

Supplement No. 3 pursuant to the Financial Instruments Trading Act (SFS 1991:980) chapter 2 section 34

dated 29 April 2015 to the Base Prospectus of UBS AG, [London] [Jersey] [Branch], dated 23 June 2014,

in relation to Certificates, Notes or Warrants.

The Base Prospectus was approved and registered by the Swedish Financial Supervisory Authority ("**SFSA**"). Registration number at the SFSA is 14-8082. This Supplement is a part of the Base Prospectus and shall be read in conjunction with the Base Prospectus.

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

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

This Supplement No. 3 was approved by the SFSA on 29 April 2015. This Supplement was published by UBS AG on 29 April 2015. Registration number at the SFSA is 15-5970.

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

Publication of the annual report of UBS Group AG and UBS AG as per 31 December 2014 on 13 March 2015 and change of the outlook of Moody's long-term senior debt rating on 17 March 2015.

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

The attention of the investors is in particular drawn to the following: Investors who have already agreed to purchase or subscribe for the Notes, Certificates, or Warrants, as the case may be, before this supplement is published have, pursuant to the Financial Instruments Trading Act (SFS 1991:980) chapter 2 section 34, the right, exercisable within a time limit of two working days after the publication of this supplement, to withdraw their acceptances, provided that the new circumstances or the incorrectness causing the supplement occurred before the closing of the public offering and before the delivery of the securities. This means that the last day to withdrawal is before close of business on 4 May 2015. A withdrawal, if any, of an order must be communicated in writing to the Issuer at its registered office specified in the address list hereof.

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

In the section headed "A. Risk Factors" the following changes shall be made:

The section headed "1. Issuer specific Risks" is completely replaced by the following text:

"Investing in the debt or derivative securities of the Issuer involves certain issuer-specific risks. Investments in debt or derivative securities of the Issuer should not be made until all these risk factors have been acknowledged and carefully considered. When making decisions relating to investments in the debt or derivative securities of the Issuer, potential investors should consider following risks factors in respect of the Issuer, which may affect the Issuer's ability to fulfil its obligations under its debt or derivative securities and, if necessary, consult their legal, tax, financial or other advisor.

Prospective investors in any debt or derivative securities of the Issuer should read the entire Base Prospectus and the relevant summary and securities note, base prospectus or other prospectus, either incorporating information from this Base Prospectus by reference, containing disclosure on certain debt or derivative securities (and where appropriate, the relevant summary note applicable to the relevant debt or derivative securities).

As a global financial services provider, the business activities of UBS AG ("Issuer") with its subsidiaries (together, "UBS AG Group" and together with UBS Group AG, the holding company of UBS AG, "UBS Group", or "Group" or "UBS") are affected by certain risks, including those described below, which may impact UBS's ability to execute its strategy and affect its business activities, financial condition, results of operations and prospects. Because the business of a broad-based international financial services firm such as UBS is inherently exposed to risks that become apparent only with the benefit of hindsight, risks of which UBS is not presently aware or which UBS currently does not consider to be material could also impact UBS's ability to execute its strategy and affect its business activities, financial condition, results of operations and prospects. The order of presentation of the risk factors below does not indicate the likelihood of their occurrence or the potential magnitude of their consequences.

General insolvency risk

Each investor bears the general risk that the financial situation of the Issuer could deteriorate. The Securities constitute immediate, unsecured and unsubordinated obligations of the Issuer, which, in particular in the case of insolvency of the Issuer, rank *pari passu* with each other and all other current and future unsecured and unsubordinated obligations of the Issuer, with the exception of those that have priority due to mandatory statutory provisions. The obligations of the Issuer created by the Securities are not secured by a system of deposit guarantees or a compensation scheme. In case of an insolvency of the Issuer, Securityholders may, consequently, suffer a **total loss** of their investment in the Securities.

Effect of downgrading of the Issuer's rating

The general assessment of the Issuer's creditworthiness may affect the value of the Securities. This assessment generally depends on the ratings assigned to the Issuer or its affiliated companies by rating agencies such as Standard & Poor's Credit Market Services Europe Limited, Fitch Ratings Limited and Moody's Investors Service, Inc. As a result, any downgrading of the Issuer's rating by a rating agency may have a negative impact on the value of the Securities.

Fluctuation in foreign exchange rates and continuing low or negative interest rates may have a detrimental effect on UBS's capital strength, UBS's liquidity and funding position, and UBS's profitability

On 15 January 2015, the Swiss National Bank (SNB) discontinued the minimum targeted exchange rate for the Swiss franc versus the euro, which had been in place since September 2011. At the same time, the SNB lowered the interest rate on deposit account balances at the SNB that exceed a given exemption threshold by 50 basis points to negative 0.75%. It also moved the target range for three-month LIBOR to between negative 1.25% and negative 0.25%, (previously negative 0.75% to positive 0.25%). These decisions resulted in an immediate, considerable strengthening of the Swiss franc against the euro, US dollar, British pound, Japanese yen and several other currencies, as well as a reduction in Swiss franc interest rates. The longer-term rate of the Swiss franc against these other currencies is not certain, nor is the future direction of Swiss franc interest rates. Several other central banks have likewise adopted a negative-interest-rate policy.

A significant portion of the equity of UBS's foreign operations is denominated in US dollars, euros, British pounds and other foreign currencies.

Similarly, a significant portion of UBS's Basel III risk-weighted assets (RWA) are denominated in US dollars, euros, British pounds and other foreign currencies. Group Asset and Liability Management (Group ALM) is mandated with the task of minimizing adverse effects from changes in currency rates on UBS's capital ratios. The Group Asset and Liability Management Committee, a committee of the UBS Group Executive Board, can adjust the currency mix in capital, within limits set by the Board of Directors, to balance the effect of foreign exchange movements on the fully applied CET1 capital and total capital ratio. As a result, the proportion of RWA denominated in foreign currencies outweighs the capital in these currencies, and any further significant appreciation of the Swiss franc against these currencies would be expected to benefit our Basel III capital ratios, while a depreciation of the Swiss franc would be expected to have a detrimental effect.

The portion of UBS's operating income denominated in non-Swiss franc currencies is greater than the portion of operating expenses denominated in non-Swiss franc currencies. Therefore, appreciation of the Swiss franc against other currencies generally has an adverse effect on UBS's earnings in the absence of any mitigating actions.

In addition to the estimated effects from changes in foreign currency exchange rates, UBS's equity and capital are affected by changes in interest rates. In particular, the calculation of UBS's net defined benefit assets and liabilities is sensitive to the discount rate applied. Any further reduction in interest rates would lower the discount rates and result in an increase in pension plan deficits due to the long duration of corresponding liabilities. This would lead to a corresponding reduction in UBS's equity and fully applied CET1 capital. Also, a continuing low or negative interest rate environment would have an adverse effect on the re-pricing of UBS's assets and liabilities, and would significantly impact the net interest income generated from UBS's wealth management and retail and corporate businesses. The low or negative interest rate environment may affect customer behavior and hence the overall balance sheet structure. Any mitigating actions that we may take to counteract these effects, such as the introduction of selective de-posit fees or minimum lending rates, could result in the loss of customer deposits, a key source of our funding, and / or a declining market share in our domestic lending portfolio.

Furthermore, the stronger Swiss franc may have a negative impact on the Swiss economy, which, given its reliance on exports, could impact some of the counterparties within UBS's

domestic lending portfolio and lead to an increase in the level of credit loss expenses in future periods.

Regulatory and legal changes may adversely affect the Group's business and ability to execute its strategic plans

Fundamental changes in the laws and regulations affecting financial institutions can have a material and adverse effect on the Group's business. In the wake of the 2007–2009 financial crisis and the following instability in global financial markets, regulators and legislators have proposed, have adopted, or are actively considering, a wide range of changes to these laws and regulations. These measures are generally designed to address the perceived causes of the crisis and to limit the systemic risks posed by major financial institutions. They include the following:

- significantly higher regulatory capital requirements;
- changes in the definition and calculation of regulatory capital;
- changes in the calculation of risk-weighted assets (“RWA”), including potential requirements to calculate or disclose RWA using less risk-sensitive “standardized approaches” rather than the internal models approach the Group currently use as required by FINMA under the Basel III framework;
- changes in the calculation of the leverage ratio or the introduction of a more demanding leverage ratio;
- new or significantly enhanced liquidity requirements;
- requirements to maintain liquidity and capital in jurisdictions in which activities are conducted and booked;
- limitations on principal trading and other activities;
- new licensing, registration and compliance regimes;
- limitations on risk concentrations and maximum levels of risk;
- taxes and government levies that would effectively limit balance sheet growth or reduce the profitability of trading and other activities;
- cross-border market access restrictions;
- a variety of measures constraining, taxing or imposing additional requirements relating to compensation;
- adoption of new liquidation regimes intended to prioritize the preservation of systemically significant functions;
- requirements to maintain loss-absorbing capital or debt instruments subject to write down as part of recovery measures or a resolution of the Group or a Group company, including requirements for subsidiaries to maintain such instruments;
- requirements to adopt structural and other changes designed to reduce systemic risk and to make major financial institutions easier to manage, restructure, disassemble or

liquidate, including ring-fencing certain activities and operations within separate legal entities; and

- requirements to adopt risk and other governance structures at a local jurisdiction level.

Many of these measures have been adopted and their implementation has had a material effect on the Group's business. Others will be implemented over the next several years; some are subject to legislative action or to further rulemaking by regulatory authorities before final implementation. As a result, there remains a high level of uncertainty regarding a number of the measures referred to above, including whether (or the form in which) they will be adopted, the timing and content of implementing regulations and interpretations and/or the dates of their effectiveness. The implementation of such measures and further, more restrictive changes may materially affect the Group's business and ability to execute its strategic plans.

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

Regulatory and legislative changes in Switzerland

Swiss regulatory changes have generally proceeded more quickly in capital, liquidity and other areas than those in other major jurisdictions, and FINMA, the Swiss National Bank ("SNB") and the Swiss Federal Council are implementing requirements that are significantly more onerous and restrictive for major Swiss banks, such as , than those adopted or proposed by regulatory authorities in other major global financial centers. In December 2014, a group of senior experts representing the private sector, authorities and academia (the "**Brunetti group**") appointed by the Swiss Federal Council published recommendations on, among other things, safeguarding systemic stability and "too-big-to-fail" ("**TBTF**"), including with respect to the calculation of RWA, higher leverage ratio and withdrawing regulatory waivers at the level of the entity holding systemically relevant functions. The Brunetti group's work on the TBTF regime served as the basis for the Swiss Federal Council's review report on the Swiss TBTF law that was presented to the Swiss parliament in February 2015. In its report, the Swiss Federal Council confirmed the findings of the Brunetti group and mandated the Federal Department of Finance to set up a working group with representatives of FINMA and SNB that is expected to submit proposals to the Swiss government by the end of 2015. This may result in further changes to the Swiss TBTF and regulatory regime.

Capital regulation: A revised banking ordinance and capital adequacy ordinance implementing the Basel III capital standards and the Swiss TBTF law became effective on 1 January 2013. As a systemically relevant Swiss bank, the Group is subject to base capital requirements, as well as a "progressive buffer" that scales with the Group's total exposure (a metric that is based on the Group's balance sheet size) and market share in Switzerland. In addition, Swiss governmental authorities have the authority to impose an additional countercyclical buffer capital requirement of up to 2.5% of RWA. This authority has been exercised to impose an additional capital charge of 2% in respect of RWA arising from Swiss residential mortgage loans. FINMA has further required banks using the internal ratings based approach to use a bank-specific multiplier when calculating RWA for owner-occupied

Swiss residential mortgages, which is being phased in through 2019. FINMA has notified us that the RWA increase should be extended to Swiss income producing and commercial real estate from the first quarter of 2015. FINMA also announced that the RWA levels of other asset classes are to be reviewed. We understand these reviews to be in anticipation of the Basel Committee on Banking Supervision (BCBS) expected prudential reforms, for example, the reduction in the variability of capital ratios or capital floors.

In addition, the Group and FINMA have mutually agreed to an incremental operational capital requirement to be held against litigation, regulatory and similar matters and other contingent liabilities, which added CHF 17.5 billion to the Group's RWA as of 31 December 2014. There can be no assurance that the Group will not be subject to increases in capital requirements in the future either from the imposition of additional requirements or changes in the calculation of RWA or other components of the existing minimum capital requirement.

The BCBS has issued far-reaching proposals (i) on revising the standardized approach to credit risk, e.g., by relying less on external credit ratings, reducing the scope of national discretion and strengthening the link between the standardized and the IRB approach, (ii) on mandatory disclosure of RWA based on the standardized approach and (iii) on the design of a capital floor framework. If adopted by the BCBS and implemented into Swiss regulation, implementation of disclosure or capital calculations based on the standardized approach would result in significant implementation costs to UBS. In addition, a capital standard or floor based on the standardized approach would likely be less risk sensitive and would likely result in higher capital requirements.

Liquidity and funding: The Group is required to maintain a Liquidity Coverage Ratio ("LCR") of high-quality liquid assets to estimated stressed short-term funding outflows and will be required to maintain a Net Stable Funding Ratio ("NSFR"), both of which are intended to ensure that the Group is not overly reliant on short-term funding and that it has sufficient long-term funding for illiquid assets.

The Group currently calculates its LCR under supervisory guidance from FINMA. FINMA has issued a circular, which requires the Group to calculate its leverage ratio using new rules that align the leverage ratio denominator with the rules issued by the Bank of International Settlements ("BIS"). The Group will make use of a one-year transition period under which the prior definition may still be used, but the Group must disclose both measures of LCR commencing with the first quarter of 2015.

Neither the international nor Swiss standards for the calculation of NSFR have been fully implemented.

These requirements, together with liquidity requirements imposed by other jurisdictions in which the Group operates, require the Group to maintain substantially higher levels of overall liquidity than was previously the case. Increased capital requirements and higher liquidity requirements make certain lines of business less attractive and may reduce the Group's overall ability to generate profits. The LCR and NSFR calculations make assumptions about the relative likelihood and amount of outflows of funding and available sources of additional funding in a market or firm-specific stress situation. There can be no assurance that in an actual stress situation the Group's funding outflows would not exceed the assumed amounts.

Resolution planning and resolvability: The revised Swiss banking act and capital adequacy ordinances provide FINMA with additional powers to intervene to prevent a failure or

resolve a failing financial institution. These measures may be triggered when certain thresholds are breached and permit the exercise of considerable discretion by FINMA in determining whether, when or in what manner to exercise such powers. In case of a threatened insolvency, FINMA may impose more onerous requirements on the Group, including restrictions on the payment of dividends and interest. Although the actions that FINMA may take in such circumstances are not yet defined, the Group could be required directly or indirectly, for example, to alter its legal structure (e.g. to separate lines of business into dedicated entities, with limitations on intra-group funding and certain guarantees), or to further reduce business risk levels in some manner. The Swiss banking act also provides FINMA with the ability to extinguish or convert to common equity the liabilities of a bank in connection with its resolution.

Swiss TBTF requirements require systemically important banks, including the Group, to put in place viable emergency plans to preserve the operation of systemically important functions despite a failure of the institution, to the extent that such activities are not sufficiently separated in advance. The Swiss TBTF law provides for the possibility of a limited reduction of capital requirements for systemically important institutions that adopt measures to reduce resolvability risk beyond what is legally required. Such actions would likely include an alteration of the legal structure of a bank group in a manner that would insulate parts of the group to exposure from risks arising from other parts of the group thereby making it easier to dispose of certain parts of the group in a recovery scenario, to liquidate or dispose of certain parts of the group in a resolution scenario or to execute a debt bail-in. However, there is no certainty with respect to timing or size of a potential capital rebate.

The Group announced a series of measures to improve the resolvability of the Group:

- In December 2014, UBS Group AG completed an exchange offer for the shares of UBS AG and now holds approximately 97% of the outstanding shares of UBS AG and is the holding company for the Group.
- The Group plans to establish a new banking subsidiary of UBS in Switzerland and filed a formal application for a banking license in the third quarter of 2014. The subsidiary, which will be named UBS Switzerland AG, will include the Group's Retail & Corporate business division and the Swiss-booked business within the Wealth Management business division. The Group expects to implement this change in a phased approach starting in mid-2015.
- In the United Kingdom, in consultation with UK and Swiss regulators, the Group has implemented the first stages of a revised business and operating model for UBS Limited in the second quarter of 2014 with a follow-up phase scheduled for implementation during the second quarter of 2015. This change entails UBS Limited bearing and retaining a greater degree of the risk and reward of its business activities. The Group has increased the capitalization of UBS Limited accordingly.
- In the United States, new rules for foreign banks promulgated by the Federal Reserve System under Sections 165 and 166 of Dodd-Frank will require an intermediate holding company to own all of its operations other than US branches of UBS AG by 1 July 2016. As a result, the Group will designate an intermediate holding company to hold all its US subsidiaries.

The Group may consider further changes to the legal structure of the Group in response to regulatory requirements in Switzerland or in other countries in which it operates, including to further improve the resolvability of the Group, to respond to Swiss and other capital

requirements, and to respond to regulatory required changes in legal structure. Such changes may include the transfer of operating subsidiaries of UBS AG to become direct subsidiaries of UBS Group AG, the transfer of shared service and support functions to service companies and adjustments to booking entity or location of services or products. Structural changes are being discussed on an ongoing basis with FINMA and other regulatory authorities and remain subject to a number of uncertainties that may affect feasibility, scope and timing. Movement of businesses to a new subsidiary ("**subsidiarization**") will require significant time and resources to implement. Subsidiarization in Switzerland and elsewhere may create operational, capital, funding and tax inefficiencies and increase the Group's and counterparties' credit risk. Refer to "Regulatory and legislative changes outside Switzerland" for a description of other regulatory and legislative developments that may affect these decisions and further discussion of these risks. There can be no assurance that the execution of the changes the Group has planned or may implement in the future will result in a material reduction in the progressive capital buffer as permitted under the Swiss TBTF law or that these changes will satisfy existing or future requirements for resolvability or mandatory structural change in banking organizations.

Market regulation: The Swiss government has also held a consultation on proposed regulations that would affect the terms of client relationships, including providing clients of financial intermediaries and consumer groups a right of collective action against a financial intermediary. These laws may, if enacted, have a material impact on the market infrastructure that the Group uses, available platforms, collateral management and the way the Group interacts with clients. In addition, these initiatives may cause the Group to incur material implementation costs.

Regulatory and legislative changes outside Switzerland:

Regulatory and legislative changes in other locations in which the Group operates may subject the Group to a wide range of new restrictions both in individual jurisdictions and, in some cases, globally.

Banking structure and activity limitations: Some of these regulatory and legislative changes may subject UBS to requirements to move activities from UBS AG branches into subsidiaries. Such "subsidiarization" can create operational, capital and tax inefficiencies, increase the Group's aggregate credit exposure to counterparties as they transact with multiple entities within the Group, expose the Group's businesses to higher local capital requirements, and potentially give rise to client and counterparty concerns about the credit quality of individual subsidiaries. Such changes could also negatively affect the Group's funding model and severely limit its booking flexibility.

For example, the Group has significant operations in the UK and currently uses UBS AG's London branch as a global booking center for many types of products. The Group has been required by the Prudential Regulatory Authority ("PRA") and by FINMA to increase very substantially the capitalization of its UK bank subsidiary, UBS Limited, and may be required to change its booking practices to reduce or even eliminate its utilization of UBS AG's London branch as a global booking center for the ongoing business of the Investment Bank. In addition, the UK Independent Commission on Banking has recommended structural and non-structural reforms of the banking sector, most of which have been endorsed by the UK government and implemented in the Financial Services (Banking Reform) Act. Key proposed measures proposed include the ring-fencing of retail banking activities in the UK (which the Group does not expect to affect the Group directly), additional common equity tier 1 capital requirements of up to 3% of RWA for retail banks, and the issuance by UK banks of debt subject to bail-in provisions. Furthermore, the European Commission published its proposal for a "Regulation on bank structural reform" in January 2014. The objectives of the

Regulation center on the reduction of the systemic impact of banks and addressing the too big to fail problem. Proposals include the separation of retail banking activities from the wholesale banking activities together with a ban on proprietary trading and lending to hedge funds and private equity funds. Significant divergence in views on the scope and application of these proposals persists at the EU level with full potential political agreement not likely before early 2016. Issues that remain the subject of debate include how prescriptive to be as to separation requirements and which trading activities entities can and cannot engage in. The applicability and implications of such changes to branches and subsidiaries of foreign banks are also not yet entirely clear, but they could have a material adverse effect on the Group's businesses located or booked in the UK and other EU locations.

In February 2014, the Federal Reserve Board issued final rules for foreign banking organizations ("FBO") operating in the US (under Section 165 of Dodd-Frank) that include the following: (i) a requirement for FBO with more than USD 50 billion of US non-branch assets to establish an intermediate holding company ("IHC") to hold all US subsidiary operations, (ii) risk-based capital and leverage requirements for the IHC, (iii) liquidity requirements, including a 30-day onshore liquidity requirement for the IHC, (iv) risk management requirements including the establishment of a risk committee and the appointment of a US chief risk officer, (v) stress test and capital planning requirements and (vi) a debt-to-equity limit for institutions that pose "a grave threat" to US financial stability. Requirements differ based on the overall size of the foreign banking organization and the amount of its US-based assets. The Group expects that it will be subject to the most stringent requirements based on its current operations. The Group will have to establish an IHC by 1 July 2016 and meet many of the new requirements. The IHC will not need to comply with the US leverage ratio until 1 January 2018.

US regulators published final regulations implementing the Volcker Rule in December 2013 and generally extended until 2015 the time to conform to this rule and the related regulations. In general, the Volcker Rule prohibits any banking entity from engaging in proprietary trading and from owning interests in hedge funds and other private fund vehicles. The Volcker Rule also broadly limits investments and other transactional activities between a bank and funds that the bank has sponsored or with which the bank has certain other relationships. The Volcker Rule permits the Group and other non-US banking entities to engage in certain activities that would otherwise be prohibited to the extent that they are conducted solely outside the US and certain other conditions are met. The Group will be required to establish an extensive global compliance framework to ensure compliance with the Volcker Rule and the available exemptions. Moreover, the Volcker Rule may affect the way in which the Group conducts certain business lines. The Group continues to evaluate the final rule and its impact on its activities. The Volcker Rule could have a substantial impact on market liquidity and the economics of market-making activities.

OTC derivatives regulation: In 2009, the G20 countries committed to require all standardized over-the-counter ("OTC") derivative contracts to be traded on exchanges or trading facilities and cleared through central counterparties by the end of 2012. This commitment is being implemented through Dodd-Frank in the US and corresponding legislation in the European Union, Switzerland and other jurisdictions, and has and will continue to have a significant effect on the Group's OTC derivatives business, which is conducted primarily in the Investment Bank. For example, the Group expects that, as a rule, the shift of OTC derivatives trading to a central clearing model will tend to reduce profit margins in these products, although some market participants may be able to offset this effect with higher trading volumes in commoditized products. Although the Group is preparing for these thematic

market changes, the changes are likely to reduce the revenue potential of certain lines of business for market participants generally, and UBS may be adversely affected.

