter into one or more transactions with respect to the Company and/or the underlying Shares or related derivatives. This may indirectly affect your interests.

### **No direct contractual rights**

The CBBCs are issued in global registered form and are held within CCASS. You will not receive any definitive certificate and your name will not be recorded in the register of the CBBCs. The evidence of your interest in the CBBCs, and the efficiency of the ultimate payment of the Residual Value or the Cash Settlement Amount payable at expiry net of Exercise Expenses (if any), are subject to the CCASS Rules. You will have to rely on your broker (or, if applicable, its direct or indirect custodians) and the statements you receive from it as evidence of your interest in the CBBCs. You do not have any direct contractual rights against us. To assert your rights as an investor in the CBBCs, you will have to rely on your broker (and, if applicable, its direct or indirect custodian) to take action on your behalf. If your broker or, if applicable, its direct or indirect custodian:

- (i) fails to take action in accordance with your instructions;
- (ii) becomes insolvent; or
- (iii) defaults on its obligations,

you will need to take action against your broker in accordance with the terms of arrangement between you and your broker to establish your interest in the CBBCs first before you can assert your right of claim against us. You may experience difficulties in taking such legal proceedings. This is a complicated area of law and you should seek independent legal advice for further information.

### **The Listing Documents should not be relied upon as the sole basis for your investment decision**

The Listing Documents do not take into account your investment objectives, financial situation or particular needs. Nothing in the Listing Documents should be construed as a recommendation by us or our affiliates to invest in the CBBCs or the underlying Shares.

### **New listing of shares on the Stock Exchange**

The underlying Shares were listed on the Stock Exchange on 26 November 2019. Following the listing of the underlying Shares on the Stock Exchange, there is no guarantee that an active trading market for the underlying Shares will develop or, if such a market does develop, liquidity of that market. Also, during the initial period of listing, the price and trading volume of the underlying Shares may be highly volatile subject to the market sentiment, and may be more volatile than would generally be expected for shares that have a longer trading history. As a result, the price and the liquidity of the CBBCs may be affected, and the return on your investment may be adversely affected.

Although the American depositary shares of the Company (each of which representing eight Shares) (“ADS”) have been listed and traded on the New York Stock Exchange (“NYSE”) since 19 September 2014, the trading price or liquidity of the ADS on the NYSE might not be indicative of those of the Shares on the Stock Exchange. You should not solely rely on the trading history of the ADS on the NYSE in analysing the trading price or liquidity of the Shares on the Stock Exchange.

Fluctuations in the price of the ADS on the NYSE due to circumstances peculiar to the United States capital markets could materially and adversely affect the price of the Shares. As a result, the price and liquidity of the CBBCs may be affected, and the return on your investment may be adversely affected.

**Stabilization of newly listed shares**

The stabilizing manager (the “**Stabilizing Manager**”) in respect of the initial public offering of the Company (the “**IPO**”) might have effected transactions to stabilize or maintain the market price of the Shares during the stabilizing period, which ended on 20 December 2019. However, there was no obligation on the Stabilizing Manager (or any person acting for it) to conduct any such stabilizing action. Any stabilizing action taken by the Stabilizing Manager (or any person acting for it) may not necessarily result in the market price of the Shares staying at or above the IPO offer price either during or after the stabilizing period.

As a result of such stabilizing activities, the price of the Shares may be higher than the price that otherwise may exist in the open market. However, the Stabilizing Manager (or any person acting for it) is not permitted to support the price of the Shares for longer than the stabilizing period. As a result, demand for the Shares, and their market price, may fall after the end of the stabilizing period. The price of the bull CBBCs may decline as a result.

Besides, the Stabilizing Manager (or any person acting for it) may maintain a long position in the Shares as a result of such stabilizing action. The period for which such long position will be maintained is uncertain. In the event that the Stabilizing Manager liquidates such long position by making sales in the open market, this may lead to a decline in the market price of the Shares, which may result in a decline in the price of the bull CBBCs.