These mandatory clearing requirements will be supplemented by mandatory requirements to trade such clearable instruments on regulated venues under the forthcoming Markets in Financial Instruments Directive ("MiFID II") and the Markets in Financial Instruments Regulation ("MiFIR"). These two pieces of legislation, together with the more detailed implementing measures, due to take effect in early 2017 have the potential to bring about a major change to many aspects of the way financial services are provided in and into the European Economic Area. All areas of the provision of financial services are impacted across all client types. Some notable areas covered include increased pre- and post-trade transparency, particularly into the area of fixed income products; further restrictions on the provision of inducements; the introduction of a new discretionary trading venue with the aim of regulating broker crossing networks; trading controls for algorithmic trading activities; increased conduct of business requirements and strengthened supervisory powers which include powers for authorities to ban products or services in particular situations. The Group will not know the full effect of this legislation until the details of the implementing legislation and national implementation (where applicable) are completed. The Group expects that this legislation will necessitate changes in business models and procedures in a number of areas. This will likely entail the expenditure of significant time and resources on an ongoing basis and, in common with some other legislative proposals in this area, may also reduce the revenue potential of some of Group's businesses.

UBS AG registered as a swap dealer with the Commodity Futures Trading Commission ("CFTC") in the US at the end of 2012, enabling the continuation of its swaps business with US persons. The Group expects to register UBS AG as a securities-based swap dealer with the SEC, when its registration is required. Regulations issued by the CFTC impose substantial new requirements on registered swap dealers for clearing, trade execution, transaction reporting, recordkeeping, risk management and business conduct. Certain of the CFTC's regulations, including those relating to swap data reporting, recordkeeping, compliance and supervision, apply to UBS AG globally. Application of these requirements to UBS AG's swaps business with non-US persons continues to present a substantial implementation burden, will likely duplicate or conflict with legal requirements applicable to the Group outside the US, including in Switzerland, and may place UBS at a competitive disadvantage to firms that are not CFTC-registered swap dealers.

Regulation of cross-border provision of financial services: In many instances the Group provides services on a cross-border basis. The Group is therefore sensitive to barriers restricting market access for third-country firms. In particular, efforts in the European Union ("EU") to harmonize the regime for third-country firms to access the European market may have the effect of creating new barriers that adversely affect the Group's ability to conduct business in these jurisdictions from Switzerland. In addition, a number of jurisdictions are increasingly regulating cross-border activities on the basis of some notion of comity (e.g. substituted compliance and equivalence determination). While the issuance of such determinations in particular jurisdictions may ensure the Group's access to markets in those jurisdictions, a negative determination in other jurisdictions may negatively influence the Group's ability to act as a global firm. In addition, as jurisdictions tend to apply such determinations on a jurisdictional level rather than on an entity level, the Group will generally need to rely on jurisdictions' willingness to collaborate.

Resolution and recovery; bail-in

The Group is currently required to produce recovery and resolution plans in the US, the UK, Switzerland and Germany and is likely to face similar requirements for its operations in other

jurisdictions, including its operations in the EU as a whole, as part of the proposed EU Bank Recovery and Resolution Directive. Resolution plans may increase the pressure on the Group to make structural changes, such as the creation of separate legal entities, if the resolution plan in any jurisdiction identifies impediments that are not acceptable to the relevant regulators. Such structural changes may negatively impact the Group's ability to benefit from synergies between business units, and if they include the creation of separate legal entities, may have the other negative consequences mentioned above with respect to subsidiarization more generally.

The Financial Stability Board ("FSB") and the BCBS have issued proposed standards on Total Loss-Absorbing Capacity (TLAC) that aims to build up adequate loss-absorbing capacity for global systemically important banks to ensure that an orderly wind-down is possible. The FSB proposes that a minimum Pillar 1 TLAC requirement be set within the range of 16% to 20% of RWA and at least twice the Basel III tier 1 leverage ratio requirement. In addition, a number of jurisdictions, including Switzerland, the US, the UK and the EU, have implemented or are considering implementing changes that would allow resolution authorities to write down or convert into equity unsecured debt to execute a bail-in. The scope of bail-in authority and the legal mechanisms that would be utilized for the purpose are subject to a great deal of development and interpretation. Regulatory requirements to maintain minimum TLAC, including potential requirements to maintain TLAC at subsidiaries, as well as the power of resolution authorities to bail-in TLAC and other debt obligations and uncertainty as to how such powers will be exercised, may increase the total amount and cost of funding for the Group.

Possible consequences of regulatory and legislative developments

Planned and potential regulatory and legislative developments in Switzerland and in other jurisdictions in which the Group has operations may have a material adverse effect on the Group's ability to execute its strategic plans, on the profitability or viability of certain business lines globally or in particular locations, and in some cases on the Group's ability to compete with other financial institutions. The developments have been, and are likely to continue to be, costly to implement and could also have a negative impact on the Group's legal structure or business model, potentially generating capital inefficiencies and affecting the Group's profitability. Finally, the uncertainty related to or the implementation of legislative and regulatory changes may have a negative impact on the Group's relationships with clients and its success in attracting client business.

The Group's capital strength is important in supporting its strategy, client franchise and competitive position

The Group's capital position, as measured by the fully applied common equity tier 1 and total capital ratios under Basel III requirements, is determined by: (i) RWA (credit, non-counterparty related, market and operational risk positions, measured and risk-weighted according to regulatory criteria) and (ii) eligible capital. Both RWA and eligible capital may fluctuate based on a number of factors. RWA are driven by the Group's business activities and by changes in the risk profile of its exposures, as well as regulatory requirements. For instance, substantial market volatility, a widening of credit spreads (a major driver of the Group's value-at-risk), adverse currency movements, increased counterparty risk, a deterioration in the economic environment, or increased operational risk could result in a rise in RWA. The Group's eligible capital would be reduced if the Group experiences net losses or losses through other comprehensive income, as determined for the purpose of the regulatory capital calculation, which may also render it more difficult or more costly for the Group to raise new capital. In addition, eligible capital can be reduced for a number of other reasons, including certain reductions in the ratings of securitization exposures, acquisitions and divestments changing the level of goodwill, adverse currency movements affecting the value of equity, prudential adjustments that may be required due to the valuation

uncertainty associated with certain types of positions, and changes in the value of certain pension fund assets and liabilities or in the interest rate and other assumptions used to calculate the changes in the Group's net defined benefit obligation recognized in other comprehensive income. See "Fluctuation in foreign exchange rates and continuing low or negative interest rates may have a detrimental effect on Group's capital strength, Group's liquidity and funding position, and Group's profitability" Any such increase in RWA or reduction in eligible capital could materially reduce the Group's capital ratios.

Risks captured in the operational risk component of RWA have become increasingly significant as a component of the Group's overall RWA as a result of significant reductions in market and credit risk RWA, as the Group executes its strategy, and increased operational risk charges arising from operational risk events (including charges arising from litigation, regulatory and similar matters). The Group has agreed with FINMA on a supplemental analysis that is used to calculate an incremental operational risk capital charge to be held for litigation, regulatory and similar matters and other contingent liabilities. The incremental RWA calculated based on this supplemental analysis as of 31 December 2014 was CHF 17.5 billion. Future developments in and the ultimate elimination of the incremental RWA attributable to the supplemental analysis will depend on provisions charged to earnings for litigation, regulatory and similar matters and other contingent liabilities and on developments in these matters. There can be no assurance that UBS will be successful in addressing these matters and reducing or eliminating the incremental operational risk component of RWA.

The required levels and calculation of the Group's regulatory capital and the calculation of its RWA are also subject to changes in regulatory requirements or their interpretation, as well as the exercise of regulatory discretion. Changes in the calculation of RWA under Basel III and Swiss requirements (such as the revised treatment of certain securitization exposures under the Basel III framework) have significantly increased the level of the Group's RWA and, therefore, have adversely affected the Group's capital ratios. The Group has achieved substantial reductions in RWA, in part to mitigate the effects of increased capital requirements. Further changes in the calculation of RWA, imposition of additional supplemental RWA charges, or imposition of an RWA floor based on the standardized approach or other methodology could substantially increase the Group's RWA. In addition, the Group may not be successful in pursuing its plans to further reduce RWA, either because the Group is unable to carry out fully the actions it has planned or because other business or regulatory developments or actions to some degree counteract the benefit of its actions.

In addition to the risk-based capital requirements, the Group is subject to a minimum leverage ratio requirement for Swiss systemically relevant banks. The leverage ratio operates separately from the risk-based capital requirements, and, accordingly, under certain circumstances could constrain the Group's business activities even if the Group satisfies other risk-based capital requirements. The Group has achieved substantial reductions in its balance sheet and expects to make further reductions as it winds down its Non-core and Legacy Portfolio positions. These reductions have improved the Group's leverage ratio and contributed to its ability to comply with the more stringent leverage ratio requirements. There is also a risk that the minimum leverage ratio requirement will be increased significantly beyond the levels currently scheduled to come into effect, which would make it more difficult for the Group to satisfy the requirements without adversely affecting certain of its businesses. The leverage ratio is a simple balance sheet measure and therefore limits balance sheet intensive activities, such as lending, more than activities that are less balance sheet intensive.

Changes in international or Swiss requirements for risk-based capital, leverage ratios, LCR or NSFR, including changes in minimum levels, method of calculation or supervisory add-ons could have a material adverse effect on the Group's capital position and its business. Any such changes that are implemented only in Switzerland or more quickly in Switzerland may have an adverse effect on the Group's competitive position compared with institutions regulated under different regimes.

The Group may not be successful in completing its announced strategic plans or in implementing changes in its businesses to meet changing market, regulatory and other conditions

In October 2012, the Group announced a significant acceleration in the implementation of its strategy. The strategy included transforming UBS's Investment Bank to focus it on its traditional strengths, very significantly reducing Basel III RWA and further strengthening the Group's capital position, and significantly reducing costs and improving efficiency. The Group has substantially completed the transformation of its business, but elements remain that are not complete. There continues to be a risk that the Group will not be successful in completing the execution of its plans, that its plans may be delayed, that market events may adversely affect the implementation of the plan or that the effects of its plans may differ from those intended.

The Group has substantially reduced the RWA and balance sheet usage of its Non-core and Legacy Portfolio positions, but there can be no assurance that the Group will continue to be able to exit them as quickly as its plans suggest or that it will not incur significant losses in doing so. The continued illiquidity and complexity of many of the legacy risk positions in particular could make it difficult to sell or otherwise exit these positions and reduce the RWA and the balance sheet usage associated with these exposures. As the size of the Non-core and Legacy Portfolio decreases, achieving a complete exit of particular classes of transactions will be necessary to achieve the reductions of RWA, balance sheet and costs associated with the positions. At the same time, the Group's ability to meet its future capital targets and requirements depends in part on its ability to reduce RWA and balance sheet usage without incurring unacceptable losses.

As part of its strategy, the Group has a program underway to achieve significant incremental cost reductions. The success of the Group's strategy and its ability to reach certain of the targets it has announced depends on the success of the effectiveness and efficiency measures the Group is able to carry out. As is often the case with major effectiveness and efficiency programs, the Group's plans involve significant risks. Included among these are the risks that restructuring costs may be higher and may be recognized sooner than the Group has projected, that the Group may not be able to identify feasible cost reduction opportunities that are also consistent with its business goals and that cost reductions may be realized later or may be less than the Group anticipates. Changes in workforce location or reductions in workforce can lead to charges to the income statement well in advance of the cost savings intended to be achieved through such workforce strategy. For example, under IFRS the Group is required to recognize provisions for real estate lease contracts when the unavoidable costs of meeting the obligations under the contracts are considered to exceed the future economic benefits expected to be received under them. In addition, as the Group implements its effectiveness and efficiency programs, it may experience unintended consequences such as the loss or degradation of capabilities that the Group needs in order to maintain its competitive position and achieve its targeted returns.

The Group is exposed to possible outflows of client assets in its asset-gathering businesses and to changes affecting the profitability of its Wealth Management business division, and the Group may not be successful in implementing the business changes needed to address

them. The Group experienced substantial net outflows of client assets in its wealth management and asset management businesses in 2008 and 2009. The net outflows resulted from a number of different factors, including the Group's substantial losses, the damage to its reputation, the loss of client advisors, difficulty in recruiting qualified client advisors and tax, legal and regulatory developments concerning the Group's cross-border private banking business.

Many of these factors have been successfully addressed. The Group's Wealth Management and Wealth Management Americas business divisions recorded substantial net new money inflows in 2013 and 2014. Long-term changes affecting the cross-border private banking business model will, however, continue to affect client flows in the Wealth Management business division for an extended period of time. One of the important drivers behind the longer-term reduction in the amount of cross-border private banking assets, particularly in Europe but increasingly also in other regions, is the heightened focus of fiscal authorities on cross-border investments. Changes in local tax laws or regulations and their enforcement and the implementation of cross-border tax information exchange regimes, may affect the ability or the willingness of the Group's clients to do business with the Group or the viability of the Group's strategies and business model. For the last three years, the Group has experienced net withdrawals in its Swiss booking center from clients domiciled elsewhere in Europe, in many cases related to the negotiation of tax treaties between Switzerland and other countries.

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

Global Asset Management experienced net outflows of client assets in 2012 and 2013, although it had net inflows for the first three quarters of 2014 and for full year 2014. Further net outflows of client assets could adversely affect the results of this business division.

Material legal and regulatory risks arise in the conduct of the Group's business

The nature of its business subjects the Group to significant regulatory oversight and liability risk. As a global financial services firm operating in more than 50 countries, the Group is subject to many different legal, tax and regulatory regimes. The Group is involved in a variety of claims, disputes, legal proceedings and government investigations. These proceedings expose the Group to substantial monetary damages and legal defense costs, injunctive relief and criminal and civil penalties, in addition to potential regulatory

restrictions on its businesses. The outcome of most of these matters, and their potential effect on the Group's future business or financial results, is extremely difficult to predict.

In December 2012, the Group announced settlements totaling approximately CHF 1.4 billion in fines by and disgorgements to US, UK and Swiss authorities to resolve investigations by those authorities relating to LIBOR and other benchmark interest rates. UBS entered into a non-prosecution agreement with the US Department of Justice ("DOJ") and UBS Securities Japan Co. Ltd. also pled guilty to one count of wire fraud relating to the manipulation of certain benchmark interest rates. The settlements do not resolve investigations by other authorities or civil claims that have been or may in the future be asserted by private and governmental claimants with respect to submissions regarding LIBOR or other benchmark interest rates. The extent of the Group's financial exposure to these remaining matters is extremely difficult to estimate and could be material.

UBS settlements with governmental authorities in connection with LIBOR and benchmark interest rates starkly illustrate the much-increased level of financial and reputational risk now associated with regulatory matters in major jurisdictions. Very large fines and disgorgement amounts were assessed against UBS, and the guilty plea of a Group subsidiary was required, despite the Group's full cooperation with the authorities in the investigations relating to LIBOR and other benchmark interest rates, and despite the Group's receipt of conditional leniency or conditional immunity from antitrust authorities in a number of jurisdictions, including the US and Switzerland. The Group understands that, in determining the consequences to the Group, the authorities considered the fact that it has in the recent past been determined that it has engaged in serious misconduct in several other matters. The heightened risk level was further illustrated by the European Commission ("EC") announcement in December 2013 of fines against other financial institutions related to its Yen Interest Rate Derivatives ("YIRD") investigation. The EC stated that the Group would have been subject to fines of approximately EUR 2.5 billion had the Group not received full immunity for disclosing to the EC the existence of infringements relating to YIRD. Recent resolution of enforcement matters involving other financial institutions further illustrates the continued increase in the financial and other penalties, reputational risk and other consequences of regulatory matters in major jurisdictions, particularly the US, and the resulting difficulty in predicting in this environment the financial and other terms of resolutions of pending government investigations and similar proceedings. In 2014, Credit Suisse AG (CS) and BNP Paribas (BNPP) each pleaded guilty to criminal charges in the United States and simultaneously entered into settlements with other US agencies, including the Federal Reserve and the New York Department of Financial Services (DFS). These resolutions involved the payment of substantial penalties (USD 1.8 billion in the case of CS and USD 8.8 billion in the case of BNPP), agreements with respect to future operation of their businesses and actions with respect to relevant personnel. In the case of BNPP, the DFS suspended for a one-year period BNPP's ability to conduct through its New York branch business activity related to the business line that gave rise to the illegal conduct, namely US dollar clearing for specified BNPP business units. In addition, the US Department of Justice (DOJ) has announced a series of resolutions related to the conduct of major financial institutions in packaging, marketing, issuing and selling residential mortgage-backed securities. In these resolutions, financial institutions have been required to pay penalties ranging from USD 7 to USD 16.7 billion and, in many cases, were also required to provide relief to consumers who were harmed by the relevant conduct.

UBS continues to be subject to a large number of claims, disputes, legal proceedings and government investigations, including the matters described in the notes to the financial statements included herein, and expects that its ongoing business activities will continue to give rise to such matters in the future. The extent of UBS's financial exposure to these and

other matters is material and could substantially exceed the level of provisions that UBS has established for litigation, regulatory and similar matters. UBS is not able to predict the financial and other terms on which some of these matters may be resolved. Litigation, regulatory and similar matters may also result in non-monetary penalties and consequences. Among other things, the non-prosecution agreement UBS entered into with the DOJ in connection with LIBOR (the "NPA") may be terminated by the DOJ if the Group commits any US crime or otherwise fails to comply with the NPA and the DOJ may obtain a criminal conviction of UBS AG in relation to the matters covered by the NPA. A guilty plea to, or conviction of, a crime (including as a result of termination of the NPA) could have material consequences for UBS. Resolution of regulatory proceedings may require us 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.

In connection with discussions of a possible resolution of investigations relating to the Group's foreign exchange business with the Antitrust and Criminal Division of the DOJ, UBS and the DOJ have extended the term of the NPA by one year to 18 December 2015. As a result of this history and UBS's ongoing obligations under the NPA, the Group's level of risk with respect to regulatory enforcement may be greater than that of some of its peer institutions.

At this point in time, the Group believes that the industry continues to operate in an environment where charges associated with litigation, regulatory and similar matters will remain elevated for the foreseeable future and the Group continues to be exposed to a number of significant claims and regulatory matters.

Ever since its losses in 2007 and 2008, the Group has been subject to a very high level of regulatory scrutiny and to certain regulatory measures that constrain its strategic flexibility. While the Group believes that it has remediated the deficiencies that led to the material losses during the 2007–2009 financial crisis, the unauthorized trading incident announced in September 2011, the LIBOR-related settlements of 2012 and settlements with some regulators of matters related to the Group's foreign exchange and precious metals business, the resulting effects of these matters on its reputation and relationships with regulatory authorities have proven to be more difficult to overcome. For example, following the unauthorized trading incident, FINMA placed restrictions (since removed) on acquisitions or business expansions in its Investment Bank unit. The Group is determined to address the issues that have arisen in the above and other matters in a thorough and constructive manner. The Group is in active dialogue with its regulators concerning the actions that it is taking to improve its operational risk management and control framework, but there can be no assurance that its efforts will have the desired effects.

Operational risks may affect UBS's business

The Group's businesses are dependent on the Group's ability to process a large number of complex transactions across multiple and diverse markets in different currencies, to comply with requirements of many different legal and regulatory regimes to which the Group is subject and to prevent, or promptly detect and stop, unauthorized, fictitious or fraudulent transactions. The Group's operational risk management and control systems and processes are designed to help ensure that the risks associated with its activities, including those arising from process error, failed execution, misconduct, unauthorized trading, fraud, system failures, financial crime, cyber-attacks, breaches of information security and failure of security and physical protection, are appropriately controlled.

For example, cyber-crime is a fast growing threat to large organizations that rely on technology to support their business. Cyber-crime can range from internet-based attacks that interfere with the organizations' internet websites, to more sophisticated crimes that target the organizations, as well as their clients, and seek to gain unauthorized access to technology systems in efforts to disrupt business, steal money or obtain sensitive information.

A major focus of US governmental policy relating to financial institutions in recent years has been fighting money laundering and terrorist financing. Regulations applicable to UBS impose obligations to maintain effective policies, procedures and controls to detect, prevent and report money laundering and terrorist financing, and to verify the identity of their clients. Failure to maintain and implement adequate programs to combat money laundering and terrorist financing could have serious consequences, both from legal enforcement action and from damage to the Group's reputation.

Although the Group seeks to continuously adapt its capability to detect and respond to the risks described above, if its internal controls fail or prove ineffective in identifying and remedying these risks, the Group could suffer operational failures that might result in material losses, such as the loss from the unauthorized trading incident announced in September 2011.

Participation in high-volume and high-frequency trading activities, even in the execution of client-driven business, can also expose the Group to operational risks. The Group's loss in 2012 relating to the Facebook initial public offering illustrates the exposure participants in these activities have to unexpected results arising not only from their own systems and processes but also from the behavior of exchanges, clearing systems and other third parties and from the performance of third-party systems.

The Group's wealth and asset management businesses operate in an environment of increasing regulatory scrutiny and changing standards. Legislation and regulators have changed and are likely to continue to change fiduciary and other standards of care for asset managers and advisers and have increased focus on mitigating or eliminating conflicts of interest between a manager or adviser and the client. These changes have and likely will continue to present regulatory and operational risks if not implemented effectively across the global systems and processes of investment managers and other industry participants. If the Group fails to effectively implement controls to ensure full compliance with new, rising standards in the wealth and asset management industry, it could be subject to additional fines and sanctions as a result. These could have an impact on the Group's ability to operate or grow its wealth and asset management businesses in line with its strategy.

Certain types of operational control weaknesses and failures could also adversely affect the Group's ability to prepare and publish accurate and timely financial reports. Following the unauthorized trading incident announced in September 2011, management determined that the Group had a material weakness in its internal control over financial reporting as of the end of 2010 and 2011, although this did not affect the reliability of the Group's financial statements for either year.

In addition, despite the contingency plans the Group has in place, its ability to conduct business may be adversely affected by a disruption in the infrastructure that supports its businesses and the communities in which the Group is located. This may include a disruption due to natural disasters, pandemics, civil unrest, war or terrorism and involve electrical,

communications, transportation or other services used by the Group or third parties with whom the Group conducts business.

The Group's reputation is critical to the success of its business

The Group's reputation is critical to the success of the Group's strategic plans. Damage to its reputation can have fundamental negative effects on the Group's business and prospects. Reputational damage is difficult to reverse, and improvements tend to be slow and difficult to measure. This was demonstrated in recent years, as the Group's very large losses during the financial crisis, the US cross-border matter (relating to the governmental inquiries and investigations relating to the Group's cross-border private banking services to US private clients during the years 2000–2007 and the settlements entered into with US authorities with respect to this matter) and other events seriously damaged the Group's reputation. Reputational damage was an important factor in the Group's loss of clients and client assets across the Group's asset-gathering businesses, and contributed to its loss of and difficulty in attracting staff, in 2008 and 2009. These developments had short-term and also more lasting adverse effects on the Group's financial performance, and the Group recognized that restoring its reputation would be essential to maintaining its relationships with clients, investors, regulators and the general public, as well as with its employees. More recently, the unauthorized trading incident announced in September 2011 and the Group's involvement in the LIBOR matter and investigations relating to the Group's foreign exchange and precious metals business have also adversely affected the Group's reputation. Any further reputational damage could have a material adverse effect on the Group's operational results and financial condition and on its ability to achieve the Group's strategic goals and financial targets.

Performance in the financial services industry is affected by market conditions and the macroeconomic climate

The financial services industry prospers in conditions of economic growth, stable geopolitical conditions; transparent, liquid and buoyant capital markets and positive investor sentiment. An economic downturn, continued low interest rates or weak or stagnant economic growth in the Group's core markets, or a severe financial crisis can negatively affect the Group's revenues and ultimately its capital base.

A market downturn and weak macroeconomic conditions can be precipitated by a number of factors, including geopolitical events, changes in monetary or fiscal policy, trade imbalances, natural disasters, pandemics, civil unrest, war or terrorism. Because financial markets are global and highly interconnected, even local and regional events can have widespread impact well beyond the countries in which they occur. A crisis could develop, regionally or globally, as a result of disruptions in emerging markets as well as developed markets that are susceptible to macroeconomic and political developments, or as a result of the failure of a major market participant. The Group has material exposures to a number of these markets, both as a wealth manager and as an investment bank. Moreover, the Group's strategic plans depend more heavily upon its ability to generate growth and revenue in emerging markets, causing the Group to be more exposed to the risks associated with them. The continued absence of sustained and credible improvements to unresolved issues in Europe, continued US fiscal and monetary policy issues, emerging markets fragility and the mixed outlook for global growth demonstrate that macroeconomic and political developments can have unpredictable and destabilizing effects. Adverse developments of these kinds have affected the Group's businesses in a number of ways, and may continue to have further adverse effects on the Group's businesses as follows:

- a general reduction in business activity and market volumes, as the Group has recently experienced, affects fees, commissions and margins; local or regional

economic factors, such as the ongoing European sovereign debt concerns and negative interest rates, could also have an effect on the Group;

- a market downturn is likely to reduce the volume and valuations of assets the Group manages on behalf of clients, reducing its asset and performance-based fees;
- the ongoing low interest rate environment will further erode interest margins in several of the Group's businesses and adversely affect the UBS's net defined benefit obligations in relation to its pension plans;
- negative interest rates announced by central banks in Switzerland or elsewhere may also affect client behavior and changes to the Group's deposit and lending pricing and structure that the Group may make to respond to negative interest rates and client behavior may cause deposit outflows, reduced business volumes or otherwise adversely affect the Group's businesses;
- reduced market liquidity or volatility limits trading and arbitrage opportunities and impedes the Group's ability to manage risks, impacting both trading income and performance-based fees;
- deteriorating market conditions could cause a decline in the value of assets that the Group owns and accounts for as investments or trading positions;
- worsening economic conditions and adverse market developments could lead to impairments and defaults on credit exposures and on the Group's trading and investment positions, and losses may be exacerbated by declines in the value of collateral the Group holds; and
- if individual countries impose restrictions on cross-border payments or other exchange or capital controls, or change their currency (for example, if one or more countries should leave the euro), the Group could suffer losses from enforced default by counterparties, be unable to access its own assets, or be impeded in, or prevented from, managing its risks.

Because the Group has very substantial exposures to other major financial institutions, the failure of one or more such institutions could have a material effect on the Group.

The developments mentioned above have in the past affected and could materially affect the performance of the business units and of the Group as a whole, and ultimately its financial condition. There are related risks that, as a result of the factors listed above, carrying value of goodwill of a business unit might suffer impairments, deferred tax asset levels may need to be adjusted or the Group's capital position or regulatory capital ratios could be adversely affected.

The Group holds legacy and other risk positions that may be adversely affected by conditions in the financial markets; legacy risk positions may be difficult to liquidate

The Group, like other financial market participants, was severely affected by the financial crisis that began in 2007. The deterioration of financial markets since the beginning of the crisis was extremely severe by historical standards, and the Group recorded substantial losses on fixed income trading positions, particularly in 2008 and 2009. Although the Group has very significantly reduced its risk exposures starting in 2008, and more recently as it progresses its strategy and focuses on complying with Basel III capital standards, the Group continues to hold substantial legacy risk positions, primarily in its Non-core and Legacy

Portfolio. In many cases these risk positions remain illiquid, and the Group continues to be exposed to the risk that the remaining positions may again deteriorate in value. In the fourth quarter of 2008 and the first quarter of 2009, certain of these positions were reclassified for accounting purposes from fair value to amortized cost; these assets are subject to possible impairment due to changes in market interest rates and other factors.

Moreover, the Group holds positions related to real estate in various countries, and could suffer losses on these positions. These positions include a substantial Swiss mortgage portfolio. Although management believes that this portfolio has been very prudently managed, the Group could nevertheless be exposed to losses if the concerns expressed by the Swiss National Bank and others about unsustainable price escalation in the Swiss real estate market come to fruition. Other macroeconomic developments, such as the implications on export markets of dramatic appreciation of the Swiss franc following recent announcements by the Swiss National Bank, adoption of negative interest rates by the Swiss National Bank or other central banks or any return of crisis conditions within the eurozone and the potential implications of the recent decision in Switzerland to reinstate immigration quotas for EU/EEA countries, could also adversely affect the Swiss economy, the Group's business in Switzerland in general and, in particular, the Group's Swiss mortgage and corporate loan portfolios.

In addition, the Group is exposed to risk in its prime brokerage, reverse repo and Lombard lending activities, as the value or liquidity of the assets against which the Group provides financing may decline rapidly.

The Group's global presence subjects it to risk from currency fluctuations

The Group prepares its consolidated financial statements in Swiss francs. However, a substantial portion of its assets, liabilities, invested assets, revenues and expenses are denominated in other currencies, particularly the US dollar, the euro and the British pound. Accordingly, changes in foreign exchange rates, particularly between the Swiss franc and the US dollar (US dollar revenues account for the largest portion of the Group's non-Swiss franc revenues) have an effect on the Group's reported income and expenses, and on other reported figures such as other comprehensive income, invested assets, balance sheet assets, RWA and Basel III CET1 capital. These effects may adversely affect the Group's income, balance sheet, capital and liquidity ratios. The effects described under "Recent Developments – *Impact of Swiss National Bank Actions*" clearly illustrate the potential effect of significant currency movements, particularly of the Swiss Franc.

The Group is dependent upon its risk management and control processes to avoid or limit potential losses in its counterparty credit and trading businesses

Controlled risk-taking is a major part of the business of a financial services firm. Credit risk is an integral part of many of the Group's retail, corporate, wealth management and Investment Bank activities, and the Group's non-core activities that were transferred to Corporate Center – Non-core and Legacy Portfolio, including lending, underwriting and derivatives activities. Changes in interest rates, credit spreads, securities' prices, market volatility and liquidity, foreign exchange levels and other market fluctuations can adversely affect the Group's earnings. Some losses from risk-taking activities are inevitable, but to be successful over time, the Group must balance the risks it takes against the returns it generates. The Group must, therefore, diligently identify, assess, manage and control its risks, not only in normal market conditions but also as they might develop under more extreme (stressed) conditions, when concentrations of exposures can lead to severe losses.

As seen during the financial crisis of 2007–2009, the Group is not always able to prevent serious losses arising from extreme or sudden market events that are not anticipated by the

Group's risk measures and systems. Value-at-risk, a statistical measure for market risk, is derived from historical market data, and thus by definition could not have anticipated the losses suffered in the stressed conditions of the financial crisis. Moreover, stress loss and concentration controls and the dimensions in which the Group aggregates risk to identify potentially highly correlated exposures proved to be inadequate. Notwithstanding the steps the Group has taken to strengthen its risk management and control framework, the Group could suffer further losses in the future if, for example:

- the Group does not fully identify the risks in its portfolio, in particular risk concentrations and correlated risks;
- the Group's assessment of the risks identified or its response to negative trends proves to be untimely, inadequate, insufficient or incorrect;
- markets move in ways that the Group does not expect – in terms of their speed, direction, severity or correlation – and the Group's ability to manage risks in the resultant environment is, therefore, affected;
- third parties to whom the Group has credit exposure or whose securities the Group holds for its own account are severely affected by events not anticipated by the Group's models, and accordingly the Group suffers defaults and impairments beyond the level implied by its risk assessment; or
- collateral or other security provided by the Group's counterparties proves inadequate to cover their obligations at the time of their default.

The Group also manages risk on behalf of its clients in its asset and wealth management businesses. The performance of assets the Group holds for its clients in these activities could be adversely affected by the same factors. If clients suffer losses or the performance of their assets held with the Group is not in line with relevant benchmarks against which clients assess investment performance, the Group may suffer reduced fee income and a decline in assets under management, or withdrawal of mandates.

If the Group decides to support a fund or another investment that it sponsors in its asset or wealth management businesses, it might, depending on the facts and circumstances, incur charges that could increase to material levels.

Investment positions, such as equity investments made as part of strategic initiatives and seed investments made at the inception of funds that the Group manages, may also be affected by market risk factors. These investments are often not liquid and generally are intended or required to be held beyond a normal trading horizon. They are subject to a distinct control framework. Deteriorations in the fair value of these positions would have a negative impact on the Group's earnings.

Valuations of certain positions rely on models; models have inherent limitations and may use inputs which have no observable source

If available, the fair value of a financial instrument or non-financial asset or liability is determined using quoted prices in active markets for identical assets or liabilities. Where the market is not active, fair value is established using a valuation technique, including pricing models. Where available, valuation techniques use market observable assumptions and inputs. If such information is not available, inputs may be derived by reference to similar instruments in active markets, from recent prices for comparable transactions or from other observable market data. If market observable data is not available, UBS selects non-market

observable inputs to be used in its valuation techniques. UBS also uses internally developed models. Such models have inherent limitations; different assumptions and inputs would generate different results, and these differences could have a significant impact on the Group's financial results. UBS regularly reviews and updates its valuation models to incorporate all factors that market participants would consider in setting a price, including factoring in current market conditions. Judgment is an important component of this process, and failure to make the changes necessary to reflect evolving market conditions could have a material adverse effect on the Group's financial results. Moreover, evolving market practice may result in changes to valuation techniques that could have a material impact on the Group's financial results. Changes in model inputs or calibration, changes in the valuation methodology incorporated in models, or failure to make the changes necessary to reflect evolving market conditions could have a material adverse effect on the Group's financial results.

Liquidity and funding management are critical to the Group's ongoing performance

The viability of the Group's business depends on the availability of funding sources, and the Group's success depends upon its ability to obtain funding at times, in amounts, for tenors and at rates that enable the Group to efficiently support its asset base in all market conditions. A substantial part of the Group's liquidity and funding requirements is met using short-term unsecured funding sources, including retail and wholesale deposits and the regular issuance of money market securities. The volume of the Group's funding sources has generally been stable, but could change in the future due to, among other things, general market disruptions or widening credit spreads, which could also influence the cost of funding. A change in the availability of short-term funding could occur quickly.

Reductions in the Group's credit ratings can increase the Group's funding costs, in particular with regard to funding from wholesale unsecured sources, and can affect the availability of certain kinds of funding. In addition, as UBS experienced in connection with Moody's downgrade of UBS's long-term rating in June 2012, rating downgrades can require UBS to post additional collateral or make additional cash payments under master trading agreements relating to its derivatives businesses. The Group's credit ratings, together with its capital strength and reputation, also contribute to maintaining client and counterparty confidence and it is possible that ratings changes could influence the performance of some of the Group's businesses.

More stringent capital and liquidity requirements will likely lead to increased competition for both secured funding and deposits as a stable source of funding, and to higher funding costs. The addition of loss-absorbing debt as a component of capital requirements and potential future requirements to maintain senior unsecured debt that could be written down in the event of the Group's insolvency or other resolution, may increase the Group's funding costs or limit the availability of funding of the types required.

The Group might be unable to identify or capture revenue or competitive opportunities, or retain and attract qualified employees

The financial services industry is characterized by intense competition, continuous innovation, detailed (and sometimes fragmented) regulation and ongoing consolidation. The Group faces competition at the level of local markets and individual business lines, and from global financial institutions that are comparable to the Group in their size and breadth. Barriers to entry in individual markets and pricing levels are being eroded by new technology. The Group expects these trends to continue and competition to increase. The Group's competitive strength and market position could be eroded if the Group is unable to identify market trends and developments, does not respond to them by devising and implementing adequate business strategies, adequately developing or updating its

technology, particularly in trading businesses, or is unable to attract or retain the qualified people needed to carry them out.

The amount and structure of the Group's employee compensation are affected not only by the Group's business results but also by competitive factors and regulatory considerations. Constraints on the amount or structure of employee compensation, higher levels of deferral, performance conditions and other circumstances triggering the forfeiture of unvested awards may adversely affect the Group's ability to retain and attract key employees, and may in turn negatively affect the Group's business performance. The Group has made changes to the terms of compensation awards to reflect the demands of various stakeholders, including regulatory authorities and shareholders. These terms include the introduction of a deferred contingent capital plan with many of the features of the loss-absorbing capital that the Group has issued in the market but with a higher capital ratio write-down trigger, increased average deferral periods for stock awards, and expanded forfeiture provisions for certain awards linked to business performance. These changes, while intended to better align the interests of the Group's staff with those of other stakeholders, increase the risk that key employees will be attracted by competitors and decide to leave the Group, and that the Group may be less successful than its competitors in attracting qualified employees. The loss of key staff and the inability to attract qualified replacements, depending upon which and how many roles are affected, could seriously compromise the Group's ability to execute its strategy and to successfully improve its operating and control environment.

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

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

The Group's financial results may be negatively affected by changes to accounting standards

The Group reports its results and financial position in accordance with IFRS as issued by the IASB. Changes to IFRS or interpretations thereof may cause the Group's future reported results and financial position to differ from current expectations, or historical results to differ from those previously reported due to the adoption of accounting standards on a retrospective basis. Such changes may also affect the Group's regulatory capital and ratios. The Group monitors potential accounting changes and when these are finalised by the IASB, the Group determines the potential impact and discloses significant future changes in its financial statements. Currently, there are a number of issued but not yet effective IFRS

changes, as well as potential IFRS changes, some of which could be expected to impact the Group's reported results, financial position and regulatory capital in the future.

The Groups's financial results may be negatively affected by changes to assumptions supporting the value of the Group's goodwill

The goodwill that the Group has recognized on the respective balance sheets of its operating segments is tested for impairment at least annually. The Group's impairment test in respect of the assets recognized as of 31 December 2014 indicated that the value of the Group's goodwill is not impaired. The impairment test is based on assumptions regarding estimated earnings, discount rates and long-term growth rates impacting the recoverable amount of each segment and on estimates of the carrying amounts of the segments to which the goodwill relates. If the estimated earnings and other assumptions in future periods deviate from the current outlook, the value of the Group's goodwill may become impaired in the future, giving rise to losses in the income statement. For example, in the third quarter of 2012, the carrying amount of goodwill and of certain other non-financial assets of the Investment Bank was written down, resulting in a pre-tax impairment loss of almost CHF 3.1 billion.

The effect of taxes on the Group's financial results is significantly influenced by reassessments of its deferred tax assets

The deferred tax assets ("DTA") that the Group has recognized on its balance sheet as of 31 December 2014 in respect of prior years' tax losses reflect the probable recoverable level based on future taxable profit as informed by its business plans. If the business plan earnings and assumptions in future periods substantially deviate from current forecasts, the amount of recognized deferred tax assets may need to be adjusted in the future. These adjustments may include write-downs of deferred tax assets through the income statement.

The Group's effective tax rate is highly sensitive both to its performance as well as the Group's expectations of future profitability as reflected in the Group's business plans. The Group's results in recent periods have demonstrated that changes in the recognition of deferred tax assets can have a very significant effect on the Group's reported results. If the Group's performance is expected to improve, particularly in the US, UK or Switzerland, the Group could potentially recognize additional deferred tax assets as a result of that assessment. The effect of doing so would be to significantly reduce the Group's effective tax rate in years in which additional deferred tax assets are recognized. Conversely, if the Group's performance in those countries is expected to produce diminished taxable profit in future years, the Group may be required to write down all or a portion of the currently recognized deferred tax assets through the income statement. This would have the effect of increasing the Group's effective tax rate in the year in which any write-downs are taken.

In 2015, notwithstanding the effects of any potential reassessment of the level of deferred tax assets, the Group expects its effective tax rate to be approximately 25%. Consistent with past practice, the Group expects to revalue its overall level of deferred tax assets in the second half of 2015 based on a reassessment of future profitability taking into account updated business plan forecasts, including consideration of a possible further extension of the forecast period used for US DTA recognition purposes to seven years from the six years used at 31 December 2014. The full year effective tax rate could change significantly on the basis of this reassessment. It could also change if aggregate tax expenses for locations other than Switzerland, the US and the UK differ from what is expected. The Group's effective tax rate is also sensitive to any future reductions in statutory tax rates, particularly in the US and Switzerland. Reductions in the statutory tax rate would cause the expected future tax benefit from items such as tax loss carry-forwards in the affected locations to diminish in value. This in turn would cause a write-down of the associated deferred tax assets.

In addition, statutory and regulatory changes, as well as changes to the way in which courts and tax authorities interpret tax laws could cause the amount of taxes ultimately paid by the Group to materially differ from the amount accrued.

The Group is currently considering changes to its legal structure in the US, the UK, Switzerland and other countries in response to regulatory changes. Tax laws or the tax authorities in these countries may prevent the transfer of tax losses incurred in one legal entity to newly organized or reorganized subsidiaries or affiliates or may impose limitations on the utilization of tax losses that are expected to carry on businesses formerly conducted by the transferor. Were this to occur in situations where there were also limited planning opportunities to utilize the tax losses in the originating entity, the deferred tax assets associated with such tax losses could be written down through the income statement.

A net charge of CHF 123 million was recognized in operating expenses (within operating profit before tax) in 2014 in relation to the UK bank levy. This is a balance sheet levy, payable by banks operating in the UK. The Group's bank levy expense for future years will depend on both the rate of the levy and the Group's taxable UK liabilities at each year-end; changes to either factor could increase the cost. This expense could increase if organizational changes involving UBS Limited and/or UBS AG alter the level or profile of the Group's bank levy tax base. The Group expects that the annual bank levy charge will continue to be recognized for IFRS purposes as an expense arising in the final quarter of each financial year, rather than being accrued throughout the year, as it is charged by reference to the year-end balance sheet position.

As UBS Group AG is a holding company, its operating results, financial condition and ability to pay dividends other distributions or to pay its obligations in the future is dependent on funding, dividends and other distributions received from UBS AG or any other future direct subsidiary, which may be subject to restrictions

UBS Group's ability to pay dividends and other distributions, and to pay its obligations in the future will depend on the level of funding, dividends and other distributions, if any, received from UBS AG and any new subsidiaries established by UBS Group in the future. The ability of such subsidiaries to make loans or distributions (directly or indirectly) to UBS Group may be restricted as a result of several factors, including restrictions in financing agreements and the requirements of applicable law and regulatory and fiscal or other restrictions. UBS Group's subsidiaries, including UBS AG, UBS Switzerland AG, UBS Limited and the US IHC (when designated) are subject to laws that restrict dividend payments, authorize regulatory bodies to block or reduce the flow of funds from those subsidiaries to UBS Group, or limit or prohibit transactions with affiliates. Restrictions and regulatory action of this kind could impede access to funds that UBS Group may need to make payments.

In addition, UBS Group's right to participate in a distribution of assets upon a subsidiary's liquidation or reorganization is subject to all prior claims of the subsidiary's creditors.

UBS Group's credit rating could be lower than the rating of UBS AG, which may adversely affect the market value of the securities and other obligations of UBS Group on a standalone basis.

Furthermore, UBS Group expects that it may guarantee some of the payment obligations of certain of its subsidiaries from time to time. These guarantees may require UBS Group to provide substantial funds or assets to subsidiaries or their creditors or counterparties at a time when UBS Group is in need of liquidity to fund its own obligations.

The Group's stated capital returns objective is based, in part, on capital ratios that are subject to regulatory change and may fluctuate significantly

The Group has committed to return at least 50% of its net profit to shareholders as capital returns, provided its fully applied CET1 capital ratio is at least 13% and its post-stress fully applied CET1 capital ratio is at least 10%. As of 31 December 2014, the Group's post-stress CET1 capital ratio exceeded this 10% objective, and the actions of the Swiss National Bank did not cause a breach of this objective either in January or February 2015. However, the Group's ability to maintain a fully applied CET1 capital ratio of at least 13% is subject to numerous risks, including the results of the Group's business, changes to capital standards, methodologies and interpretation that may adversely affect the Group's calculated fully applied CET1 capital ratio, imposition of risk add-ons or additional capital requirements such as additional capital buffers.

Changes in the methodology, assumptions, stress scenario and other factors may result in material changes in the Group's post-stress fully applied CET1 capital ratio. The Group's objective to maintain a post-stress fully applied CET1 capital ratio of at least 10% is a condition to the Group's capital returns commitment. To calculate the Group's post-stress CET1 capital ratio, the Group forecasts capital one year ahead based on internal projections of earnings, expenses, distributions to shareholders and other factors affecting CET1 capital, including the Group's net defined benefit assets and liabilities. The Group also forecasts one-year developments in RWA. The Group adjusts these forecasts based on assumptions as to how they may change as a result of a severe stress event. The Group then further deducts from capital the stress loss estimated using its combined stress test (CST) framework to arrive at the post-stress CET1 capital ratio. Changes to the Group's results, business plans and forecasts, in the assumptions used to reflect the effect of a stress event on the Group's business forecasts or in the results of the Group's CST, could have a material effect on the Group's stress scenario results and on the Group's calculated fully applied post-stress CET1 capital ratio. The Group's CST framework relies on various risk exposure measurement methodologies which are predominantly proprietary, on the Group's selection and definition of potential stress scenarios and on the Group's assumptions regarding estimates of changes in a wide range of macroeconomic variables and certain idiosyncratic events for each of those scenarios. The Group periodically reviews these methodologies, and assumptions are subject to periodic review and change on a regular basis. The Group's risk exposure measurement methodologies may change in response to developing market practice and enhancements to the Group's own risk control environment and input parameters for models may change due to changes in positions, market parameters and other factors. The Group's stress scenarios, the events comprising a scenario and the assumed shocks and market and economic consequences applied in each scenario are subject to periodic review and change. A change in the CST scenario used to calculate the fully applied post-stress CET1 capital ratio, or in the assumptions used in a particular scenario, may cause the post-stress CET1 capital ratio to fluctuate materially from period to period. The Group's business plans and forecasts are subject to inherent uncertainty, the Group's choice of stress test scenarios and the market and macroeconomic assumptions used in each scenario are based on judgments and assumptions about possible future events. The Group's risk exposure methodologies are subject to inherent limitations, rely on numerous assumptions as well as on data which may have inherent limitations. In particular, certain data is not available on a monthly basis and the Group may therefore rely on prior month/quarter data as an estimate. All of these factors may result in the Group's post-stress CET1 capital ratio, as calculated using the Group's methodology for any period, being materially higher or lower than the actual effect of a stress scenario.