## **Updated Information about Us**

- 1 Our holding company, UBS Group AG, released its fourth quarter 2019 results for the quarterly period ended on 31 December 2019 on 21 January 2020. You may visit the website <https://www.ubs.com/global/en/investor-relations/financial-information/quarterly-reporting.html> to access UBS Group AG's fourth quarter 2019 results. Please refer to Annex A of this document for the extract of UBS Group AG's fourth quarter 2019 report.
- 2 Please refer to Annex B of this document for the updated corporate information about UBS AG and UBS Group AG.

## **ANNEX A**

The information set out after this page has been extracted without adjustment from UBS Group AG's fourth quarter 2019 report. Page references in the following extract refer to pages in such report.

## Comparison between UBS Group AG consolidated and UBS AG consolidated

	As of or for the quarter ended 31.12.19		
	UBS Group AG consolidated	UBS AG consolidated	Difference (absolute)
<i>USD million, except where indicated</i>			
<b>Income statement</b>			
Operating income	7,052	7,145	(93)
Operating expenses	6,124	6,332	(207)
Operating profit / (loss) before tax	928	814	114
of which: Global Wealth Management	766	754	12
of which: Personal & Corporate Banking	310	311	(1)
of which: Asset Management	180	180	0
of which: Investment Bank	(22)	(18)	(4)
of which: Corporate Center	(306)	(413)	107
Net profit / (loss)	727	628	100
of which: net profit / (loss) attributable to shareholders	722	622	100
of which: net profit / (loss) attributable to non-controlling interests	6	6	0
<b>Statement of comprehensive income</b>			
Other comprehensive income	(2,295)	(1,475)	(819)
of which: attributable to shareholders	(2,299)	(1,479)	(819)
of which: attributable to non-controlling interests	4	4	0
Total comprehensive income	(1,567)	(847)	(720)
of which: attributable to shareholders	(1,577)	(857)	(720)
of which: attributable to non-controlling interests	10	10	0
<b>Balance sheet</b>			
Total assets	972,183	971,916	267
Total liabilities	917,476	917,988	(512)
Total equity	54,707	53,928	779
of which: equity attributable to shareholders	54,533	53,754	779
of which: equity attributable to non-controlling interests	174	174	0
<b>Capital information</b>			
Common equity tier 1 capital	35,582	35,280	302
Going concern capital	51,888	47,237	4,650
Risk-weighted assets	259,208	257,831	1,376
Common equity tier 1 capital ratio (%)	13.7	13.7	0.0
Going concern capital ratio (%)	20.0	18.3	1.7
Total loss-absorbing capacity ratio (%)	34.6	33.9	0.7
Leverage ratio denominator	911,325	911,232	94
Common equity tier 1 leverage ratio (%)	3.90	3.87	0.03
Going concern leverage ratio (%)	5.7	5.2	0.5
Total loss-absorbing capacity leverage ratio (%)	9.8	9.6	0.2



As of or for the quarter ended 30.9.19			As of or for the quarter ended 31.12.18		
UBS Group AG consolidated	UBS AG consolidated	Difference (absolute)	UBS Group AG consolidated	UBS AG consolidated	Difference (absolute)
7,088	7,187	(100)	6,972	7,083	(111)
5,743	5,942	(199)	6,492	6,667	(176)
1,345	1,245	100	481	416	65
894	877	17	327	316	11
354	354	0	644	645	(1)
124	124	0	106	105	1
172	165	7	(78)	(79)	1
(200)	(275)	75	(518)	(571)	53
1,051	969	82	315	273	42
1,049	967	82	315	272	42
1	1	0	1	1	0
2,095	1,274	821	893	895	(2)
2,101	1,280	821	892	894	(2)
(6)	(6)	0	1	1	0
3,146	2,243	903	1,208	1,168	41
3,151	2,248	903	1,207	1,166	41
(5)	(5)	0	2	2	0
973,118	972,048	1,071	958,489	958,055	434
916,768	917,271	(503)	905,386	905,624	(238)
56,351	54,776	1,574	53,103	52,432	671
56,187	54,613	1,574	52,928	52,256	671
163	163	0	176	176	0
34,673	35,211	(538)	34,119	34,608	(489)
50,702	46,895	3,807	46,279	42,413	3,865
264,626	263,777	849	263,747	262,840	907
13.1	13.3	(0.2)	12.9	13.2	(0.2)
19.2	17.8	1.4	17.5	16.1	1.4
33.3	32.9	0.4	31.7	31.3	0.5
901,914	901,926	(11)	904,598	904,458	140
3.84	3.90	(0.06)	3.77	3.83	(0.05)
5.6	5.2	0.4	5.1	4.7	0.4
9.8	9.6	0.2	9.3	9.1	0.2