UBS Group may fail to realise the anticipated benefits of the exchange offer

UBS established UBS Group AG as a holding company for the UBS Group because it believes that it will, along with other measures already announced, substantially improve the resolvability of the Group in response to evolving regulatory requirements. These measures may also qualify UBS Group for a rebate on the progressive buffer capital requirements applicable to the Group as a systemically relevant Swiss bank under applicable Swiss TBTF requirements. UBS Group may, however, encounter substantial difficulties in achieving these anticipated benefits or these anticipated benefits may not materialize. For example, the relevant regulators may find the measures that the Group is undertaking or their implementation to be ineffective or insufficient (especially in the context of market turbulence or in distressed situations), or they may not grant potential relief to the full extent hoped for. UBS Group may also be required to adopt further measures to meet existing or new regulatory requirements.

UBS Group AG has acquired approximately 97 percent of the outstanding shares of UBS AG. Delay in acquiring full ownership of UBS AG could adversely affect the anticipated benefits of the exchange offer and the liquidity and market value of the UBS Group AG shares. Such a delay may occur if UBS Group determines that the squeeze-out merger cannot be implemented or is not advisable for any reason, including, among other things, disruption to the business, the negative impact on regulatory consents, approvals and licenses or required third-party rights. The existence of minority shareholders in UBS AG may, among other things, make it more difficult or delay UBS Group's ability to implement changes to the legal structure of the UBS Group and interfere with its day-to-day business operations and its corporate governance. In addition, any holders of UBS AG shares will have a pro rata claim upon any dividends or other distributions of UBS AG and would receive a proportionate share of any dividend payments or other distributions made by UBS AG, reducing the amount of any dividend payments or other distributions that UBS might make to holders of UBS Group AG shares.

Risks Associated with a Squeeze-out Merger

If UBS Group conducts a squeeze-out merger under Swiss law, UBS AG will merge into a merger subsidiary of UBS Group, which will survive the transaction. Although UBS Group expects that the surviving entity will in most cases succeed to UBS AG's banking licenses, permits and other authorizations, such entity may need to re-apply for or seek specific licenses, permits and authorizations, as well as third-party consents. Furthermore, although UBS Group expects this occurrence to be unlikely given that minority shareholders subject to the squeeze-out will be offered listed securities in UBS Group and the consideration to be offered in the squeeze-out merger will be identical to the consideration offered in the exchange offer, under Swiss law, a minority shareholder subject to the squeeze-out merger could theoretically seek to claim, within two months of the publication of the squeeze-out merger, that the consideration offered is "inadequate" and petition a Swiss competent court to determine what is "adequate" consideration. Each of these circumstances, if it were to happen, may generate costs, delay the implementation of the squeeze-out merger or disrupt or negatively impact the Group's business."

The section headed "G. Information about UBS AG" is completely replaced by the following text:

"

1. General Information on UBS AG

UBS AG ("**Issuer**") with its subsidiaries (together, "**UBS AG Group**" and together with UBS Group AG, the holding company of UBS AG, "**UBS Group**", or "**Group**" or "**UBS**") is committed to providing private, institutional and corporate clients worldwide, as well as retail clients in Switzerland with superior financial advice and solutions while generating attractive and sustainable returns for shareholders. UBS Group's strategy centers on its Wealth Management and Wealth Management Americas businesses and its leading (in its own opinion) universal bank in Switzerland, complemented by its Global Asset Management business and its Investment Bank. These businesses share three key characteristics: they benefit from a strong competitive position in their targeted markets, are capital-efficient, and offer a superior structural growth and profitability outlook. UBS Group's strategy builds on the strengths of all of its businesses and focuses its efforts on areas in which UBS Group excels, while seeking to capitalize on the compelling growth prospects in the businesses and regions in which it operates. Capital strength is the foundation of UBS Group's success. The operational structure of the UBS Group is comprised of the Corporate Center and five business divisions: Wealth Management, Wealth Management Americas, Retail & Corporate, Global Asset Management and the Investment Bank.

On 31 December 2014 UBS AG (consolidated) common equity tier 1 capital ratio¹ was 14.2% on a fully applied basis and 19.9% on a phase-in basis, invested assets stood at CHF 2,734 billion, equity attributable to UBS AG shareholders was CHF 52,108 million and market capitalization was CHF 63,243 million. On the same date, UBS AG Group employed 60,155 people².

On 31 December 2014 UBS Group AG (consolidated) common equity tier 1 capital ratio¹ was 13.4% on a fully applied basis and 19.4% on a phase-in basis, invested assets stood at CHF 2,734 billion, equity attributable to UBS Group AG shareholders was CHF 50,608 million and market capitalization was CHF 63,526 million. On the same date, UBS employed 60,155 people².

The rating agencies Standard & Poor's Credit Market Services Europe Limited ("**Standard & Poor's**"), Fitch Ratings Limited ("**Fitch Ratings**") and Moody's Investors Service, Inc., ("**Moody's**") have published credit ratings reflecting their assessment of the creditworthiness of UBS AG, i.e. its ability to fulfill in a timely manner payment obligations, such as principal or interest payments on long-term loans, also known as debt servicing.

The ratings from Fitch Ratings and Standard & Poor's may be attributed a plus or minus sign, and those from Moody's a number. These supplementary attributes indicate the relative position within the respective rating class. UBS AG has long-term counterparty credit rating of A (negative outlook) from Standard & Poor's, long-term senior debt rating of A2

¹ Based on the Basel III framework, as applicable to Swiss systemically relevant banks. The common equity tier 1 capital ratio is the ratio of common equity tier 1 capital to risk-weighted assets. The information provided on a fully applied basis entirely reflects the effects of the new capital deductions and the phase out of ineligible capital instruments. The information provided on a phase-in basis gradually reflects those effects during the transition period. For information as to how common equity tier 1 capital is calculated, refer to the section "Capital management" in UBS's Annual Report 2014.

² Full-time equivalents.

(under review for possible downgrade) from Moody's and long-term issuer default rating of A (stable outlook) from Fitch Ratings.

The following table gives an overview of the rating classes as used by the three major rating agencies and their respective meaning. UBS's rating is indicated by the red box.

Standard & Poor's		Moody's		Fitch Ratings				
Long-term issuer credit rating		Long-term rating		Long-term Issuer Default Rating				
AAA	Extremely strong capacity to meet financial commitments	Aaa	Highest quality	AAA	Highest credit quality			
AA+	Very strong capacity to meet financial commitments	Aa1	High quality	AA+	Very high credit quality			
AA		Aa2						
AA-		Aa3						
A+	Strong capacity to meet its financial commitments	A1	Upper-medium grade	A+	High credit quality			
A		A2						
A-		A3						
BBB+	Adequate capacity to meet its financial commitments	Baa1	Medium grade	BBB+	Good credit quality			
BBB		Baa2						
BBB-		Baa3						
BB+	Significant speculative characteristics	Less vulnerable in the near term than other lower-rated obligors	Ba1	Speculative, subject to substantial credit risk	BB+	Speculative		
BB			Ba2					
BB-			Ba3					
B+		More vulnerable than the obligors rated 'BB'	B1		Speculative, subject to high credit risk		B+	Highly speculative
B			B2					
B-			B3					
CCC+	Currently vulnerable	Caa1	Speculative, of poor standing and subject to very high credit risk	CCC	Substantial credit risk			
CCC		Caa2		CC	Very high levels of credit risk			
CCC-		Caa3		C	Exceptionally high levels of credit risk			
CC	Currently highly vulnerable	Ca	Highly speculative, likely in, or very near, default with some prospect of recovery of principal and interest	RD	Restricted default			
R	Under regulatory supervision	C	Typically in default, with little prospects for recovery of principal or interest	D	Default			
SD	Selective default							
D	Default							

Standard & Poor's and Fitch Ratings are registered as credit rating agencies under Regulation (EC) No 1060/2009 as amended by Regulation (EU) No 513/2011 (the "CRA Regulation"). Moody's is not established in the EEA and is not certified under the CRA Regulation, but the rating it has issued is endorsed by Moody's Investors Service Ltd., a credit rating agency established in the EEA and registered under the CRA Regulation.

Corporate Information

The legal and commercial name of the Issuer 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 stock corporation.

According to article 2 of the Articles of Association, the purpose of UBS AG is the operation of a bank. Its scope of operations extends to all types of banking, financial, advisory, trading and service activities in Switzerland and abroad. UBS AG may establish branches and representative offices as well as banks, finance companies and other enterprise 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 shares are listed on the SIX Swiss Exchange.

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. Business Overview

Business Divisions and Corporate Center

UBS operates as a group with five business divisions (Wealth Management, Wealth Management Americas, Retail & Corporate, Global Asset Management and the Investment Bank) and a Corporate Center. Each of the business divisions and the Corporate Center are described below. A description of the Group's strategy can be found in the annual report 2014 of UBS Group AG and UBS AG as of 31 December 2014 in the English language (the "**Annual Report 2014**", which is incorporated by reference into this Base Prospectus) on pages 39-41 (inclusive); a description of the businesses, strategies, clients, organizational structures, products and services of the business divisions and the Corporate Center can be found in the Annual Report 2014 on pages 46-62 (inclusive).

Wealth Management

Wealth Management provides comprehensive financial services to wealthy private clients around the world - except those served by Wealth Management Americas. UBS is a global firm with global capabilities, and Wealth Management clients benefit from the full spectrum of UBS's global resources, ranging from investment management solutions to wealth planning and corporate finance advice, as well as a wide range of specific offerings. Its guided architecture model gives clients access to a wide range of products from third-party providers that complement its own products.

Wealth Management Americas

Wealth Management Americas is one of the leading wealth managers in the Americas in terms of financial advisor productivity and invested assets. It provides advice-based solutions and banking services through financial advisors who deliver a fully integrated set of products and services specifically designed to address the needs of ultra high net worth and high net worth individuals and families. It includes the domestic US and Canadian business as well as international business booked in the US.

Retail & Corporate

Retail & Corporate provides comprehensive financial products and services to its retail, corporate and institutional clients in Switzerland, maintaining a leading position in these client segments and embedding its offering in a multi-channel approach. The retail and corporate business constitutes a central building block of UBS's universal bank delivery model in Switzerland, supporting other business divisions by referring clients to them and assisting retail clients to build their wealth to a level at which UBS can transfer them to its Wealth Management unit. Furthermore, it leverages the cross-selling potential of products and services provided by its asset-gathering and investment banking businesses. In addition, Retail & Corporate manages a substantial part of UBS's Swiss infrastructure and Swiss banking products platform, which are both leveraged across the Group.

Global Asset Management

Global Asset Management is a large-scale asset manager with well diversified businesses across regions and client segments. It serves third-party institutional and wholesale clients, as well as clients of UBS's wealth management businesses with a broad range of investment capabilities and styles across all major traditional and alternative asset classes. Complementing the investment offering, the fund services unit provides fund administration services for UBS and third-party funds.

Investment Bank

The Investment Bank provides corporate, institutional and wealth management clients with expert advice, innovative financial solutions, execution and comprehensive access to the world's capital markets. It offers advisory services and access to international capital markets, and provides comprehensive cross-asset research, along with access to equities, foreign exchange, precious metals and selected rates and credit markets, through its business units, Corporate Client Solutions and Investor Client Services. The Investment Bank is an active participant in capital markets flow activities, including sales, trading and market-making across a range of securities.

Corporate Center

Corporate Center is comprised of Core Functions and Non-core and Legacy Portfolio. Core Functions include Group-wide control functions such as finance (including treasury services such as liquidity, funding, balance sheet and capital management), risk control (including compliance) and legal. In addition, Core Functions provide all logistics and support services, including operations, information technology, human resources, regulatory relations and strategic initiatives, communications and branding, corporate services, physical security, information security as well as outsourcing, nearshoring and offshoring. Non-core and Legacy Portfolio is comprised of the non-core businesses and legacy positions that were part of the Investment Bank prior to its restructuring.

As of 1 January 2015, Corporate Center – Core Functions was reorganized into two new components, Corporate Center – Services and Corporate Center – Group Asset and Liability Management (Group ALM).

Competition

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

Recent Developments

UBS AG (consolidated) key figures

UBS AG derived the selected consolidated financial data included in the table below for the years 2012, 2013 and 2014 from its Annual Report 2014, which contains the audited consolidated financial statements of UBS AG for the year ended 31 December 2014 and comparative figures for the years ended 31 December 2013 and 2012. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and stated in Swiss francs (CHF).

CHF million, except where indicated	As of or for the year ended		
	31.12.14	31.12.13	31.12.12
	<i>audited, except where indicated</i>		
Group results			
Operating income	28,026	27,732	25,423
Operating expenses	25,557	24,461	27,216
Operating profit / (loss) before tax	2,469	3,272	(1,794)
Net profit / (loss) attributable to UBS AG shareholders	3,502	3,172	(2,480)
Diluted earnings per share (CHF)	0.91	0.83	(0.66)
Key performance indicators			
Profitability			
Return on equity (RoE) (%) ¹	7.0*	6.7*	(5.1)*
Return on assets, gross (%) ²	2.8*	2.5*	1.9*
Cost / income ratio (%) ³	90.9*	88.0*	106.6*
Growth			
Net profit growth (%) ⁴	10.4*	-	-
Net new money growth for combined wealth management businesses (%) ⁵	2.5*	3.4*	3.2*
Resources			
Common equity tier 1 capital ratio (fully applied, %) ^{6,7}	14.2*	12.8*	9.8*
Swiss SRB leverage ratio (phase-in, %) ⁸	5.4*	4.7*	3.6*
Additional information			
Profitability			
Return on tangible equity (%) ⁹	8.2*	8.0*	1.6*
Return on risk-weighted assets, gross (%) ¹⁰	12.4*	11.4*	12.0*
Resources			
Total assets	1,062,327	1,013,355	1,259,797
Equity attributable to UBS AG shareholders	52,108	48,002	45,949
Common equity tier 1 capital (fully applied) ⁷	30,805	28,908	25,182*
Common equity tier 1 capital (phase-in) ⁷	44,090	42,179	40,032*
Risk-weighted assets (fully applied) ⁷	217,158*	225,153*	258,113*
Risk-weighted assets (phase-in) ⁷	221,150*	228,557*	261,800*
Common equity tier 1 capital ratio (phase-in, %) ^{6,7}	19.9*	18.5*	15.3*
Total capital ratio (fully applied, %) ⁷	19.0*	15.4*	11.4*
Total capital ratio (phase-in, %) ⁷	25.6*	22.2*	18.9*

Swiss SRB leverage ratio (fully applied, %) ⁸	4.1*	3.4*	2.4*
Swiss SRB leverage ratio denominator (fully applied) ¹¹	999,124*	1,015,306*	1,206,214*
Swiss SRB leverage ratio denominator (phase-in) ¹¹	1,006,001*	1,022,924*	1,216,561*
Other			
Invested assets (CHF billion) ¹²	2,734	2,390	2,230
Personnel (full-time equivalents)	60,155*	60,205*	62,628*
Market capitalization	63,243*	65,007*	54,729*
Total book value per share (CHF)	13.56*	12.74*	12.26*
Tangible book value per share (CHF)	11.80*	11.07*	10.54*

* unaudited

¹ Net profit / loss attributable to UBS AG shareholders (annualized as applicable) / average equity attributable to UBS AG shareholders.

² Operating income before credit loss (expense) or recovery (annualized as applicable) / average total assets. ³ Operating expenses / operating income before credit loss (expense) or recovery. ⁴ Change in net profit attributable to UBS AG shareholders from continuing operations between current and comparison periods / net profit attributable to UBS AG shareholders from continuing operations of comparison period. Not meaningful and not included if either the reporting period or the comparison period is a loss period. ⁵ Combined Wealth Management's and Wealth Management Americas' net new money for the period (annualized as applicable) / invested assets at the beginning of the period. ⁶ Common equity tier 1 capital / risk-weighted assets. ⁷ Based on the Basel III framework as applicable to Swiss systemically relevant banks (SRB), which became effective in Switzerland on 1 January 2013. The information provided on a fully applied basis entirely reflects the effects of the new capital deductions and the phase out of ineligible capital instruments. The information provided on a phase-in basis gradually reflects those effects during the transition period. Numbers for 31 December 2012 are calculated on an estimated basis described below and are referred to as "pro-forma". The term "pro-forma" as used in this prospectus does not refer to the term "pro forma financial information" within the meaning of Regulation (EC) 809/2004. Some of the models applied when calculating 31 December 2012 pro-forma information required regulatory approval and included estimates (as discussed with UBS's primary regulator) of the effect of new capital charges. These figures are not required to be presented, because Basel III requirements were not in effect on 31 December 2012. They are nevertheless included for comparison reasons. ⁸ Swiss SRB Basel III common equity tier 1 capital and loss-absorbing capital / total adjusted exposure (leverage ratio denominator). The Swiss SRB leverage ratio came into force on 1 January 2013. Numbers for 31 December 2012 are on a pro-forma basis (see footnote 7 above). ⁹ Net profit / (loss) attributable to UBS AG shareholders before amortization and impairment of goodwill and intangible assets (annualized as applicable) / average equity attributable to UBS AG shareholders less average goodwill and intangible assets. ¹⁰ Operating income before credit loss (expense) or recovery (annualized as applicable) / average risk-weighted assets. Based on Basel III risk-weighted assets (phase-in) for 2014 and 2013, and on Basel 2.5 risk-weighted assets for 2012. ¹¹ The leverage ratio denominator is also referred to as "total adjusted exposure" and is calculated in accordance with Swiss SRB leverage ratio requirements. Data represent the average of the total adjusted exposure at the end of the three months preceding the end of the reporting period. Numbers for 31 December 2012 are on a pro-forma basis (see footnote 7 above). ¹² Includes invested assets for Retail & Corporate.

Impact of Swiss National Bank actions

On 15 January 2015, the Swiss National Bank (SNB) discontinued the minimum targeted exchange rate for the Swiss franc versus the euro, which had been in place since September 2011. At the same time, the SNB lowered the interest rate on deposit account balances at the SNB that exceed a given exemption threshold by 50 basis points to negative 0.75%. It also moved the target range for three-month LIBOR to between negative 1.25% and negative 0.25% (previously negative 0.75% to positive 0.25%). These decisions resulted in a considerable strengthening of the Swiss franc against the euro, US dollar, British pound, Japanese yen and several other currencies, as well as a reduction in Swiss franc interest rates. As of 28 February 2015, the Swiss franc exchange rate was 0.95 to the US dollar, 1.07 to the euro, 1.47 to the British pound and 0.80 to 100 Japanese yen. Volatility levels in foreign currency exchange and interest rates also increased.

A significant portion of the equity of UBS's foreign operations is denominated in US dollars, euros, British pounds and other foreign currencies. The appreciation of the Swiss franc would have led to an estimated decline in total equity of approximately CHF 1.2 billion or 2% when applying currency translation rates as of 28 February 2015 to the reported balances as of 31 December 2014. This includes a reduction in recognized deferred tax assets, mainly related to the US, of approximately CHF 0.4 billion (of which CHF 0.2 billion relates to

temporary differences deferred tax assets), which would be recognized in other comprehensive income.

Similarly, a significant portion of UBS's Basel III risk-weighted assets (RWA) are denominated in US dollars, euros, British pounds and other foreign currencies. Group Asset and Liability Management (Group ALM) is mandated with the task of minimizing adverse effects from changes in currency rates on UBS's fully applied CET1 capital and capital ratios. The Group Asset and Liability Management Committee (Group ALCO), a committee of the UBS Group Executive Board, can adjust the currency mix in capital, within limits set by the Board of Directors, to balance the effect of foreign exchange movements on the fully applied CET1 capital and capital ratio. As the proportion of RWA denominated in foreign currencies outweighs the capital in these currencies, the significant appreciation of the Swiss franc against these currencies benefited UBS's Basel III capital ratios.

On a fully applied basis for Swiss systemically relevant banks (SRB) UBS would have experienced the following approximate declines in its capital and RWA balances when applying currency translation rates as of 28 February 2015 to the reported balances as of 31 December 2014: CHF 0.5 billion or 2% in fully applied common equity tier 1 (CET1) capital, CHF 0.8 billion or 2% in fully applied total capital, CHF 5.8 billion or 3% in fully applied RWA and CHF 45.1 billion or 5% in the fully applied leverage ratio denominator.

Consequently, based solely on foreign exchange movements, UBS estimates that its fully applied Swiss SRB CET1 capital ratio would have increased by approximately 10 basis points and the fully applied leverage ratio would have improved by approximately 10 basis points.

In aggregate, UBS did not experience negative revenues in its trading businesses in connection with the SNB announcement.

However, the portion of UBS's operating income denominated in non-Swiss franc currencies is greater than the portion of operating expenses denominated in non-Swiss franc currencies. Therefore, appreciation of the Swiss franc against other currencies generally has an adverse effect on UBS's earnings in the absence of any mitigating actions.

In addition to the estimated effects from changes in foreign currency exchange rates, UBS's equity and capital are affected by changes in interest rates. In particular, the calculation of UBS's net defined benefit assets and liabilities is sensitive to the assumptions applied. Specifically, the changes in applicable discount rate and interest rate related assumptions for UBS's Swiss pension plan during January and February would have reduced UBS's equity and fully applied Swiss SRB CET1 capital by around CHF 0.7 billion. Also, the persistently low interest rate environment would continue to have an adverse effect on UBS's replication portfolios, and UBS's net interest income would further decrease.

Furthermore, the stronger Swiss franc may have a negative impact on the Swiss economy, which, given its reliance on exports, could impact some of the counterparties within UBS's domestic lending portfolio and lead to an increase in the level of credit loss expenses in future periods.

The new legal structure of UBS Group and future structural changes

During 2014, UBS established UBS Group AG as the holding company of UBS Group.