## UBS AG consolidated key figures

	As of or for the quarter ended			As of or for the year ended	
USD million, except where indicated	31.12.19	30.9.19	31.12.18	31.12.19	31.12.18
<b>Results</b>					
Operating income	7,145	7,187	7,083	29,307	30,642
Operating expenses	6,332	5,942	6,667	24,138	25,184
Operating profit / (loss) before tax	814	1,245	416	5,169	5,458
Net profit / (loss) attributable to shareholders	622	967	272	3,965	4,107
<b>Profitability and growth<sup>1</sup></b>					
Return on equity (%) <sup>2</sup>	4.6	7.2	2.1	7.4	7.9
Return on tangible equity (%) <sup>3</sup>	5.2	8.3	2.4	8.5	9.1
Return on common equity tier 1 capital (%) <sup>4</sup>	7.1	10.9	3.1	11.3	11.9
Return on risk-weighted assets, gross (%) <sup>5</sup>	11.0	11.0	11.0	11.2	12.0
Return on leverage ratio denominator, gross (%) <sup>5</sup>	3.2	3.2	3.1	3.2	3.4
Cost / income ratio (%) <sup>6</sup>	88.5	82.2	93.4	82.1	81.9
Net profit growth (%) <sup>7</sup>	128.4	(15.3)		(3.4)	441.9
<b>Resources</b>					
Total assets	971,916	972,048	958,055	971,916	958,055
Equity attributable to shareholders	53,754	54,613	52,256	53,754	52,256
Common equity tier 1 capital <sup>8</sup>	35,280	35,211	34,608	35,280	34,608
Risk-weighted assets <sup>8</sup>	257,831	263,777	262,840	257,831	262,840
Common equity tier 1 capital ratio (%) <sup>8</sup>	13.7	13.3	13.2	13.7	13.2
Going concern capital ratio (%) <sup>8</sup>	18.3	17.8	16.1	18.3	16.1
Total loss-absorbing capacity ratio (%) <sup>8</sup>	33.9	32.9	31.3	33.9	31.3
Leverage ratio denominator <sup>9</sup>	911,232	901,926	904,458	911,232	904,458
Common equity tier 1 leverage ratio (%) <sup>8</sup>	3.87	3.90	3.83	3.87	3.83
Going concern leverage ratio (%) <sup>8</sup>	5.2	5.2	4.7	5.2	4.7
Total loss-absorbing capacity leverage ratio (%) <sup>8</sup>	9.6	9.6	9.1	9.6	9.1
<b>Other</b>					
Invested assets (USD billion) <sup>9</sup>	3,607	3,422	3,101	3,607	3,101
Personnel (full-time equivalents) <sup>10</sup>	47,033	47,180	47,643	47,033	47,643