UBS Group AG was incorporated on 10 June 2014 as a wholly owned subsidiary of UBS AG. On 29 September 2014, UBS Group AG launched an offer to acquire all the issued ordinary

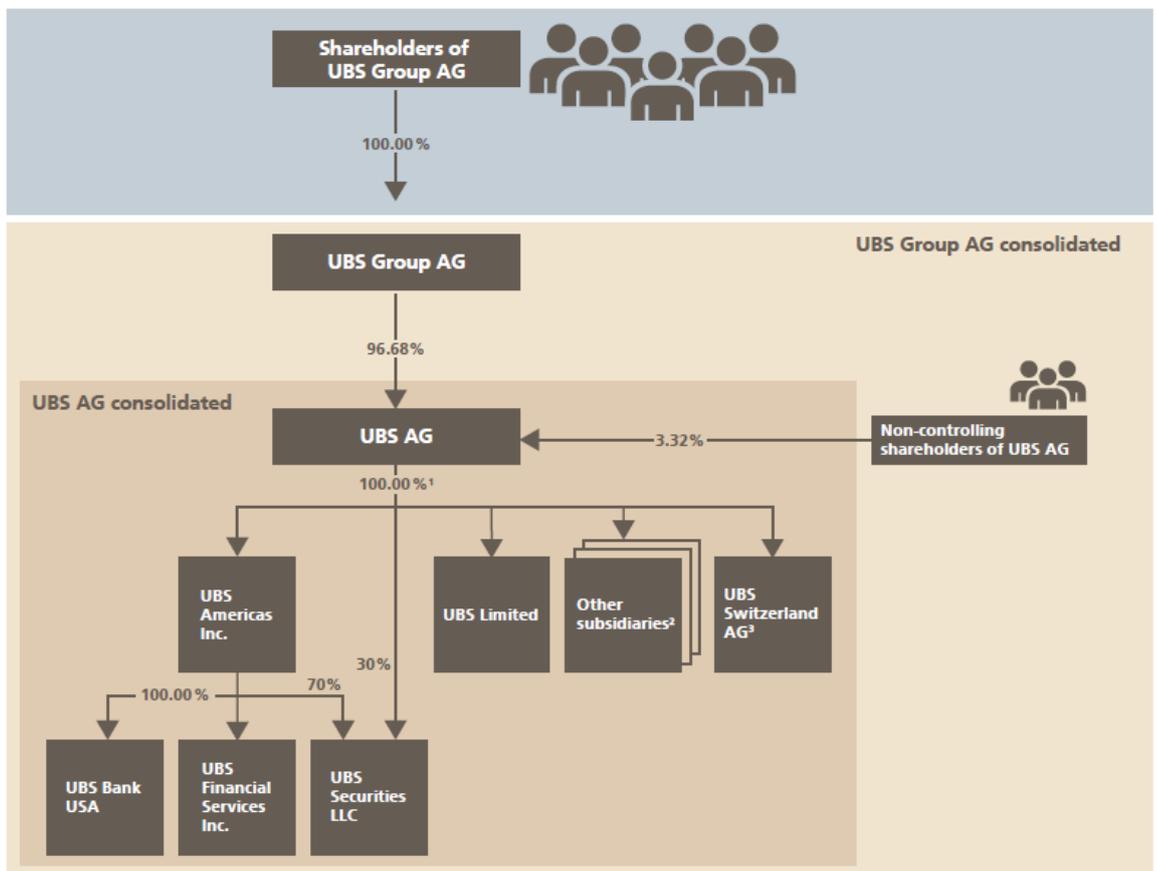
shares of UBS AG in exchange for registered shares of UBS Group AG on a one-for-one basis. Following the exchange offer and subsequent private exchanges on a one-for-one basis with various shareholders and banks in Switzerland and elsewhere outside the United States, UBS Group AG acquired 96.68% of UBS AG shares by 31 December 2014. Further private exchanges have reduced the amount of outstanding UBS AG shares by 17.1 million and as a result UBS Group held 97.29% of UBS AG shares by 6 March 2015.

UBS Group AG has filed a request with the Commercial Court of the Canton of Zurich for a procedure under article 33 of the Swiss Stock Exchanges and Securities Trading Act (the “SESTA procedure”). If the SESTA procedure is successful, the shares of the remaining minority shareholders of UBS AG will be automatically exchanged for UBS Group AG shares, and UBS Group AG will become the 100% owner of UBS AG. The timing and success of the SESTA procedure are dependent on the court. UBS Group currently expects that the SESTA procedure will be completed in the second half of 2015.

UBS Group AG may continue to acquire additional UBS AG shares using any method permitted under applicable law, including purchases of UBS AG shares or share equivalents or exchanges of UBS AG shares with UBS Group AG shares on a one for one basis.

The establishment of a group holding company is intended, along with other measures already announced, to substantially improve the resolvability of UBS Group in response to evolving too big to fail regulatory requirements.

Legal structure as of 31 December 2014



¹ Direct and indirect holdings. The entities specifically listed are the Group's individually significant subsidiaries as of 31 December 2014. Refer to "Note 30 Interests in subsidiaries and other entities" in the "Financial information" section of this report for more information. ² UBS AG and the significant subsidiaries shown in this chart hold in aggregate 100% of these other subsidiaries with very few exceptions. ³ UBS Switzerland AG is a wholly owned, non-operating subsidiary of UBS AG. It is intended to become operational in the second quarter of 2015.

In Switzerland, UBS is progressing toward the transfer of its Retail & Corporate business division and the Swiss-booked business of its Wealth Management business division into UBS Switzerland AG by mid-2015. Pursuant to the Swiss Merger Act, UBS Group will transfer all relevant assets, liabilities and contracts of clients of the Retail & Corporate business and the Swiss-booked clients of the Wealth Management business. Under the Swiss Merger Act, UBS AG will retain joint liability for obligations existing on the date of the transfer that are transferred to UBS Switzerland AG. UBS Switzerland AG will contractually assume joint liability for contractual obligations of UBS AG existing on the date of transfer. Neither UBS AG nor UBS Switzerland AG will have joint liability for new obligations incurred by the other after the effective date of the asset transfer.

In the UK, UBS has begun to implement a revised business and operating model for UBS Limited, which will enable UBS Limited to bear and retain a larger proportion of the risk and reward in its business activities.

In the US, to comply with new rules for foreign banks under the Dodd-Frank Wall Street Reform and Consumer Protection Act, by 1 July 2016 UBS will designate an intermediate holding company that will own all of UBS's US operations except US branches of UBS AG.

UBS's strategy, its business and the way UBS serves its clients are not affected by these changes. These plans do not require UBS to raise additional common equity capital and are not expected to materially affect the firm's capital-generating capability.

UBS is confident that the establishment of UBS Group AG as the holding company of the Group along with its other announced measures will substantially enhance the resolvability of the Group. UBS expects that the Group will qualify for a rebate on the progressive buffer capital requirements, which should result in lower overall capital requirements. FINMA has confirmed that UBS's proposed measures are in principle suitable to warrant a rebate, although the amount and timing will depend on the actual execution of these measures and can therefore only be specified once all measures are implemented.

UBS may consider further changes to the Group's legal structure in response to regulatory requirements, including to further improve the resolvability of the Group, to respond to capital requirements, to seek any reduction in capital requirements to which the Group may be entitled, and to meet any other regulatory requirements regarding its legal structure. Such changes may include the transfer of operating subsidiaries of UBS AG to become direct subsidiaries of UBS Group AG, the transfer of shared service and support functions to service companies, and adjustments to the booking entity or location of products and services. These structural changes are being discussed on an ongoing basis with FINMA and other regulatory authorities and remain subject to a number of uncertainties that may affect their feasibility, scope or timing.

3.Organisational Structure of the Issuer

UBS AG is a Swiss bank and the main operating company of the Group. It is the sole subsidiary of UBS Group AG and the parent company of the UBS AG Group. UBS Group held 97.29% of UBS AG shares by 6 March 2015. Upon the successful completion of the squeeze-out procedure, UBS Group AG will own all the shares of UBS AG and is expected to directly acquire certain other UBS Group companies over time. Refer to "Recent Developments – The new legal structure of UBS Group and future structural changes" for more information.

UBS's legal entity structure is designed to support its businesses with an efficient legal, tax and funding framework considering regulatory restrictions in the countries where UBS

operates. UBS operates as a group with five business divisions and a Corporate Center. Currently the business divisions and the Corporate Center primarily operate out of UBS AG, through its branches worldwide, aiming to capitalize on the business opportunities and cost efficiencies that arise from the use of a single legal platform, and to enable the flexible and efficient use of capital. Where it is neither possible nor efficient to operate out of UBS AG, businesses operate through local subsidiaries. This can be the case when required for legal, tax or regulatory purposes, or when legal entities join the Group through acquisition.

UBS has announced that it intends to transfer by mid-2015 its Retail & Corporate business division and the Swiss-booked business of its Wealth Management business division into UBS Switzerland AG, a banking subsidiary of UBS AG in Switzerland.

In the UK, UBS has begun to implement a revised business and operating model for UBS Limited, which will enable UBS Limited to bear and retain a larger proportion of the risk and reward in its business activities.

In the US, to comply with new rules for foreign banks under the Dodd-Frank Wall Street Reform and Consumer Protection Act, by 1 July 2016 UBS will designate an intermediate holding company that will own all of UBS's US operations except US branches of UBS AG.

UBS may consider further changes to the Group's legal structure in response to regulatory requirements, including to further improve the resolvability of the Group, to respond to capital requirements, (to seek any reduction in capital requirements to which the Group may be entitled), and to meet any other regulatory requirements regarding its legal structure. Such changes may include the transfer of operating subsidiaries of UBS AG to become direct subsidiaries of UBS Group AG, the transfer of shared service and support functions to service companies, and adjustments to the booking entity or location of products and services. These structural changes are being discussed on an ongoing basis with the Swiss Financial Market Supervisory Authority (FINMA) and other regulatory authorities and remain subject to a number of uncertainties that may affect their feasibility, scope or timing.

UBS AG's interests in subsidiaries and other entities as of 31 December 2014, including information on UBS AG's significant subsidiaries, are discussed in the UBS Group AG and UBS AG annual report as of 31 December 2014 in the English language version published on 13 March 2015 (the "**Annual Report 2014**") on pages 691-699 (inclusive).

4. Trend Information

As stated in UBS's fourth quarter report issued on 10 February 2015, at the start of the first quarter of 2015, many of the underlying challenges and geopolitical issues that UBS has previously highlighted remain. The mixed outlook for global growth, the absence of sustained and credible improvements to unresolved issues in Europe, continuing US fiscal and monetary policy issues, increasing geopolitical instability and greater uncertainty surrounding the potential effects of lower and potentially volatile energy and other commodity prices would make improvements in prevailing market conditions unlikely. In addition, recent moves by the Swiss National Bank to remove the EUR / CHF floor and by the European Central Bank to increase its balance sheet expansion via quantitative easing have added additional challenges to the financial markets and to Swiss-based financial services firms specifically. The increased value of the Swiss franc relative to other currencies, especially the US dollar and the euro, and negative interest rates in the eurozone and Switzerland will put pressure on UBS's profitability and, if they persist, on some of UBS's targeted performance levels. Despite ongoing and new challenges, UBS will continue to

execute on its strategy in order to ensure the firm's long-term success and to deliver sustainable returns for shareholders.

5. Administrative, Management and Supervisory Bodies of UBS AG

UBS AG is subject to, and acts in compliance with, all relevant Swiss legal and regulatory requirements regarding corporate governance.

UBS AG operates under a strict dual board structure, as mandated by Swiss banking law. The Board of Directors ("**BoD**") exercises the ultimate supervision over management, whereas the Group Executive Board ("**GEB**"), headed by the Group Chief Executive Officer ("**Group CEO**"), has executive management responsibility. The functions of Chairman of the BoD and Group CEO are assigned to two different people, ensuring a separation of power. This structure establishes checks and balances and preserves the institutional independence of the BoD from the day-to-day management of UBS AG, for which responsibility is delegated to the GEB under the leadership of the Group CEO.

No member of one board may simultaneously be a member of the other. The supervision and control of the GEB remains with the BoD. The Articles of Association and the Organization Regulations of UBS AG with their annexes govern the authorities and responsibilities of the two bodies.

Board of Directors

The BoD is the most senior body of UBS AG. The BoD consists of at least six and a maximum of 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. Shareholders also elect the Chairman and the members of the Human Resources and Compensation Committee.

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

Members of the Board of Directors

Member and business address	Title	Term of office	Current principal positions outside UBS AG
Axel A. Weber UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Chairman	2015	Member of the Board of Directors of UBS Group AG. Member of the board of the Swiss Finance Council, the Swiss Bankers Association, the Institute of International Finance and the International Monetary Conference; member of the European Banking Group, the European Financial Services Roundtable, the IMD Foundation Board in Lausanne, the Group of Thirty, Washington, D.C. and the Foundation Board of Avenir Suisse; research fellow at the Center for Economic Policy Research, London; senior research fellow at the Center for Financial Studies, Frankfurt/Main; member of the European Money and Finance Forum in Vienna and of the Monetary Economics and International Economics Councils of the leading association of German-speaking economists, the Verein für Socialpolitik; member of the Advisory Board of the German Market Economy Foundation and of the Advisory Board of the Department of Economics at the University of

			Zurich; member of the Board of Directors of the Financial Services Professional Board, Kuala Lumpur.
Michel Demaré Syngenta International AG, Schwarzwaldallee 215, CH-4058 Basel	Independent Vice Chairman	2015	Member of the Board of Directors of UBS Group AG. Chairman of the board of Syngenta, a member of the IMD Supervisory Board, Lausanne, and Chairman of SwissHoldings, Berne. Chairman of the Syngenta Foundation for Sustainable Agriculture. Member of the advisory board of the Department of Banking and Finance, University of Zurich. Member of the board of Louis-Dreyfus Commodities Holdings BV
David Sidwell UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Senior Independent Director	2015	Member of the Board of Directors of UBS Group AG. Director and Chairperson of the Risk Policy and Capital Committee of Fannie Mae, Washington D.C.; Senior Advisor at Oliver Wyman, New York; unaffiliated board member of Gavi, the Vaccine Alliance; board member of Ace Limited; Chairman of the board of Village Care, New York; Director of the National Council on Aging, Washington D.C.
Reto Francioni Deutsche Börse AG, D-60485 Frankfurt am Main	Member	2015	Member of the Board of Directors of UBS Group AG. CEO of Deutsche Börse AG and chairman of the Supervisory Board of Eurex Zürich AG and Eurex Frankfurt AG; Professor at the University of Basel. Member of the Shanghai International Financial Advisory Committee, of the Advisory Board of Moscow International Financial Center, of the International Advisory Board of Instituto de Empresa, of the Steering Committee of the Project "Role of Financial Services in Society", World Economic Forum, of the Franco-German Roundtable, and of the Strategic Advisory Group of VHV Insurance.
Ann F. Godbehere UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2015	Member of the Board of Directors of UBS Group AG. Board member and Chairperson of the Audit Committee of Prudential plc, Rio Tinto plc, Rio Tinto Limited. Member of the board of British American Tobacco plc.
Axel P. Lehmann Zurich Insurance Group, Mythenquai 2, CH-8002 Zurich	Member	2015	Member of the Board of Directors of UBS Group AG. Member of the Group Executive Committee, Group Chief Risk Officer and Regional Chairman Europe of Zurich Insurance Group, Zurich; Chairman of the board of Farmers Group, Inc.; Chairman of Zurich Insurance plc., Dublin; member of the supervisory board of Zurich Beteiligungs AG, Frankfurt a.M.; Chairman of the board of trustees of the Pension Plans 1 and 2 of the Zurich Insurance Group. Chairman of the board of the Institute of Insurance Economics at and member of the International and Alumni Advisory Board of the University of St. Gallen; former Chairman and member of the Chief Risk Officer Forum; member of the board of Economiesuisse; Chairman of the Global Agenda Council on the Global Financial System of World Economic Forum (WEF).
Helmut Panke UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2015	Member of the Board of Directors of UBS Group AG. Member of the board and Chairperson of the Regulatory and Public Policy Committee of Microsoft Corporation; member of the board and Chairperson of the Safety & Risk Committee of Singapore Airlines Ltd.; member of the Supervisory Board of Bayer AG

<p>William G. Parrett</p> <p>UBS AG, Bahnhofstrasse 45, CH-8001 Zurich</p>	Member	2015	Member of the Board of Directors of UBS Group AG. Member of the board and Chairperson of the Audit Committee of the Eastman Kodak Company, the Blackstone Group LP and Thermo Fisher Scientific Inc.; member of the board of IGATE Corporation. Past Chairman of the board of the United States Council for International Business and of United Way Worldwide; member of the Carnegie Hall Board of Trustees; member of the Committee on Capital Markets Regulation
<p>Isabelle Romy</p> <p>Froriep, Bellerivestrasse 201, CH-8034 Zurich</p>	Member	2015	Member of the Board of Directors of UBS Group AG. Partner at Froriep, Zurich; associate professor at the University of Fribourg and at the Federal Institute of Technology, Lausanne; member and Vice Chairman of the Sanction Commission of the SIX Swiss Exchange
<p>Beatrice Weder di Mauro</p> <p>Johannes Gutenberg- University Mainz, Jakob Welder-Weg 4, D-55099 Mainz</p>	Member	2015	Member of the Board of Directors of UBS Group AG. Professor at the Johannes Gutenberg University, Mainz; member of the board of Roche Holding Ltd., Basel, and Robert Bosch GmbH, Stuttgart. Member of the Corporate Governance Commission of the German Government and of the Global Agenda Council on Sovereign Debt of the World Economic Forum. Member of the economic advisory board of Fraport AG and a member of the advisory board of Deloitte Germany. Member of the Senate of the Max Planck Society. Deputy Chairman of the University Council of the University of Mainz
<p>Joseph Yam</p> <p>UBS AG, Bahnhofstrasse 45, CH-8001 Zurich</p>	Member	2015	Member of the Board of Directors of UBS Group AG. Executive Vice President of the China Society for Finance and Banking. Distinguished research fellow of the Institute of Global Economics and Finance at the Chinese University of Hong Kong; member of the board of Community Chest of Hong Kong; member of the International Advisory Council of China Investment Corporation. Member of the board of Johnson Electric Holdings Limited and of UnionPay International Co., Ltd.

UBS AG's Board of Directors has announced that it will nominate Jes Staley for election to the Board at the annual general meeting of shareholders on 7 May 2015.

Organizational principles and structure

Following each AGM, the BoD meets to appoint one or more Vice Chairmen, a Senior Independent Director, BoD committee members, other than the members of the Human Resources and Compensation Committee who are elected by the shareholders, and their respective Chairpersons. At the same meeting, the BoD appoints a Company Secretary, who acts as secretary to the BoD and its committees.

The BoD committees comprise the Audit Committee, the Corporate Culture and Responsibility Committee, the Governance and Nominating Committee, the Human Resources and Compensation Committee and the Risk Committee. The BoD has also established ad-hoc committees, i.e. the Strategy Committee and the Special Committee.

Audit Committee

The Audit Committee ("AC") consists of five BoD members, all of whom having been determined by the BoD to be fully independent and financially literate.

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

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

The AC reviews the annual and quarterly consolidated as well as standalone financial statements of UBS AG, as proposed by management, with the external auditors and Group Internal Audit in order to recommend their approval (including any adjustments the AC considers appropriate) to the BoD.

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

The members of the AC are William G. Parrett (Chairperson), Michel Demaré, Ann F. Godbehere, Isabelle Romy and Beatrice Weder di Mauro.

Group Executive Board

Under the leadership of the Group CEO, the GEB has executive management responsibility for the business. All GEB members (with the exception of the Group CEO) are proposed by the Group CEO. The appointments are made by the BoD.

Members of the Group Executive Board

Member and business address	Function
Sergio P. Ermotti UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Group Chief Executive Officer
Markus U. Diethelm UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Group General Counsel
Lukas Gähwiler UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	President Retail & Corporate and President Switzerland
Ulrich Körner UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	President Global Asset Management and President Europe, Middle East and Africa

Philip J. Lofts UBS AG, 677 Washington Boulevard, Stamford, CT 06901 USA	Group Chief Risk Officer
Robert J. McCann UBS AG, 1200 Harbor Boulevard, Weehawken, NJ 07086 USA	President Wealth Management Americas and President Americas
Tom Naratil UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Group Chief Financial Officer and Group Chief Operating Officer
Andrea Orcel UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	President Investment Bank
Chi-Won Yoon UBS AG, 2 International Finance Centre 52/F, 8 Finance Street, Central, Hong Kong	President Asia Pacific
Jürg Zeltner UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	President Wealth Management

No member of the GEB has any significant business interests outside UBS AG.

Potential conflicts of interest

Members of the BoD and GEB may act as directors or executive officers of other companies (for current principal positions outside UBS AG, if any, of BoD members, please see above under "Members of the Board of Directors") and may have economic or other private interests that differ from those of UBS AG. Potential conflicts of interest may arise from these positions or interests. UBS AG is confident that its internal corporate governance practices and its compliance with relevant legal and regulatory provisions reasonably ensure that any conflicts of interest of the type described above are appropriately managed, including through disclosure when appropriate.

6. Major Shareholders

Following the exchange offer mentioned above and subsequent private exchanges on a one-for-one basis with various shareholders and banks in Switzerland and elsewhere outside the United States, UBS Group AG acquired 96.68% of UBS AG shares by 31 December 2014. Further private exchanges have reduced the amount of outstanding UBS AG shares by 17.1 million and as a result UBS Group AG held 97.29% of UBS AG shares by 6 March 2015.

UBS Group AG has filed a request with the Commercial Court of the Canton of Zurich for a procedure under article 33 of the Swiss Stock Exchanges and Securities Trading Act (the "SESTA procedure"). If the SESTA procedure is successful, the shares of the remaining minority shareholders of UBS AG will be automatically exchanged for UBS Group AG shares, and UBS Group AG will become the 100% owner of UBS AG. The timing and success of the

SESTA procedure are dependent on the court. UBS Group currently expects that the SESTA procedure will be completed in the second half of 2015.

7. Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses

A description of UBS AG and UBS AG (consolidated) assets and liabilities, financial position and profits and losses for financial year 2013 is available in the financial information section of the annual report of UBS AG as of 31 December 2013 in the English language ("**Annual Report 2013**"), and for financial year 2014 in the financial information section of the Annual Report 2014. UBS AG's financial year is the calendar year.

Historical Financial Information

With respect to the financial year 2013, reference is made to the following parts of the Annual Report 2013 (within the Financial information section, English version):

- (i) the Consolidated Financial Statements of UBS AG, in particular to the Income Statement on page 350, the Balance Sheet on page 353, the Statement of Cash Flows on pages 357-358 (inclusive) and the Notes to the Consolidated Financial Statements on pages 359-505 (inclusive); and
- (ii) the Financial Statements of UBS AG (Parent Bank), in particular to the Income Statement on page 510, the Balance Sheet on page 511, the Statement of Appropriation of Retained Earnings on page 512, the Notes to the Parent Bank Financial Statements on pages 513-531 (inclusive) and the Parent Bank Review on pages 507-509 (inclusive); and
- (iii) the section entitled "Introduction and accounting principles" on page 344.

With respect to the financial year 2014, reference is made to the following parts of the Annual Report 2014 (within the Financial information section, English version):

- (i) the UBS AG consolidated financial statements, in particular to the Income statement on page 554, the Balance sheet on page 557, the Statement of cash flows on pages 563-564 (inclusive) and the Notes to the consolidated financial statements on pages 565-724 (inclusive); and
- (ii) the UBS AG standalone financial statements, in particular to the Income statement on page 748, the Balance sheet on page 749, the Statement of appropriation of retained earnings and proposed distribution of capital contribution reserve on page 750, the Notes to the UBS AG standalone financial statements on pages 751-760 (inclusive) and the Financial review on pages 745-747 (inclusive).

As described in the Annual Report 2014 (Note 1b to the UBS AG consolidated financial statements) UBS AG has made certain adjustments in 2014 to the consolidated historical financial statements for the year ended 31 December 2013 due to (i) the adoption of Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32, Financial Instruments: Presentation) and (ii) removing exchange-traded derivative client cash balances from UBS AG's balance sheet. The comparative balance sheet as of 31 December 2013 was restated to reflect the effects of adopting these changes. These restatements had no impact on total equity, net profit, earnings per share or on UBS AG's Basel III capital.

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

Auditing of Historical Annual Financial Information

The consolidated financial statements of UBS AG and the standalone financial statements of UBS AG for financial years 2013 and 2014 were audited by Ernst & Young. The reports of the auditors on the consolidated financial statements can be found on pages 348-349 (inclusive) of the Annual Report 2013 and on pages 552-553 (inclusive) of the Annual Report 2014 (in both cases, within the Financial information section, English version). The reports of the auditors on the standalone financial statements of UBS AG can be found on pages 532-533 (inclusive) of the Annual Report 2013 and on pages 761-762 (inclusive) of the Annual Report 2014 (in both cases, within the Financial information section, English version).

8. Litigation, Regulatory and Similar Matters

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

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

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

In the case of certain matters below, UBS states that it has established a provision, and for the other matters it makes no such statement. When UBS makes this statement and it expects disclosure of the amount of a provision to prejudice seriously its position with other parties in the matter, because it would reveal what UBS believes to be the probable and

reliably estimable outflow, UBS does not disclose that amount. In some cases UBS is subject to confidentiality obligations that preclude such disclosure. With respect to the matters for which UBS does not state whether it has established a provision, either (a) it has not established a provision, in which case the matter is treated as a contingent liability under the applicable accounting standard or (b) it has established a provision but expects disclosure of that fact to prejudice seriously its position with other parties in the matter because it would reveal the fact that UBS believes an outflow of resources to be probable and reliably estimable.

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

The aggregate amount provisioned for litigation, regulatory and similar matters as a class is disclosed in Note 22a to the audited UBS AG consolidated financial statements. It is not practicable to provide an aggregate estimate of liability for UBS's litigation, regulatory and similar matters as a class of contingent liabilities. Doing so would require UBS to provide speculative legal assessments as to claims and proceedings that involve unique fact patterns or novel legal theories, which have not yet been initiated or are at early stages of adjudication, or as to which alleged damages have not been quantified by the claimants. Although UBS therefore cannot provide a numerical estimate of the future losses that could arise from the class of litigation, regulatory and similar matters, it believes that the aggregate amount of possible future losses from this class that are more than remote substantially exceeds the level of current provisions. Litigation, regulatory and similar matters may also result in non-monetary penalties and consequences. Among other things, the non-prosecution agreement (NPA) described in paragraph 7 of this section, which UBS entered into with the US Department of Justice, Criminal Division, Fraud Section (DOJ) in connection with UBS's submissions of benchmark interest rates, including among others the British Bankers' Association London Interbank Offered Rate (LIBOR), may be terminated by the DOJ if UBS commits any US crime or otherwise fails to comply with the NPA and the DOJ may obtain a criminal conviction of UBS in relation to the matters covered by the NPA. See paragraph 7 of this section for a description of the NPA. A guilty plea to, or conviction of, a crime (including as a result of termination of the NPA) could have material consequences for UBS. Resolution of regulatory proceedings may require UBS to obtain waivers of regulatory disqualifications to maintain certain operations, may entitle regulatory authorities to limit, suspend or terminate licenses and regulatory authorizations and may permit financial market utilities to limit, suspend or terminate 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 Annual Report 2014.

Provisions for litigation, regulatory and similar matters by segment ^{1,2}

<i>CHF million</i>	WM	WMA	R&C	GI AM	IB	CC – CF	CC – NCLP	Total 31.12.14	Total 31.12.13
Balance at the beginning of the year	165	56	82	3	22	488	808	1,622	1,432

Additions from acquired companies	0	0	0	0	0	0	0	0	8
Increase in provisions recognized in the income statement	409	196	59	55	1,861	17	344	2,941	1,788
Release of provisions recognized in the income statement	(15)	(27)	0	0	(5)	(201)	(147)	(395)	(93)
Provisions used in conformity with designated purpose	(374)	(36)	(49)	(5)	(649)	0	(173)	(1,286)	(1,417)
Reclassifications	0	0	0	0	(4)	0	2	(2)	(6)
Foreign currency translation / unwind of discount	3	20	0	1	33	8	107	172	(89)
Balance at the end of the year	188	209	92	53	1,258	312	941	3,053	1,622

1 WM = Wealth Management; WMA = Wealth Management Americas; R&C = Retail & Corporate; GI AM = Global Asset Management; IB = Investment Bank; CC-CF = Corporate Center – Core Functions; CC-NcLP = Corporate Center - Non-core and Legacy Portfolio. 2 Provisions, if any, for the matters described in (a) item 4 of this section are recorded in Wealth Management, (b) item 6 of this section are recorded in Wealth Management Americas, (c) items 10 and 11 of this section are recorded in the Investment Bank, (d) items 3 and 9 of this section are recorded in Corporate Center – Core Functions and (e) items 2 and 5 of this section are recorded in Corporate Center – Non-core and Legacy Portfolio. Provisions, if any, for the matters described in items 1 and 8 of this section are allocated between Wealth Management and Retail & Corporate, and provisions for the matter described in item 7 of this section are allocated between the Investment Bank and Corporate Center– Core Functions.

1. Inquiries regarding cross-border wealth management businesses

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

As a result of investigations in France, in May and June 2013, respectively, UBS (France) S.A. and UBS AG were put under formal examination (“mise en examen”) for complicity in having illicitly solicited clients on French territory, and were declared witness with legal assistance (“témoin assisté”) regarding the laundering of proceeds of tax fraud and of banking and financial solicitation by unauthorized persons. In July 2014, UBS AG was placed under formal examination with respect to the potential charges of laundering of proceeds of tax fraud, for which it had been previously declared witness with legal assistance, and the investigating judges ordered UBS to provide bail (“caution”) of EUR 1.1 billion. UBS appealed the determination of the bail amount, but both the appeal court (“Cour d’Appel”) and the French Supreme Court (“Cour de Cassation”) upheld the bail amount and rejected the appeal in full in late 2014. UBS intends to challenge the judicial process in the European Court of Human Rights. UBS (France) S.A. and UBS AG are summoned to appear in March 2015. In addition, the investigating judges have issued arrest warrants against three Swiss-based former employees of UBS who did not appear when summoned by the investigating judge. Separately, in June 2013, the French banking supervisory authority’s disciplinary commission reprimanded UBS (France) S.A. for having had insufficiencies in its control and compliance framework around its cross-border activities and “know your customer” obligations. It imposed a penalty of EUR 10 million which was paid.

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

UBS's balance sheet at 31 December 2014 reflected provisions with respect to matters described in this item 1 in an amount that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which UBS has established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information, and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that UBS has recognized.

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

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

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

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

RMBS-related lawsuits concerning disclosures: UBS is named as a defendant relating to its role as underwriter and issuer of RMBS in a large number of lawsuits related to approximately USD 10 billion in original face amount of RMBS underwritten or issued by UBS. Of the USD 10 billion in original face amount of RMBS that remains at issue in these cases, approximately USD 3 billion was issued in offerings in which a UBS subsidiary transferred underlying loans (the majority of which were purchased from third-party originators) into a securitization trust and made representations and warranties about those loans (UBS-sponsored RMBS). The remaining USD 7 billion of RMBS to which these cases relate was issued by third parties in securitizations in which UBS acted as underwriter (third-party RMBS).

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

UBS is also named as a defendant in several cases asserting fraud and other claims brought by entities that purchased collateralized debt obligations that had RMBS exposure and that were arranged or sold by UBS.

UBS is a defendant in two lawsuits brought by the National Credit Union Administration (NCUA), as conservator for certain failed credit unions, asserting misstatements and omissions in the offering documents for RMBS purchased by the credit unions. Both lawsuits were filed in US District Courts, one in the District of Kansas and the other in the Southern District of New York (Southern District of New York). The Kansas court partially granted UBS's motion to dismiss in 2013 and held that the NCUA's claims for ten of the 22 RMBS certificates on which it had sued were time-barred. As a result, the original principal balance at issue in that case was reduced from USD 1.15 billion to approximately USD 413 million. The original principal balance at issue in the Southern District of New York case is approximately USD 402 million. In March 2015, the US Court of Appeals for the Tenth Circuit issued a ruling in a similar case filed by the NCUA against Barclays Capital, Inc. and others that substantially endorsed the Kansas Court's reasoning in dismissing certain of the NCUA's claims as time-barred. However, the Tenth Circuit nevertheless held that the NCUA's claims against Barclays could proceed because Barclays had contractually agreed not to assert certain statute of limitations defenses against the NCUA. UBS is evaluating the Tenth Circuit's ruling and assessing the potential impact of the decision on the NCUA's dismissed claims against UBS.

Loan repurchase demands related to sales of mortgages and RMBS: When UBS acted as an RMBS sponsor or mortgage seller, it generally made certain representations relating to the characteristics of the underlying loans. In the event of a material breach of these representations, UBS was in certain circumstances contractually obligated to repurchase the loans to which they related or to indemnify certain parties against losses. UBS has received demands to repurchase US residential mortgage loans as to which UBS made certain representations at the time the loans were transferred to the securitization trust. UBS has been notified by certain institutional purchasers of mortgage loans and RMBS of their contention that possible breaches of representations may entitle the purchasers to require that UBS repurchase the loans or to other relief. The table "Loan repurchase demands by year received – original principal balance of loans" summarizes repurchase demands received by UBS and UBS's repurchase activity from 2006 through 5 March 2015. In the table, repurchase demands characterized as Demands resolved in litigation and Demands rescinded by counterparty are considered to be finally resolved. Repurchase demands in all other categories are not finally resolved.

Loan repurchase demands by year received – original principal balance of loans ¹

<i>USD million</i>	2006-2008	2009	2010	2011	2012	2013	2014	2015, through 5 March	Total
Resolved demands									
Actual or agreed loan repurchases / make whole payments by UBS	12	1							13
Demands rescinded by counterparty	110	104	19	303	237				773
Demands resolved in litigation	1	21							21
Demands expected to be resolved by third parties									

Demands resolved or expected to be resolved through enforcement of indemnification rights against third-party originators		77	2	45	107	99	72		403
Demands in dispute									
Demands in litigation			346	732	1,041				2,118
Demands in review by UBS				2					3
Demands rebutted by UBS but not yet rescinded by counterparty		1	2	1	18	519	260		801
Total	122	205	368	1,084	1,404	618	332	0	4,133

¹ Loans submitted by multiple counterparties are counted only once.

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

In most instances in which UBS would be required to repurchase loans due to misrepresentations, UBS would be able to assert demands against third-party loan originators who provided representations when selling the related loans to UBS. However, many of these third parties are insolvent or no longer exist. UBS estimates that, of the total original principal balance of loans sold or securitized by UBS from 2004 through 2007, less than 50% was purchased from surviving third-party originators. In connection with approximately 60% of the loans (by original principal balance) for which UBS has made payment or agreed to make payment in response to demands received in 2010, UBS has asserted indemnity or repurchase demands against originators. Since 2011, UBS has advised certain surviving originators of repurchase demands made against UBS for which UBS would be entitled to indemnity, and has asserted that such demands should be resolved directly by the originator and the party making the demand.

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

Lawsuits related to contractual representations and warranties concerning mortgages and RMBS: In 2012, certain RMBS trusts filed an action (Trustee Suit) in the Southern District of New York seeking to enforce UBS RESI's obligation to repurchase loans in the collateral pools for three RMBS securitizations (Transactions) with an original principal balance of approximately USD 2 billion for which Assured Guaranty Municipal Corp. (Assured Guaranty), a financial guaranty insurance company, had previously demanded repurchase. In January 2015, the court rejected plaintiffs' efforts to seek damages for all loans purportedly in breach of representations and warranties in any of the three Transactions and limited plaintiffs to pursuing claims based solely on alleged breaches of loans identified in the complaint or other breaches that plaintiffs can establish were independently discovered by UBS. On 25 February 2015, the court denied plaintiffs' motion seeking reconsideration of its ruling. With respect to the loans subject to the Trustee Suit that were originated by institutions still in existence, UBS intends to enforce its indemnity rights against those institutions. Related litigation brought by Assured Guaranty was resolved in 2013.

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

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

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

As reflected in the table "Provision for claims related to sales of residential mortgage-backed securities and mortgages," UBS's balance sheet at 31 December 2014 reflected a provision of USD 849 million with respect to matters described in this item 2. As in the case of other matters for which UBS has established provisions, the future outflow of resources in respect of this matter cannot be determined with certainty based on currently available information, and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that UBS has recognized.

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

<i>USD million</i>	31.12.14	31.12.13
Balance at the beginning of the year	817	668
Increase in provision recognized in the income statement	239	1,359
Release of provision recognized in the income statement	(120)	(1)
Provision used in conformity with designated purpose	(87)	(1,208)
Balance at the end of the year	849	817

Mortgage-related regulatory matters. In August 2014, UBS received a subpoena from the US Attorney's Office for the Eastern District of New York issued pursuant to the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), which seeks documents and information related to UBS's RMBS business from 2005 through 2007. UBS has also been responding to a subpoena from the New York State Attorney General (NYAG) relating to its RMBS business. In addition, UBS has also been responding to inquiries from both the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) (who is working in

conjunction with the US Attorney's Office for Connecticut and the DOJ) and the SEC relating to trading practices in connection with purchases and sales of mortgage-backed securities in the secondary market from 2009 through the present. UBS is cooperating with the authorities in these matters. Numerous other banks reportedly are responding to similar inquiries from these authorities.

3. Claims related to UBS disclosure

In 2012, a consolidated complaint was filed in a putative securities fraud class action pending in federal court in Manhattan against UBS AG and certain of its current and former officers relating to the unauthorized trading incident that occurred in the Investment Bank and was announced in September 2011. The lawsuit was filed on behalf of parties who purchased publicly traded UBS securities on any US exchange, or where title passed within the US, during the period 17 November 2009 through 15 September 2011. In 2013, the district court granted UBS's motion to dismiss the complaint in its entirety, from which plaintiffs filed an appeal. In 2015, the appellate court affirmed the district court's dismissal of the action.

4. Madoff

In relation to the Bernard L. Madoff Investment Securities LLC (BMIS) investment fraud, UBS AG, UBS (Luxembourg) SA and certain other UBS subsidiaries have been subject to inquiries by a number of regulators, including the Swiss Financial Market Supervisory Authority (FINMA) and the Luxembourg Commission de Surveillance du Secteur Financier (CSSF). Those inquiries concerned two third-party funds established under Luxembourg law, substantially all assets of which were with BMIS, as well as certain funds established in offshore jurisdictions with either direct or indirect exposure to BMIS. These funds now face severe losses, and the Luxembourg funds are in liquidation. The last reported net asset value of the two Luxembourg funds before revelation of the Madoff scheme was approximately USD 1.7 billion in the aggregate, although that figure likely includes fictitious profit reported by BMIS. The documentation establishing both funds identifies UBS entities in various roles including custodian, administrator, manager, distributor and promoter, and indicates that UBS employees serve as board members. UBS (Luxembourg) SA and certain other UBS subsidiaries are responding to inquiries by Luxembourg investigating authorities, without however being named as parties in those investigations. In 2009 and 2010, the liquidators of the two Luxembourg funds filed claims on behalf of the funds against UBS entities, non-UBS entities and certain individuals including current and former UBS employees. The amounts claimed are approximately EUR 890 million and EUR 305 million, respectively. The liquidators have filed supplementary claims for amounts that the funds may possibly be held liable to pay the BMIS Trustee. These amounts claimed by the liquidator are approximately EUR 564 million and EUR 370 million, respectively. In addition, a large number of alleged beneficiaries have filed claims against UBS entities (and non-UBS entities) for purported losses relating to the Madoff scheme. The majority of these cases are pending in Luxembourg, where appeals were filed by the claimants against the 2010 decisions of the court in which the claims in a number of test cases were held to be inadmissible. In the US, the BMIS Trustee filed claims in 2010 against UBS entities, among others, in relation to the two Luxembourg funds and one of the offshore funds. The total amount claimed against all defendants in these actions was not less than USD 2 billion. Following a motion by UBS, in 2011, the US District Court for the Southern District of New York dismissed all of the BMIS Trustee's claims other than claims for recovery of fraudulent conveyances and preference payments that were allegedly transferred to UBS on the ground that the BMIS Trustee lacks standing to bring such claims. In 2013, the Second Circuit affirmed the District Court's decision and, in June 2014, the US Supreme Court denied the BMIS Trustee's petition seeking review of the Second Circuit ruling. In December 2014, several claims, including a purported class action, were filed in the

US by BMIS customers against UBS entities, asserting claims similar to the ones made by the BMIS Trustee, seeking unspecified damages. In Germany, certain clients of UBS are exposed to Madoff-managed positions through third-party funds and funds administered by UBS entities in Germany. A small number of claims have been filed with respect to such funds. In January 2015, a court of appeal reversed a lower court decision in favor of UBS in one such case and ordered UBS to pay EUR 49 million, plus interest. UBS has filed an application for leave to appeal the decision.

5. Kommunale Wasserwerke Leipzig GmbH ("KWL")

In 2006, KWL entered into a single-tranche collateralized debt obligation/credit default swap (STCDO/CDS) transaction with UBS, with latter legs being intermediated in 2006 and 2007 by Landesbank Baden-Württemberg (LBBW) and Depfa Bank plc (Depfa). KWL retained UBS Global Asset Management to act as portfolio manager under the STCDO/CDS. UBS and the intermediating banks terminated the STCDO/CDS following non-payment by KWL under the STCDOs. UBS claimed payment of approximately USD 319.8 million, plus interest, from KWL, Depfa and LBBW.

In 2010, UBS (UBS AG, UBS Limited and UBS Global AM) issued proceedings in the English High Court against KWL, Depfa and LBBW seeking declarations and/or to enforce the terms of the STCDO/CDS contracts, and each of KWL, Depfa and LBBW filed counterclaims. Judgment was given in November 2014, following a three-month trial. The Court ruled that UBS cannot enforce the STCDO/CDS entered into with KWL, LBBW or Depfa, which have been rescinded, granted the fraudulent misrepresentation claims of LBBW and Depfa against UBS, and ruled that UBS Global Asset Management breached its duty in the management of the underlying portfolios. The Court dismissed KWL's monetary counterclaim against UBS. The majority of the premiums paid to KWL and the fees paid to LBBW and Depfa under the transactions have been returned to UBS and UBS has returned monies received under the transaction from Depfa. UBS has been ordered to pay part of the other parties' costs in the proceedings. The Court of Appeal has denied UBS's application for permission to appeal the judgment on written submission. UBS has requested an oral hearing to reconsider the refusal of its application.

In separate proceedings brought by KWL against LBBW in Leipzig, Germany, the court ruled in LBBW's favor in June 2013 and upheld the validity of the STCDO as between LBBW and KWL. KWL has appealed against that ruling and, in December 2014, the appeal court stayed the appeal proceedings following the judgment and UBS's request for permission to appeal in the proceedings in England. KWL and LBBW have been given permission by the English trial judge to make applications to recover their costs in the German proceedings as damages from UBS in the English proceedings after the German proceedings conclude.

In 2011 and 2013, the former managing director of KWL and two financial advisers were convicted in Germany on criminal charges related to certain KWL transactions, including swap transactions with UBS. All three have lodged appeals.

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

UBS's balance sheet at 31 December 2014 reflected provisions with respect to matters described in this item 5 in an amount that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which UBS has established provisions, the future outflow of resources in respect of such matters cannot be

determined with certainty based on currently available information, and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that UBS has recognized.

6. Puerto Rico

Declines since August 2013 in the market prices of Puerto Rico municipal bonds and of closed-end funds (the funds) that are sole-managed and co-managed by UBS Trust Co. of Puerto Rico and distributed by UBS Financial Services Inc. of Puerto Rico (UBS PR) have led to multiple regulatory inquiries, as well as customer complaints and arbitrations with aggregate claimed damages exceeding USD 1.1 billion. The claims are filed by clients in Puerto Rico who own the funds or Puerto Rico municipal bonds and/or who used their UBS account assets as collateral for UBS non-purpose loans; customer complaint and arbitration allegations include fraud, misrepresentation and unsuitability of the funds and of the loans. A shareholder derivative action also was filed in February 2014 against various UBS entities and current and certain former directors of the funds, alleging hundreds of millions in losses in the funds. In May 2014, a federal class action complaint was filed against various UBS entities, certain members of UBS 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.

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

In October 2014 UBS reached a settlement with the Office of the Commissioner of Financial Institutions for the Commonwealth of Puerto Rico (OCFI) in connection with OCFI's examination of UBS's operations from January 2006 through September 2013. Pursuant to the settlement, UBS contributed USD 3.5 million to an investor education fund, offered USD 1.68 million in restitution to certain investors and, among other things, committed to undertake an additional review of certain client accounts to determine if additional restitution would be appropriate.

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 and other consultants and underwriters, trustees of the System, and the President and Board of the Government Development Bank of Puerto Rico. The plaintiffs alleged that defendants violated their purported fiduciary duties and contractual obligations in connection with the issuance and underwriting of approximately USD 3 billion of bonds by the System in 2008 and sought damages of over USD 800 million. UBS is named in connection with its underwriting and consulting services. In 2013, the case was dismissed by the Puerto Rico Court of First Instance on the grounds that plaintiffs did not have standing to bring the claim. That dismissal was subsequently overturned by the Puerto Rico Court of Appeals. UBS's petitions for appeal and reconsideration have been denied by the Supreme Court of Puerto Rico.

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

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

UBS's balance sheet at 31 December 2014 reflected provisions with respect to matters described in this item 6 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.

7. Foreign exchange, LIBOR, and benchmark rates

Foreign exchange-related regulatory matters: Following an initial media report in 2013 of widespread irregularities in the foreign exchange markets, UBS immediately commenced an internal review of its foreign exchange business, which includes UBS's precious metals and related structured products businesses. Since then, various authorities have commenced investigations concerning possible manipulation of foreign exchange markets, including FINMA, the Swiss Competition Commission (WEKO), the DOJ, the US Commodity Futures Trading Commission (CFTC), the Federal Reserve Board, the UK Financial Conduct Authority (FCA) (to which certain responsibilities of the UK Financial Services Authority (FSA) have passed), the UK Serious Fraud Office (SFO), the Australian Securities and Investments Commission (ASIC) and the Hong Kong Monetary Authority (HKMA). WEKO stated in March 2014 that it had reason to believe that certain banks may have colluded to manipulate foreign exchange rates. A number of authorities also reportedly are investigating potential manipulation of precious metals prices. UBS and other financial institutions have received requests from various authorities relating to their foreign exchange businesses, and UBS is cooperating with the authorities. UBS has taken and will take appropriate action with respect to certain personnel as a result of its ongoing review.

In November 2014, UBS reached settlements with the FCA and the CFTC in connection with their foreign exchange investigations, and FINMA issued an order concluding its formal proceedings with respect to UBS relating to its foreign exchange and precious metals businesses. UBS has paid a total of approximately CHF 774 million to these authorities, including GBP 234 million in fines to the FCA, USD 290 million in fines to the CFTC, and CHF 134 million to FINMA representing confiscation of costs avoided and profits. The conduct described in the settlements and the FINMA order includes certain UBS personnel: engaging in efforts, alone or in cooperation/collusion with traders at other banks, to manipulate FX benchmark rates involving multiple currencies, attempts to trigger client stop-loss orders for the benefit of the bank, and inappropriate sharing of confidential client information. UBS has ongoing obligations to cooperate with these authorities and to undertake certain remediation, including actions to improve processes and controls and requirements imposed by FINMA to apply compensation restrictions for certain employees and to automate at least 95% of its global foreign exchange and precious metals trading by 31 December 2016. Investigations by numerous authorities, including the DOJ, the Federal Reserve Board and the CFTC, remain ongoing notwithstanding these resolutions.