<sup>1</sup> Refer to the "Performance targets and measurement" section of our Annual Report 2018 for more information about our performance targets. <sup>2</sup> Calculated as net profit attributable to shareholders (annualized as applicable) divided by average equity attributable to shareholders. <sup>3</sup> Calculated as net profit attributable to shareholders (annualized as applicable) divided by average equity attributable to shareholders less average goodwill and intangible assets. Effective 1 January 2019, the definition of the numerator for return on tangible equity has been revised to align with numerators for return on equity and return on common equity tier 1 capital; i.e., we no longer adjust for amortization and impairment of goodwill and intangible assets. Prior periods have been restated. <sup>4</sup> Calculated as net profit attributable to shareholders (annualized as applicable) divided by average common equity tier 1 capital. <sup>5</sup> Calculated as operating income before credit loss expense or recovery (annualized as applicable) divided by average risk-weighted assets and average leverage ratio denominator, respectively. <sup>6</sup> Calculated as operating expenses divided by operating income before credit loss expense or recovery. <sup>7</sup> Calculated as change in net profit attributable to shareholders from continuing operations between current and comparison periods divided by net profit attributable to shareholders from continuing operations of comparison period. <sup>8</sup> Based on the Swiss systemically relevant bank framework as of 1 January 2020. Refer to the "Capital management" section of this report for more information. <sup>9</sup> Includes invested assets for Global Wealth Management, Asset Management and Personal & Corporate Banking. <sup>10</sup> As of 31 December 2019, the breakdown of personnel by business division and Corporate Center was: Global Wealth Management: 22,633; Personal & Corporate Banking: 5,064; Asset Management: 2,220; Investment Bank: 4,974; Corporate Center: 12,142.

## **ANNEX B**

The information set out after this page shall replace the section headed “Information in relation to us” on pages 14-17 of our Base Listing Document in its entirety.

## **1. Overview**

UBS AG with its subsidiaries (together, “**UBS AG consolidated**”, or “**UBS AG Group**”; together with UBS Group AG, which is the holding company of UBS AG, and its subsidiaries, “**UBS Group**”, “**Group**”, “**UBS**” or “**UBS Group AG consolidated**”) provides financial advice and solutions to private, institutional and corporate clients worldwide, as well as private clients in Switzerland. The operational structure of the Group is comprised of the Corporate Center and four business divisions: Global Wealth Management, Personal & Corporate Banking, Asset Management and the Investment Bank. UBS's strategy is centered on its global wealth management business and its personal and corporate banking business in Switzerland, complemented by its focused investment bank and global asset manager.

## **2. Information about the Issuer**

### **2.1. Corporate Information**

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

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

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

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

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

## **2.2. UBS's borrowing and funding structure and financing of UBS's activities**

For information on UBS's expected financing of its business activities, please refer to "Balance sheet, liquidity and funding management" in the "Treasury management" section of the UBS Group AG and UBS AG Annual Report 2018 published on 15 March 2019 ("**Annual Report 2018**").

## **3. Business Overview**

### **3.1. Organisational Structure of UBS AG**

UBS AG is a Swiss bank and the parent company of the UBS AG Group. It is 100% owned by UBS Group AG, which is the holding company of the UBS Group. UBS operates as a group with four business divisions and a Corporate Center.

In 2014, UBS began adapting its legal entity structure to improve the resolvability of the Group in response to too big to fail requirements in Switzerland and recovery and resolution regulation in other countries in which the Group operates. In December 2014, UBS Group AG became the holding company of the Group.

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

UBS Business Solutions AG, a wholly owned subsidiary of UBS Group AG, was established in 2015 and acts as the Group service company. In 2017, UBS's shared services functions in Switzerland and the United Kingdom ("UK") were transferred from UBS AG to UBS Business Solutions AG. UBS also completed the transfer of shared services functions in the US to its US service company, UBS Business Solutions US LLC, a wholly owned subsidiary of UBS Americas Holding LLC.

In March 2019, UBS Limited, UBS's UK headquartered subsidiary, was merged into UBS Europe SE prior to the UK's then scheduled departure from the European Union ("EU"). Former clients and other counterparties of UBS Limited who can be serviced by UBS AG's London Branch were migrated to UBS AG's London Branch prior to the merger.

UBS continues to consider further changes to the Group's legal structure in response to regulatory requirements and other external developments. Such changes may include further consolidation of operating subsidiaries in the EU and adjustments to the booking entity or location of products and services.

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

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### **3.2. Recent Developments**

#### *Business and strategic developments*

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

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

##### *Strategic partnership with Banco do Brasil*

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

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

### Strategic partnership with Sumitomo Mitsui Trust Holdings

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

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

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

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

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

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

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

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

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

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

### Swiss investor protection rules entered into force

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

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

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

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

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

### Final BEAT tax regulations issued

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

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

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



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

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

Refer to the “*Recent developments*” section of the UBS fourth quarter 2019 report published on 21 January 2020 (“**Fourth Quarter 2019 Report**”), as well as to the “*Regulatory and legal developments*” in the “*Our strategy, business model and environment*” section of the Annual Report 2018 for further information on key accounting, regulatory and legal developments.

### **3.3. Trend Information**

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

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

## **4. Board of Directors**

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

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

#### 4.1. Members of the Board of Directors

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

Member	Title	Term of office	Current principal activities outside UBS AG
Axel A. Weber	Chairman	2020	Chairman of the Board of Directors of UBS Group AG; board member of the Swiss Bankers Association; Trustees Board member of Avenir Suisse; Advisory Board member of the “Beirat Zukunft Finanzplatz”; board member of the Swiss Finance Council; Chairman of the board of the Institute of International Finance; member of the European Financial Services Round Table; member of the European Banking Group; member of the International Advisory Councils of the China Banking and Insurance Regulatory Commission and the China Securities Regulatory Commission; member of the International Advisory Panel, Monetary Authority of Singapore; member of the Group of Thirty, Washington, D.C.; Chairman of the Board of Trustees of DIW Berlin; Advisory Board member of the Department of Economics, University of Zurich; member of the Trilateral Commission.
David Sidwell	Vice Chairman	2020	Vice Chairman and Senior Independent Director of the Board of Directors of UBS Group AG; Senior Advisor at Oliver Wyman, New York; board member of Chubb Limited; board member of GAVI Alliance; Chairman of the Board of Village Care, New York.
Jeremy Anderson	Member	2020	Member of the Board of Directors of UBS Group AG; trustee of the UK's Productivity Leadership Group; trustee of Kingham Hill Trust; trustee of St. Helen Bishopsgate.
William C. Dudley	Member	2020	Member of the Board of Directors of UBS Group AG; senior research scholar at the Griswold Center for Economic Policy Studies at Princeton University; member of the Group of Thirty; member of the Council on Foreign Relations; member of the Bretton Woods Committee's Advisory Council.
Reto Francioni	Member	2020	Member of the Board of Directors of UBS Group AG; professor at the University of Basel; board member of Coca-Cola HBC AG (Senior Independent Non-Executive Director); Chairman of the board of Swiss International Air Lines AG; board member of MedTech Innovation Partners AG; executive director and member of my TAMAR GmbH.

Member	Title	Term of office	Current principal activities outside UBS AG
Fred Hu	Member	2020	Member of the Board of Directors of UBS Group AG; non-executive chairman of the board of Yum China Holdings; board member of Industrial and Commercial Bank of China; board member of Hong Kong Exchanges and Clearing Ltd.; founder and chairman of Primavera Capital Group; board member of China Asset Management; board member of Minsheng Financial Leasing Co.; trustee of the China Medical Board; Governor of the Chinese International School; co-chairman of the Nature Conservancy Asia Pacific Council; director and member of the Executive Committee of China Venture Capital and Private Equity Association Ltd.; Global Advisory Board member of the Council on Foreign Relations.
Julie G. Richardson	Member	2020	Member of the Board of Directors of UBS Group AG; board member of The Hartford Financial Services Group, Inc. (chairman of the audit committee); board member of Yext (chairman of the audit committee); board member of Vereit, Inc. (chairman of the compensation committee); board member of Datalog.
Isabelle Romy	Member	2020	Member of the Board of Directors of UBS Group AG; partner and board member at Froriep Legal AG; professor at the University of Fribourg and at the Federal Institute of Technology, Lausanne; board member of Central Real Estate Holding AG (Zurich); board member of Central Real Estate Basel AG; Vice Chairman of the Sanction Commission of SIX Swiss Exchange; member of the Fundraising Committee of the Swiss National Committee for UNICEF; Supervisory Board member of the CAS program Financial Regulation of the University of Bern and University of Geneva.
Robert W. Scully	Member	2020	Member of the Board of Directors of UBS Group AG; board member of Chubb Limited (chairperson of the audit committee); board member of Zoetis Inc.; board member of KKR & Co Inc.; board member of Teach For All.
Beatrice Weder di Mauro	Member	2020	Member of the Board of Directors of UBS Group AG; Research Professor and Distinguished Fellow at INSEAD in Singapore; Supervisory Board member of Robert Bosch GmbH; board member of Bombardier Inc.; member of the Foundation Board of the International Center for Monetary and Banking Studies (ICMB).