In December 2014, the HKMA announced the conclusion of its investigation into foreign exchange trading operations of banks in Hong Kong. The HKMA found no evidence of collusion among the banks or of manipulation of foreign exchange benchmark rates in Hong Kong. The HKMA also found that banks had internal control deficiencies with respect to their foreign exchange trading operations.

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

Foreign exchange-related civil litigation: Putative class actions have been filed since November 2013 in US federal courts against UBS and other banks. These actions are on behalf of putative classes of persons who engaged in foreign currency transactions with any of the defendant banks. They allege collusion by the defendants and assert claims under the antitrust laws and for unjust enrichment. In March 2015, UBS entered into a settlement agreement to resolve those actions. The settlement, which is subject to court approval, requires among other things that UBS pay USD 135 million and provide cooperation to the settlement class. In January 2015, UBS was added to an ongoing putative class action against other banks in federal court in New York on behalf of a putative class of persons that transacted in physical silver or a silver financial instrument priced, benchmarked, and/or settled to the London silver fix at any time from January 1, 1999 to an unspecified date. The complaint asserts claims under the antitrust laws and the Commodity Exchange Act and for unjust enrichment. In February 2015, a putative class action was filed in federal court in New York against UBS and other banks on behalf of a putative class of persons who entered into any standardized FX futures contracts and options on FX futures contracts on an exchange since January 1, 2008. The complaint asserts claims under the Commodity Exchange Act and the antitrust laws.

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

In 2012, UBS reached settlements with the FSA, the CFTC and the Criminal Division of the DOJ in connection with their investigations of benchmark interest rates. At the same time FINMA issued an order concluding its formal proceedings with respect to UBS relating to benchmark interest rates. UBS has paid a total of approximately CHF 1.4 billion in fines and disgorgement – including GBP 160 million in fines to the FSA, USD 700 million in fines to the CFTC, USD 500 million in fines to the DOJ, and CHF 59 million in disgorgement to FINMA. UBS Securities Japan Co. Ltd. (UBSSJ) entered into a plea agreement with the DOJ under which it entered a plea to one count of wire fraud relating to the manipulation of certain benchmark interest rates, including Yen LIBOR. UBS entered into an NPA with the DOJ, which

(along with the plea agreement) covered conduct beyond the scope of the conditional leniency / immunity grants described below, required UBS to pay the USD 500 million fine to DOJ after the sentencing of UBSSJ, and provided that any criminal penalties imposed on UBSSJ at sentencing be deducted from the USD 500 million fine. The conduct described in the various settlements and the FINMA order includes certain UBS personnel: engaging in efforts to manipulate submissions for certain benchmark rates to benefit trading positions; colluding with employees at other banks and cash brokers to influence certain benchmark rates to benefit their trading positions; and giving inappropriate directions to UBS submitters that were in part motivated by a desire to avoid unfair and negative market and media perceptions during the financial crisis. The benchmark interest rates encompassed by one or more of these resolutions include Yen LIBOR, GBP LIBOR, CHF LIBOR, Euro LIBOR, USD LIBOR, EURIBOR (Euro Interbank Offered Rate) and Euroyen TIBOR (Tokyo Interbank Offered Rate). UBS has ongoing obligations to cooperate with authorities with which it has reached resolutions and to undertake certain remediation with respect to benchmark interest rate submissions. In addition, under the NPA, UBS has agreed, among other things, that for two years from 18 December 2012 UBS would not commit any US crime, and it would advise DOJ of any potentially criminal conduct by UBS or any of its employees relating to violations of US laws concerning fraud or securities and commodities markets. As noted above, the term of the NPA has been extended by one year to 18 December 2015. Any failure to comply with these obligations could result in termination of the NPA and potential criminal prosecution in relation to the matters covered by the NPA. The MAS, HKMA, ASIC and the Japan Financial Services Agency have all resolved investigations of UBS (and in some cases other banks). The orders or undertakings in connection with these investigations generally require UBS to take remedial actions to improve its processes and controls, impose monetary penalties or other measures. Investigations by the CFTC, ASIC and other governmental authorities remain ongoing notwithstanding these resolutions. In October 2014, UBS reached a settlement with the European Commission (EC) regarding its investigation of bid-ask spreads in connection with Swiss franc interest rate derivatives and has paid a EUR 12.7 million fine, which was reduced to this level based in part on UBS's cooperation with the EC.

UBS has been granted conditional leniency or conditional immunity from authorities in certain jurisdictions, including the Antitrust Division of the DOJ, WEKO and the EC, in connection with potential antitrust or competition law violations related to submissions for Yen LIBOR and Euroyen TIBOR. WEKO has also granted UBS conditional immunity in connection with potential competition law violations related to submissions for Swiss franc LIBOR and certain transactions related to Swiss franc LIBOR. The Canadian Competition Bureau (Bureau) had granted UBS conditional immunity in connection with potential competition law violations related to submissions for Yen LIBOR, but in January 2014, the Bureau discontinued its investigation into Yen LIBOR for lack of sufficient evidence to justify prosecution under applicable laws. As a result of these conditional grants, UBS will not be subject to prosecutions, fines or other sanctions for antitrust or competition law violations in the jurisdictions where it has conditional immunity or leniency in connection with the matters covered by the conditional grants, subject to its continuing cooperation. However, the conditional leniency and conditional immunity grants UBS has received do not bar government agencies from asserting other claims and imposing sanctions against UBS, as evidenced by the settlements and ongoing investigations referred to above. In addition, as a result of the conditional leniency agreement with the DOJ, UBS is eligible for a limit on liability to actual rather than treble damages were damages to be awarded in any civil antitrust action under US law based on conduct covered by the agreement and for relief from potential joint and several liability in connection with such civil antitrust action, subject to UBS satisfying the DOJ and the court presiding over the civil litigation of its cooperation. The conditional leniency and conditional immunity grants do not otherwise affect the ability of private parties to assert civil claims against UBS.

LIBOR and other benchmark-related civil litigation: A number of putative class actions and other actions are pending in, or expected to be transferred to, the federal courts in New York against UBS and numerous other banks on behalf of parties who transacted in certain interest rate benchmark-based derivatives linked directly or indirectly to US dollar LIBOR, Yen LIBOR, Euroyen TIBOR, EURIBOR and US Dollar ISDAFIX. Also pending are actions asserting losses related to various products whose interest rate was linked to US dollar LIBOR, including adjustable rate mortgages, preferred and debt securities, bonds pledged as collateral, loans, depository accounts, investments and other interest bearing instruments. All of the complaints allege manipulation, through various means, of various benchmark interest rates, including LIBOR, Euroyen TIBOR, EURIBOR or US Dollar ISDAFIX rates and seek unspecified compensatory and other damages, including treble and punitive damages, under varying legal theories that include violations of the CEA, the federal racketeering statute, federal and state antitrust and securities laws and other state laws. In February 2015, a putative class action was filed in federal court in New York against UBS and other financial institutions on behalf of parties who entered into interest rate derivatives linked to Swiss franc (CHF) LIBOR. Plaintiffs allege that defendants conspired to manipulate CHF LIBOR and the prices of CHF LIBOR-based derivatives from 1 January 2005 through 31 December 2009 in violation of US antitrust laws and the CEA, among other theories, and seek unspecified compensatory damages, including treble damages. In 2013, a federal court in New York dismissed the federal antitrust and racketeering claims of certain US dollar LIBOR plaintiffs and a portion of their claims brought under the CEA and state common law. The court has granted certain plaintiffs permission to assert claims for unjust enrichment and breach of contract against UBS and other defendants and limited the CEA claims to contracts purchased between 15 April 2009 and May 2010. Certain plaintiffs have also appealed the dismissal of their antitrust claims. UBS and other defendants in other lawsuits including the one related to Euroyen TIBOR have filed motions to dismiss. In March 2014, the court in the Euroyen TIBOR lawsuit dismissed the plaintiff's federal antitrust and state unfair enrichment claims, and dismissed a portion of the plaintiff's CEA claims. Discovery is currently stayed.

Since September 2014, putative class actions have been filed in federal court in New York and New Jersey against UBS and other financial institutions, among others, on behalf of parties who entered into interest rate derivative transactions linked to ISDAFIX. The complaints, which have since been consolidated into an amended complaint, allege that the defendants conspired to manipulate ISDAFIX rates from 1 January 2006, through January 2014, in violation of US antitrust laws and the CEA, among other theories, and seeks unspecified compensatory damages, including treble damages.

With respect to additional matters and jurisdictions not encompassed by the settlements and order referred to above, UBS's balance sheet at 31 December 2014 reflected a provision in an amount that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which UBS has established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information, and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that UBS has recognized.

8. Swiss retrocessions

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

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

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

UBS's balance sheet at 31 December 2014 reflected a provision with respect to matters described in this item 8 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.

9. Banco UBS Pactual tax indemnity

Pursuant to the 2009 sale of Banco UBS Pactual S.A. (Pactual) by UBS to BTG Investments, LP (BTG), BTG has submitted contractual indemnification claims that UBS estimates amount to approximately BRL 2.3 billion, including interest and penalties, which is net of liabilities retained by BTG. The claims pertain principally to several tax assessments issued by the Brazilian tax authorities against Pactual relating to the period from December 2006 through March 2009, when UBS owned Pactual. The majority of these assessments relate to the deductibility of goodwill amortization in connection with UBS's 2006 acquisition of Pactual and payments made to Pactual employees through various profit sharing plans. These assessments are being challenged in administrative proceedings. In May 2014, UBS was notified that the administrative court had rendered a decision in favor of the taxpayer, Pactual, in connection with a profit-sharing plan assessment relating to an affiliate company. That decision became final in October 2014. In August 2014, UBS was notified that the administrative court had rendered a decision that was largely in favor of the tax authority with respect to the goodwill amortization assessment. UBS is awaiting written decisions from the administrative court for this matter, at which time an appeal will be taken. In 2013 and 2014, approximately BRL 163 million in tax claims relating to the period for which UBS has indemnification obligations were submitted for settlement through amnesty programs announced by the Brazilian government.

10. Matters relating to the CDS market

In 2013 the EC issued a Statement of Objections against thirteen credit default swap (CDS) dealers including UBS, as well as data service provider Markit and the International Swaps and Derivatives Association (ISDA). The Statement of Objections broadly alleges that the dealers infringed European Union antitrust rules by colluding to prevent exchanges from entering the credit derivatives market between 2006 and 2009. UBS submitted its response to the Statement of Objections in January 2014 and presented UBS's position in an oral hearing in May 2014. Since mid-2009, the Antitrust Division of the DOJ has also been

investigating whether multiple dealers, including UBS, conspired with each other and with Markit to restrain competition in the markets for CDS trading, clearing and other services. In January and April 2014, putative class action plaintiffs filed consolidated amended complaints in the Southern District of New York against twelve dealers, including UBS, as well as Markit and ISDA, alleging violations of the US Sherman Antitrust Act and common law. Plaintiffs allege that the defendants unlawfully conspired to restrain competition in and / or monopolize the market for CDS trading in the US in order to protect the dealers' profits from trading CDS in the over-the-counter market. Plaintiffs assert claims on behalf of all purchasers and sellers of CDS that transacted directly with any of the dealer defendants since 1 January 2008, and seek unspecified trebled compensatory damages and other relief. In September 2014, the court granted in part and denied in part defendants' motions to dismiss the complaint.

11. Equities trading systems and practices

UBS is responding to inquiries concerning the operation of UBS's alternative trading system (ATS) (also referred to as a dark pool) and its securities order routing and execution practices from various authorities, including the SEC, the NYAG and the Financial Industry Regulatory Authority, who reportedly are pursuing similar investigations industry-wide. In January 2015, the SEC announced the resolution of its investigation concerning the operation of UBS's ATS between 2008 and 2012, which focused on certain order types and disclosure practices that were discontinued two years ago. Under the SEC settlement order, which charges UBS with, among other things, violations of Section 17(a)(2) of the Securities Act of 1933 and Rule 612 of Regulation NMS (known as the sub-penny rule), UBS has paid a total of USD 14.5 million, which includes a fine of USD 12 million and disgorgement of USD 2.4 million. UBS is cooperating in the ongoing regulatory matters, including by the SEC.

Additional matters that have recently been, but are no longer, considered material

Lehman principal protection notes. From March 2007 through September 2008, UBS Financial Services Inc. ("UBSFS") sold approximately USD 1 billion face amount of structured notes issued by Lehman Brothers Holdings Inc. ("Lehman"), a majority of which were referred to as "principal protection notes," reflecting the fact that while the notes' return was in some manner linked to market indices or other measures, some or all of the investor's principal was an unconditional obligation of Lehman as issuer of the notes. Based on its role as an underwriter of Lehman structured notes, UBSFS was named as a defendant in a putative class action asserting violations of disclosure provisions of the federal securities laws. In August 2013, UBSFS agreed to a proposed USD 120 million settlement of the case, which was approved by the Court in December 2013. Previously, certain of the other underwriter defendants and the former officers and directors of Lehman reached separate settlements regarding the same case. UBSFS also was named in numerous individual civil suits and customer arbitrations, none of which remain pending. The individual customer claims, some of which resulted in awards payable by UBSFS, related primarily to whether UBSFS adequately disclosed the risks of these notes to its customers.

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

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

Transactions with Italian public sector entities. A number of transactions that UBS Limited and UBS AG respectively entered into with public sector entity counterparties in Italy have been called into question or become the subject of legal proceedings and claims for damages and other awards. In Milan, in 2012, civil claims brought by the City of Milan against UBS Limited, UBS Italia SIM Spa and three other international banks in relation to a 2005 bond issue and associated derivatives transactions entered into with Milan between 2005 and 2007 were settled without admission of liability. In 2012, the criminal court in Milan issued a judgment convicting two current UBS employees and one former employee, together with employees from the three other banks, of fraud against a public entity in relation to the same bond issue and the execution, and subsequent restructuring, of the related derivative transactions. In the same proceedings, the Milan criminal court also found UBS Limited and three other banks liable for the administrative offense of failing to have in place a business organizational model capable of preventing the criminal offenses of which its employees were convicted. The sanctions imposed against UBS Limited, which could only become effective after all appeals were exhausted, were confiscation of the alleged level of profit flowing from the criminal findings (EUR 16.6 million), a fine in respect of the finding of the administrative offense (EUR 1 million) and payment of legal fees. UBS Limited and the individuals appealed that judgment and, in March 2014, the Milan Court of Appeal overturned all findings of liability against UBS Limited and the convictions of the UBS individuals and acquitted them. It issued a full judgment setting out the reasons for its rulings in June 2014. The appellate prosecutor did not pursue a further appeal and the acquittals are now final.

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

Equities trading systems and practices. UBS was among dozens of defendants, including broker dealers, trading exchanges, high frequency trading firms, and dark pool sponsors, named in putative class actions pending in New York federal court, which have been filed on behalf of purchasers and sellers of equity securities. The lawsuits allege principally that the defendants' equities order handling practices favored high frequency trading firms at the expense of other market participants, in violation of the federal securities laws. Plaintiffs filed a consolidated amended complaint in September 2014 in which UBS is no longer named as a defendant.

Besides the proceedings specified in this section 8. no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which UBS AG is aware) which may have, or have had in the recent past, significant effects on UBS AG's and/or UBS Group's financial position or profitability, are or have been pending during the last twelve months until the date of this document.

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

Except as indicated above under "Recent Developments – *Impact of Swiss National Bank actions*", there has been no significant change in the financial or trading position of UBS AG Group or of UBS AG since 31 December 2014.

Except as indicated above under "Recent Developments – *Impact of Swiss National Bank actions*", there has been no material adverse change in the prospects of UBS AG or UBS AG Group since 31 December 2014.

10. Material Contracts

No material contracts have been concluded 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.

11. Statutory Auditors

Based on article 39 of the Articles of Association of UBS AG dated 10 February 2015 ("**Articles of Association**"), UBS AG shareholders elect the auditors for a term of office of one year. At the Annual General Meeting of shareholders of UBS ("**AGM**") of 3 May 2012, 2 May 2013 and 7 May 2014, Ernst & Young Ltd., Aeschengraben 9, CH-4002 Basel ("**Ernst & Young**") were elected as auditors for the consolidated and standalone financial statements of UBS AG for a one-year term.

Ernst & Young is a member of the Swiss Institute of Certified Accountants and Tax Consultants based in Zurich, Switzerland."

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

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

- (a) the Annual Report of UBS AG as of 31 December 2013, comprising the sections (1) Operating environment and strategy on pages 17 to 64, (2) Financial and operating performance on pages 65 to 138, (3) Risk, treasury and capital management on pages 139 to 252, (4) Corporate governance, responsibility and compensation on pages 253 to 339, (5) Financial information (including the "Report of the statutory auditor and the independent registered public accounting firm on the consolidated financial statements" and the "Report of the statutory auditor on the financial statements") on pages 341 to 606; and
- (b) the Annual Report of UBS Group AG and UBS AG as of 31 December 2014, comprising the sections (1) UBS Group – Changes to our legal structure on pages 17 to 24 , (2) Operating environment and strategy on pages 25 to 78, (3) Financial and operating performance on pages 79 to 153, (4) Risk, treasury and capital management on pages 155 to 280, (5) Corporate governance, responsibility and compensation on pages 281 to 382, (6) Financial information (including the "Report of the Statutory Auditor and the Independent Registered Public Accounting Firm on the Consolidated Financial Statements" and the "Report of the Statutory Auditor on the Financial Statements") on pages 383 to 860.

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

- 2) In relation to the Base Prospectus for Certificates, Notes or Warrants of UBS AG, [London] [Jersey] [Branch] dated 23 June 2014 in the section "I. Summary of the Base Prospectus" in the sub-section headed "A. Summary of the Base Prospectus (in the English language)"

a) in the section headed "Section B – Issuer":

The Element B.1 is completely replaced as follows:

Element	Section B – Issuer	
B.1	Legal and commercial name of the issuer.	The legal and commercial name of the Issuer is UBS AG (the "Issuer" and together with its subsidiaries "UBS AG Group" and together with UBS Group AG, the holding company of UBS AG, "UBS Group", or "Group" or "UBS").

The Element B.2 is completely replaced as follows:

B.2	Domicile, legal form, legislation and country of incorporation of the issuer.	<p>The Issuer 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. UBS AG 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.</p> <p>UBS AG is incorporated and domiciled in Switzerland and operates under the Swiss Code of Obligations as an <i>Aktiengesellschaft</i>, a stock corporation.</p> <p>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.</p>
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The Elements B.4b and B.5 are completely replaced as follows:

B.4b	A description of any known trends affecting the issuer or the industries in which it operates.	<p>Trend Information</p> <p>As stated in UBS's fourth quarter report issued on 10 February 2015, at the start of the first quarter of 2015, many of the underlying challenges and geopolitical issues that UBS has previously highlighted remain. The mixed outlook for global growth, the absence of sustained and credible improvements to unresolved issues in Europe, continuing US fiscal and monetary policy issues, increasing geopolitical instability and greater uncertainty surrounding the</p>
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		<p>potential effects of lower and potentially volatile energy and other commodity prices would make improvements in prevailing market conditions unlikely. In addition, recent moves by the Swiss National Bank to remove the EUR / CHF floor and by the European Central Bank to increase its balance sheet expansion via quantitative easing have added additional challenges to the financial markets and to Swiss-based financial services firms specifically. The increased value of the Swiss franc relative to other currencies, especially the US dollar and the euro, and negative interest rates in the eurozone and Switzerland will put pressure on UBS's profitability and, if they persist, on some of UBS's targeted performance levels. Despite ongoing and new challenges, UBS will continue to execute on its strategy in order to ensure the firm's long-term success and to deliver sustainable returns for shareholders.</p>
<p>B.5</p>	<p>Description of the group and the issuer's position within the group.</p>	<p>UBS AG is a Swiss bank and the main operating company of the Group. It is the sole subsidiary of UBS Group AG and the parent company of the UBS AG Group. Currently, the business divisions and the Corporate Center of UBS primarily operate out of UBS AG, through its branches worldwide. Businesses also operate through local subsidiaries where necessary or desirable.</p> <p>UBS has announced that it intends to transfer by mid-2015 its Retail & Corporate business division and the Swiss-booked business of its Wealth Management business division into UBS Switzerland AG, a banking subsidiary of UBS AG in Switzerland.</p> <p>In the UK, UBS has begun to implement a revised business and operating model for UBS Limited, which will enable UBS Limited to bear and retain a larger proportion of the risk and reward in its business activities.</p> <p>In the US, to comply with new rules for foreign banks under the Dodd-Frank Wall Street Reform and Consumer Protection Act, by 1 July 2016 UBS will designate an intermediate holding company that will own all of UBS's US operations except US branches of UBS AG.</p> <p>UBS may consider further changes to the Group's legal structure in response to regulatory requirements, including the transfer of operating subsidiaries of UBS AG to become direct subsidiaries of UBS Group AG, the transfer of shared service and support functions to service companies, and adjustments to the booking entity or location of products and services. These structural changes are being discussed on an ongoing basis with the Swiss Financial Market Supervisory Authority (FINMA) and other regulatory authorities and remain subject to a number of uncertainties that may affect their feasibility, scope or timing.</p>

The Element B.12 is completely replaced as follows:

B.12	Selected historical key financial information.	UBS AG derived the selected consolidated financial data included in the table below for the years 2012, 2013 and 2014 from its annual report 2014, which contains the audited consolidated financial statements of UBS AG for the year ended 31 December 2014 and comparative figures for the years ended 31 December 2013 and 2012. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and stated in Swiss francs (CHF). The annual report 2014 is incorporated by reference in this Prospectus. In the opinion of management, all necessary adjustments were made for a fair presentation of the UBS AG consolidated financial position and results of operations. Prospective investors should read the whole of this Prospectus and the documents incorporated by reference herein and should not rely solely on the summarized information set out below:
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		As of or for the year ended		
<i>CHF million, except where indicated</i>		31.12.14	31.12.13	31.12.12
		<i>audited, except where indicated</i>		
Group results				
Operating income		28,026	27,732	25,423
Operating expenses		25,557	24,461	27,216
Operating profit / (loss) before tax		2,469	3,272	(1,794)
Net profit / (loss) attributable to UBS AG shareholders		3,502	3,172	(2,480)
Diluted earnings per share (CHF)		0.91	0.83	(0.66)
Key performance indicators				
Profitability				
Return on equity (RoE) (%) ¹		7.0*	6.7*	(5.1)*
Return on assets, gross (%) ²		2.8*	2.5*	1.9*
Cost / income ratio (%) ³		90.9*	88.0*	106.6*
Growth				
Net profit growth (%) ⁴		10.4*	-	-
Net new money growth for combined wealth management businesses (%) ⁵		2.5*	3.4*	3.2*
Resources				
Common equity tier 1 capital ratio (fully applied, %) ^{6,7}		14.2*	12.8*	9.8*
Swiss SRB leverage ratio (phase-in, %) ⁸		5.4*	4.7*	3.6*
Additional information				
Profitability				
Return on tangible equity (%) ⁹		8.2*	8.0*	1.6*
Return on risk-weighted assets, gross (%) ¹⁰		12.4*	11.4*	12.0*
Resources				
Total assets		1,062,327	1,013,355	1,259,797
Equity attributable to UBS AG shareholders		52,108	48,002	45,949

Common equity tier 1 capital (fully applied) ⁷	30,805	28,908	25,182*
Common equity tier 1 capital (phase-in) ⁷	44,090	42,179	40,032*
Risk-weighted assets (fully applied) ⁷	217,158*	225,153*	258,113*
Risk-weighted assets (phase-in) ⁷	221,150*	228,557*	261,800*
Common equity tier 1 capital ratio (phase-in, %) ^{6,7}	19.9*	18.5*	15.3*
Total capital ratio (fully applied, %) ⁷	19.0*	15.4*	11.4*
Total capital ratio (phase-in, %) ⁷	25.6*	22.2*	18.9*
Swiss SRB leverage ratio (fully applied, %) ⁸	4.1*	3.4*	2.4*
Swiss SRB leverage ratio denominator (fully applied) ¹¹	999,124*	1,015,306*	1,206,214*
Swiss SRB leverage ratio denominator (phase-in) ¹¹	1,006,001*	1,022,924*	1,216,561*
Other			
Invested assets (CHF billion) ¹²	2,734	2,390	2,230
Personnel (full-time equivalents)	60,155*	60,205*	62,628*
Market capitalization	63,243*	65,007*	54,729*
Total book value per share (CHF)	13.56*	12.74*	12.26*
Tangible book value per share (CHF)	11.80*	11.07*	10.54*

* unaudited

¹ Net profit / loss attributable to UBS AG shareholders (annualized as applicable) / average equity attributable to UBS AG shareholders.