Member	Title	Term of office	Current principal activities outside UBS AG
Dieter Wemmer	Member	2020	Member of the Board of Directors of UBS Group AG; board member of Ørsted A/S; member of the Berlin Center of Corporate Governance.
Jeanette Wong	Member	2020	Member of the Board of Directors of UBS Group AG; board member of Essilor International and EssilorLuxottica; board member of Jurong Town Corporation; board member of PSA International; board member of FPMC Holdings Pte. Ltd.; board member of Fullerton Fund Management Company Ltd.; member of the NUS Business School Management Advisory Board; member of the Global Advisory Board, Asia, University of Chicago Booth School of Business; member of the Securities Industry Council.

## 5. Litigation, Regulatory and Similar Matters

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

Such matters are subject to many uncertainties, and the outcome and the timing of resolution are often difficult to predict, particularly in the earlier stages of a case. There are also situations where UBS may enter into a settlement agreement. This may occur in order to avoid the expense, management distraction or reputational implications of continuing to contest liability, even for those matters for which UBS believes it should be exonerated. The uncertainties inherent in all such matters affect the amount and timing of any potential outflows for both matters with respect to which provisions have been established and other contingent liabilities. UBS makes provisions for such matters brought against it when, in the opinion of management after seeking legal advice, it is more likely than not that UBS has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required, and the amount can be reliably estimated. Where these factors are otherwise satisfied, a provision may be established for claims that have not yet been asserted against UBS, but are nevertheless expected to be, based on UBS's experience with similar asserted claims. If any of those conditions is not met, such matters result in contingent liabilities. If the amount of an obligation cannot be reliably estimated, a liability exists that is not recognized even if an outflow of resources is probable. Accordingly, no provision is established even if the potential outflow of resources with respect to such matters could be significant. Developments relating to a matter that occur after the relevant reporting period, but prior to the issuance of financial statements, which affect management's assessment of the provision for such matter (because, for example, the developments provide evidence of conditions that existed at the end of the reporting period), are adjusting events after the reporting period under IAS 10 and must be recognized in the financial statements for the reporting period.

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

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

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

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

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

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

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

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

<sup>1</sup> Provisions, if any, for matters described in this section are recorded in Global Wealth Management (item C, item D and item G) and Corporate Center (item B). Provisions, if any, for the matters described in items A and F of this section are allocated between Global Wealth Management and Personal & Corporate Banking, and provisions, if any, for the matters described in this section in item E are allocated between the Investment Bank and Corporate Center.

**A. *Inquiries regarding cross-border wealth management businesses***

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

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

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

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

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

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

UBS's balance sheet at 31 December 2019 reflected provisions with respect to matters described in this item A 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.

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

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

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

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

*Lawsuits related to contractual representations and warranties concerning mortgages and RMBS:* When UBS acted as an RMBS sponsor or mortgage seller, it generally made certain representations relating to the characteristics of the underlying loans. In the event of a material breach of these representations, UBS was in certain circumstances contractually obligated to repurchase the loans to which the representations related or to indemnify certain parties against losses. In 2012, certain RMBS trusts filed an action in the US District Court for the Southern District of New York seeking to enforce UBS RESI’s obligation to repurchase loans in the collateral pools for three RMBS securitizations issued and underwritten by UBS with an original principal balance of approximately USD 2 billion. In July 2018, UBS and the trustee entered into an agreement under which UBS will pay USD 850 million to resolve this matter. A significant portion of this amount will be borne by other parties that indemnified UBS. In January 2020 the settlement was approved by the court. Proceedings to determine how the settlement funds will be distributed to RMBS holders are ongoing. After giving effect to this settlement, UBS considers claims relating to substantially all loan repurchase demands to be resolved and believes that new demands to repurchase US residential mortgage loans are time-barred under a decision rendered by the New York Court of Appeals.

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

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



C. *Madoff*

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

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

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

In the US, the BMIS Trustee filed claims against UBS entities, among others, in relation to the two Luxembourg funds and one of the offshore funds. The total amount claimed against all defendants in these actions was not less than USD 2 billion. In 2014, the US Supreme Court rejected the BMIS Trustee’s motion for leave to appeal decisions dismissing all claims except those for the recovery of approximately USD 125 million of payments alleged to be fraudulent conveyances and preference payments. In 2016, the bankruptcy court dismissed these claims against the UBS entities. The BMIS Trustee appealed. In February 2019, the Court of Appeals reversed the dismissal of the BMIS Trustee’s remaining claims. In August 2019, the defendants, including UBS, filed a petition to the US Supreme Court requesting that it review the Court of Appeals’ decision. The bankruptcy proceedings have been stayed pending a decision with respect to that petition.

D. *Puerto Rico*

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

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

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

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

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

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

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

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

E. *Foreign exchange, LIBOR and benchmark rates, and other trading practices*

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

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

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

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

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

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

*USD LIBOR class and individual actions in the US:* In 2013 and 2015, the district court in the USD LIBOR actions dismissed, in whole or in part, certain plaintiffs' antitrust claims, federal racketeering claims, CEA claims, and state common law claims. Although the Second Circuit vacated the district court's judgment dismissing antitrust claims, the district court again dismissed antitrust claims against UBS in 2016. Certain plaintiffs have appealed that decision to the Second Circuit. Separately, in 2018, the Second Circuit reversed in part the district court's 2015 decision dismissing certain individual plaintiffs' claims and certain of these actions are now proceeding. UBS entered into an agreement in 2016 with representatives of a class of bondholders to settle their USD LIBOR class action. The agreement has received preliminary court approval and remains subject to final approval. In 2018, the district court denied plaintiffs' motions for class certification in the USD class actions for claims pending against UBS, and plaintiffs sought permission to appeal that ruling to the Second Circuit. In July 2018, the Second Circuit denied the petition to appeal of the class of USD lenders and in November 2018 denied the petition of the USD exchange class. In December 2019, UBS entered into an agreement with representatives of the class of USD lenders to settle their USD LIBOR class action. The agreement is subject to approval by the court. In January 2019, a putative class action was filed in the District Court for the Southern District of New York against UBS and numerous other banks on behalf of US residents who, since 1 February 2014, directly transacted with a defendant bank in USD LIBOR instruments. The complaint asserts antitrust claims. The defendants moved to dismiss the complaint on 30 August 2019.

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

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

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

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

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

*F. Swiss retrocessions*

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

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

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

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

*G. Securities transaction pricing and disclosure*

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

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

**5.1. Material Contracts**

No material contracts have been entered into outside of the ordinary course of UBS AG's or UBS AG Group's business, which could result in any member of the UBS AG Group being under an obligation or entitlement that is material to UBS AG's ability to meet its obligations to the investors in relation to the issued securities.

**5.2. Significant Changes in the Financial or Trading Position and Performance; Material Adverse Change in Prospects**

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

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

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