² Operating income before credit loss (expense) or recovery (annualized as applicable) / average total assets. ³ Operating expenses / operating income before credit loss (expense) or recovery. ⁴ Change in net profit attributable to UBS AG shareholders from continuing operations between current and comparison periods / net profit attributable to UBS AG shareholders from continuing operations of comparison period. Not meaningful and not included if either the reporting period or the comparison period is a loss period.

⁵ Combined Wealth Management's and Wealth Management Americas' net new money for the period (annualized as applicable) / invested assets at the beginning of the period. ⁶ Common equity tier 1 capital / risk-weighted assets. ⁷ Based on the Basel III framework as applicable to Swiss systemically relevant banks (SRB), which became effective in Switzerland on 1 January 2013. The information provided on a fully applied basis entirely reflects the effects of the new capital deductions and the phase out of ineligible capital instruments. The information provided on a phase-in basis gradually reflects those effects during the transition period. Numbers for 31 December 2012 are calculated on an estimated basis described below and are referred to as "pro-forma". The term "pro-forma" as used in this prospectus does not refer to the term "pro forma financial information" within the meaning of Regulation (EC) 809/2004. Some of the models applied when calculating 31 December 2012 pro-forma information required regulatory approval and included estimates (as discussed with UBS's primary regulator) of the effect of new capital charges. These figures are not required to be presented, because Basel III requirements were not in effect on 31 December 2012. They are nevertheless included for comparison reasons. ⁸ Swiss SRB Basel III common equity tier 1 capital and loss-absorbing capital / total adjusted exposure (leverage ratio denominator). The Swiss SRB leverage ratio came into force on 1 January 2013. Numbers for 31 December 2012 are on a pro-forma basis (see footnote 7 above). ⁹ Net profit / (loss) attributable to UBS AG shareholders before amortization and impairment of goodwill and intangible assets (annualized as applicable) / average equity attributable to UBS AG shareholders less average goodwill and intangible assets. ¹⁰ Operating income before credit loss (expense) or recovery (annualized as applicable) / average risk-weighted assets. Based on Basel III risk-weighted assets (phase-in) for 2014 and 2013, and on Basel 2.5 risk-weighted assets for 2012. ¹¹ The leverage ratio denominator is also referred to as "total adjusted exposure" and is calculated in accordance with Swiss SRB leverage ratio requirements. Data represent the average of the total adjusted exposure at the end of the three months preceding the end of the reporting period. Numbers for 31 December 2012 are on a pro-forma basis (see footnote 7 above). ¹² Includes invested assets for Retail & Corporate.

Material adverse change statement.

Except as indicated below under "Impact of Swiss National Bank actions", there has been no material adverse change in the prospects of UBS AG or UBS AG Group since 31 December 2014.

Impact of Swiss National Bank actions

On 15 January 2015, the Swiss National Bank (SNB) discontinued the minimum targeted exchange rate for the Swiss franc versus the euro, which had been in place since September 2011. At the same time, the SNB lowered the interest rate on deposit account balances at the SNB

that exceed a given exemption threshold by 50 basis points to negative 0.75%. It also moved the target range for three-month LIBOR to between negative 1.25% and negative 0.25% (previously negative 0.75% to positive 0.25%). These decisions resulted in a considerable strengthening of the Swiss franc against the euro, US dollar, British pound, Japanese yen and several other currencies, as well as a reduction in Swiss franc interest rates. As of 28 February 2015, the Swiss franc exchange rate was 0.95 to the US dollar, 1.07 to the euro, 1.47 to the British pound and 0.80 to 100 Japanese yen. Volatility levels in foreign currency exchange and interest rates also increased.

A significant portion of the equity of UBS's foreign operations is denominated in US dollars, euros, British pounds and other foreign currencies. The appreciation of the Swiss franc would have led to an estimated decline in total equity of approximately CHF 1.2 billion or 2% when applying currency translation rates as of 28 February 2015 to the reported balances as of 31 December 2014. This includes a reduction in recognized deferred tax assets, mainly related to the US, of approximately CHF 0.4 billion (of which CHF 0.2 billion relates to temporary differences deferred tax assets), which would be recognized in other comprehensive income.

Similarly, a significant portion of UBS's Basel III risk-weighted assets (RWA) are denominated in US dollars, euros, British pounds and other foreign currencies. Group Asset and Liability Management (Group ALM) is mandated with the task of minimizing adverse effects from changes in currency rates on UBS's fully applied CET1 capital and capital ratios. The Group Asset and Liability Management Committee (Group ALCO), a committee of the UBS Group Executive Board, can adjust the currency mix in capital, within limits set by the Board of Directors, to balance the effect of foreign exchange movements on the fully applied CET1 capital and capital ratio. As the proportion of RWA denominated in foreign currencies outweighs the capital in these currencies, and the significant appreciation of the Swiss franc against these currencies benefited UBS's Basel III capital ratios.

On a fully applied basis for Swiss systemically relevant banks (SRB) UBS would have experienced the following approximate declines in its capital and RWA balances when applying currency translation rates as of 28 February 2015 to the reported balances as of 31 December 2014: CHF 0.5 billion or 2% in fully applied common equity tier 1 (CET1) capital, CHF 0.8 billion or 2% in fully applied total capital, CHF 5.8 billion or 3% in fully applied RWA and CHF 45.1 billion or 5% in the fully applied leverage ratio denominator.

Consequently, based solely on foreign exchange movements, UBS estimates that its fully applied Swiss SRB CET1 capital ratio would have increased by approximately 10 basis points and the fully applied leverage ratio would have improved by approximately 10 basis points.

In aggregate, UBS did not experience negative revenues in its trading businesses in connection with the SNB announcement.

	Significant changes statement.	<p>However, the portion of UBS's operating income denominated in non-Swiss franc currencies is greater than the portion of operating expenses denominated in non-Swiss franc currencies. Therefore, appreciation of the Swiss franc against other currencies generally has an adverse effect on UBS's earnings in the absence of any mitigating actions.</p> <p>In addition to the estimated effects from changes in foreign currency exchange rates, UBS's equity and capital are affected by changes in interest rates. In particular, the calculation of UBS's net defined benefit assets and liabilities is sensitive to the assumptions applied. Specifically, the changes in applicable discount rate and interest rate related assumptions for UBS's Swiss pension plan during January and February have reduced UBS's equity and fully applied Swiss SRB CET1 capital by around CHF 0.7 billion. Also, the persistently low interest rate environment would continue to have an adverse effect on UBS's replication portfolios, and UBS's net interest income would further decrease.</p> <p>Furthermore, the stronger Swiss franc may have a negative impact on the Swiss economy, which, given its reliance on exports, could impact some of the counterparties within UBS's domestic lending portfolio and lead to an increase in the level of credit loss expenses in future periods.</p> <p>Except as indicated above under "Impact of Swiss National Bank actions", there has been no significant change in the financial or trading position of UBS AG Group or of UBS AG since 31 December 2014.</p>
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The Elements B.14., B.15, B.16 and B.17 are completely replaced as follows:

B.14	<p>Description of the group and the issuer's position within the group.</p> <p>Dependence upon other entities within the group.</p>	<p>Please see element B.5</p> <p>UBS AG is the parent company of the UBS Group. As such, to a certain extent, it is dependent on certain of its subsidiaries.</p>
B.15	Issuer's principal activities.	<p>UBS AG with its subsidiaries is committed to providing private, institutional and corporate clients worldwide, as well as retail clients in Switzerland with superior financial advice and solutions while generating attractive and sustainable returns for shareholders. UBS's strategy centers on its Wealth Management and Wealth Management Americas businesses and its leading (in its own opinion) universal bank in Switzerland, complemented by its Global Asset Management business and its Investment Bank. These businesses share three key characteristics: they benefit from a strong competitive position in their targeted markets, are capital-efficient, and offer a superior structural growth and profitability outlook. UBS's strategy builds on the strengths of all of its businesses and focuses its efforts on areas in which UBS excels, while seeking to capitalize on the compelling growth prospects in the businesses and regions in which it operates.</p>

		<p>Capital strength is the foundation of UBS's success. The operational structure of the Group is comprised of the Corporate Center and five business divisions: Wealth Management, Wealth Management Americas, Retail & Corporate, Global Asset Management and the Investment Bank.</p> <p>According to article 2 of the Articles of Association of UBS AG, dated 10 February 2015 ("Articles of Association"), the purpose of UBS AG is the operation of a bank. Its scope of operations extends to all types of banking, financial, advisory, trading and service activities in Switzerland and abroad. UBS AG may establish branches and representative offices as well as banks, finance companies and other enterprise 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.</p>
B.16	Direct or indirect shareholdings or control agreements of the issuer.	<p>Following a share-for-share exchange offer to acquire all the issued ordinary shares of UBS AG in exchange for registered shares of UBS Group AG on a one-for-one basis, and subsequent private exchanges on a one-for-one basis with various shareholders and banks in Switzerland and elsewhere outside the United States, UBS Group AG acquired 96.68% of UBS AG shares by 31 December 2014. Further private exchanges have reduced the amount of outstanding UBS AG shares by 17.1 million and as a result UBS Group held 97.29% of UBS AG shares by 6 March 2015.</p>
<p><i>[The following Element B.17 is only to be inserted in case of Securities where the Issuer has an obligation arising on issue to pay to the investor 100% of the nominal value:</i></p>		
B.17	Credit ratings assigned to the issuer or its debt securities.	<p>The rating agencies Standard & Poor's Credit Market Services Europe Limited ("Standard & Poor's"), Fitch Ratings Limited ("Fitch Ratings") and Moody's Investors Service, Inc., ("Moody's") have published credit ratings reflecting their assessment of the creditworthiness of UBS AG, i.e. its ability to fulfil in a timely manner payment obligations, such as principal or interest payments on long-term loans, also known as debt servicing. The ratings from Fitch Ratings and Standard & Poor's may be attributed a plus or minus sign, and those from Moody's a number. These supplementary attributes indicate the relative position within the respective rating class.</p> <p>UBS AG has long-term counterparty credit rating of A (negative outlook) from Standard & Poor's, long-term senior debt rating of A2 (under review for possible downgrade) from Moody's and long-term issuer default rating of A (stable outlook) from Fitch Ratings.</p> <p>The rating from Fitch Ratings has been issued by Fitch Ratings Limited, and the rating from Standard & Poor's has been issued by Standard & Poor's Credit Market Services Europe Limited. Both are registered as credit rating agencies under Regulation (EC) No 1060/2009 as amended by Regulation (EU) No 513/2011 (the "CRA Regulation"). The rating from Moody's has been issued by Moody's Investors Service, Inc., which is not established in the EEA and is not certified under the CRA Regulation, but the rating it has issued is endorsed by Moody's Investors Service Ltd., a credit rating agency</p>

		established in the EEA and registered under the CRA Regulation.]
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b) in the section headed "Section D – Risks":

The Element D.2 is completely replaced as follows:

D.2	Key information on the key risks that is specific and individual to the issuer.	<p>The Securities entails an issuer risk, also referred to as debtor risk or credit risk for prospective investors. An issuer risk is the risk that UBS AG becomes temporarily or permanently unable to meet its obligations under the Securities.</p> <p>General insolvency risk</p> <p>Each investor bears the general risk that the financial situation of the Issuer could deteriorate. The debt or derivative securities of the Issuer will constitute immediate, unsecured and unsubordinated obligations of the Issuer, which, in particular in the case of insolvency of the Issuer, rank pari passu with each other and all other current and future unsecured and unsubordinated obligations of the Issuer, with the exception of those that have priority due to mandatory statutory provisions. The Issuer's obligations relating to the Securities are not protected by any statutory or voluntary deposit guarantee system or compensation scheme. In the event of insolvency of the Issuer, investors may thus experience a total loss of their investment in the Securities.</p> <ul style="list-style-type: none"> • UBS AG as Issuer is subject to various risks within its business activities. Such risks comprise in particular the following key types of risks, where all of these risks might have adverse effects on the value of the Securities: • Effect of downgrading of the Issuer's rating: The general assessment of the Issuer's creditworthiness may affect the value of the Securities. As a result, any downgrading of the Issuer's rating by a rating agency may have a negative impact on the value of the Securities. • On 15 January 2015, the Swiss National Bank (SNB) discontinued the minimum targeted exchange rate for the Swiss franc versus the euro, which had been in place since September 2011. At the same time, the SNB lowered the interest rate on deposit account balances at the SNB that exceed a given exemption threshold by 50 basis points to negative 0.75%. It also moved the target range for three-month LIBOR to between negative 1.25% and negative 0.25%, (previously negative 0.75% to positive 0.25%). These decisions resulted in an immediate, considerable strengthening of the Swiss franc against the euro, US dollar, British pound, Japanese yen and several other currencies, as well as a reduction in Swiss franc interest rates. The longer-term rate of the Swiss franc against these other currencies is not certain, nor is the future direction of Swiss franc interest rates. Several other central banks have likewise adopted a negative-interest-rate policy. Fluctuation in foreign exchange rates and continuing low or negative interest rates may have a detrimental effect on UBS Group's capital strength, UBS Group's liquidity and funding position, and UBS Group's profitability.
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		<ul style="list-style-type: none"> • Regulatory and legislative changes may adversely affect UBS Group’s business and ability to execute its strategic plans. The planned and potential regulatory and legislative developments in Switzerland and in other jurisdictions in which UBS Group has operations may have a material adverse effect on UBS Group’s ability to execute its strategic plans, on the profitability or viability of certain business lines globally or in particular locations, and in some cases on UBS Group’s ability to compete with other financial institutions. They are likely to be costly to implement and could also have a negative impact on UBS Group’s legal structure or business model, potentially generating capital inefficiencies and affecting UBS Group’s profitability. • UBS Group’s capital strength is important in supporting its strategy, client franchise and competitive position. Any increase in risk-weighted assets or reduction in eligible capital could materially reduce UBS Group’s capital ratios. Additionally, UBS Group is subject to a minimum leverage ratio requirement for Swiss SRB, which under certain circumstances could constrain UBS Group’s business activities even if UBS Group satisfies other risk-based capital requirements. • UBS Group may not be successful in completing the execution of its announced strategic plans or its plans may be delayed or market events may adversely affect the implementation of the plan or the effects of its plans may differ from those intended. UBS Group is also exposed to possible outflows of client assets in its asset-gathering businesses and to changes affecting the profitability of its Wealth Management business division, and may not be successful in implementing changes in its businesses to meet changing market, regulatory and other conditions. • Material legal and regulatory risks arise in the conduct of UBS Group’s business. UBS Group is subject to a large number of claims, disputes, legal proceedings and government investigations and expects that its ongoing business activities will continue to give rise to such matters in the future. The extent of UBS Group’s financial exposure to these and other matters is material and could substantially exceed the level of provisions that UBS Group has established for litigation, regulatory and similar matters. Resolution of regulatory proceedings may require UBS Group 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 Group’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 Group. • Operational risks, including those arising from process error, failed execution, misconduct, unauthorized trading, fraud, system failures, financial crime, cyber-attacks, breaches of information security and failure of security and physical protection, may affect UBS Group’s business. If UBS Group’s internal controls fail or prove ineffective in identifying and remedying these risks UBS Group could suffer operational failures that might result in material losses.
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		<ul style="list-style-type: none"> • UBS Group's reputation is critical to the success of its business. Reputational damage can have fundamental negative effects on UBS Group's business and prospects and a material adverse effect on UBS Group's operational results and financial conditions and on UBS Group's ability to achieve its strategic goals and financial targets. • Performance in the financial services industry is affected by market conditions and the macroeconomic climate. An economic downturn, continued low interest rates or weak or stagnant economic growth in UBS Group's core markets, or a severe financial crisis can negatively affect UBS Group's revenues and ultimately its capital base. • The UBS Group holds legacy positions and other risk positions, including positions related to real estate in various countries that may be adversely affected by market conditions. In addition, legacy risk positions may be difficult to liquidate as the continued illiquidity and complexity of many of them could make it difficult to sell or otherwise exit these positions. • UBS Group's global presence subjects it to risk from currency fluctuations, which have an effect on UBS Group's reported income and expenses, and other reported figures such as other comprehensive income, invested assets, balance sheet assets, risk-weighted assets and Basel III common equity tier 1 capital. • UBS Group is dependent upon its risk management and control processes to avoid or limit potential losses in its counterparty credit and trading businesses and could suffer losses if, for example, it does not fully identify the risks in its portfolio or if its assessment of the risks identified or its response to negative trends proves to be untimely, inadequate, insufficient or incorrect. • Valuations of certain positions rely on models; models have inherent limitations and may use inputs which have no observable source; different assumptions and inputs would generate different results, and these differences could have a significant impact on UBS Group's financial results. • Liquidity and funding management are critical to UBS Group's ongoing performance. The volume of UBS Group's funding sources or the availability of funding of the types required could change due to, among other things, general market disruptions, widening credit spreads, changes in capital and liquidity requirements or reductions in UBS Group's credit ratings, which could also influence the cost of funding. • UBS Group might be unable to identify or capture revenue or competitive opportunities, or retain and attract qualified employees. UBS Group's competitive strength and market position could be eroded if UBS Group is unable to identify market trends and developments, does not respond to them by devising and implementing adequate business strategies, adequately developing or updating technology, particularly in the trading businesses, or is unable to attract or retain the qualified people needed to carry them out.
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		<ul style="list-style-type: none"> • UBS Group’s financial results may be negatively affected by changes to accounting standards. Changes to IFRS or interpretations thereof may cause UBS Group’s future reported results and financial position to differ from current expectations, or historical results to differ from those previously reported due to the adoption of accounting standards on a retrospective basis. Such changes may also affect UBS Group’s regulatory capital and ratios. • UBS Group’s financial results may be negatively affected by changes to assumptions supporting the value of its goodwill. If assumptions in future periods deviate from the current outlook, the value of UBS Group’s goodwill may become impaired in the future, giving rise to losses in the income statement. • The effect of taxes on UBS Group’s financial results is significantly influenced by reassessments of its deferred tax assets. UBS Group’s full year effective tax rate could change significantly on the basis of such reassessments. • As UBS Group AG is a holding company, its operating results, financial condition and ability to pay dividends, other distributions or to pay its obligations in the future is dependent on funding, dividends and other distributions received from UBS AG or any other future direct subsidiary, which may be subject to restrictions. UBS Group’s ability to pay dividends and other distributions, and to pay its obligations in the future will depend on the level of funding, dividends and other distributions, if any, received from UBS AG and any new subsidiaries established by UBS Group in the future. The ability of such subsidiaries to make loans or distributions (directly or indirectly) to UBS Group may be restricted as a result of several factors, including restrictions in financing agreements and the requirements of applicable law and regulatory and fiscal or other restrictions. Restrictions and regulatory action of this kind could impede access to funds that UBS Group may need to make payments. UBS Group’s credit rating could be lower than the rating of UBS AG, which may adversely affect the market value of the securities and other obligations of UBS Group on a standalone basis. Furthermore, UBS Group expects that it may guarantee some of the payment obligations of certain of its subsidiaries from time to time. These guarantees may require UBS Group to provide substantial funds or assets to subsidiaries or their creditors or counterparties at a time when UBS Group is in need of liquidity to fund its own obligations. • UBS Group's stated capital returns objective is based, in part, on capital ratios that are subject to regulatory change and may fluctuate significantly. UBS has committed to return at least 50% of its net profit to shareholders as capital returns, provided its fully applied CET1 capital ratio is at least 13% and its post-stress fully applied CET1 capital ratio is at least 10%. However, UBS's ability to maintain a fully applied CET1 capital ratio of at least 13% is subject to numerous risks, including the results of the UBS Group’s business, changes to capital standards, methodologies and interpretation that may adversely affect the UBS Group’s calculated fully applied CET1 capital ratio, imposition of risk add-ons or additional capital requirements such as additional capital buffers. Additionally,
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		<p>changes in the methodology, assumptions, stress scenario and other factors may result in material changes in UBS's post-stress fully applied CET1 capital ratio.</p> <ul style="list-style-type: none"> • UBS Group may fail to realise the anticipated benefits of the exchange offer. UBS established UBS Group AG as a holding company for the UBS Group because it believes that it will, along with other measures already announced, substantially improve the resolvability of UBS Group in response to evolving regulatory requirements. UBS Group may, however, encounter substantial difficulties in achieving these anticipated benefits or these anticipated benefits may not materialize. UBS Group AG has acquired approximately 97 percent of the outstanding shares of UBS AG. Delay in acquiring full ownership of UBS AG could adversely affect the anticipated benefits of the exchange offer and the liquidity and market value of the UBS Group AG shares. The existence of minority shareholders in UBS AG may, among other things, make it more difficult or delay UBS Group's ability to implement changes to the legal structure of the UBS Group and interfere with its day-to-day business operations and its corporate governance. • If UBS Group conducts a squeeze-out merger under Swiss law, UBS AG will merge into a merger subsidiary of UBS Group, which will survive the transaction. Although UBS Group expects that the surviving entity will in most cases succeed to UBS AG's banking licenses, permits and other authorizations, such entity may need to re-apply for or seek specific licenses, permits and authorizations, as well as third-party consents. Furthermore, under Swiss law, a minority shareholder subject to the squeeze-out merger could theoretically seek to claim that the consideration offered is "inadequate" and petition a Swiss competent court to determine what is "adequate" consideration. Each of these circumstances, if it were to happen, may generate costs, delay the implementation of the squeeze-out merger or disrupt or negatively impact the UBS Group's business.
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- 3) In relation to the Base Prospectus for Certificates, Notes or Warrants of UBS AG, [London] [Jersey] [Branch] dated 23 June 2014 in the section "I. Summary of the Base Prospectus" in the sub-section headed "B. Summary of the Base Prospectus (in the Swedish language)" in the section headed "Avsnitt B – Emittenten":

a) in the section headed "Section B – Issuer":

The Element B.1 is completely replaced as follows:

B.1	Emittentens registrerade firma och handelsbeteckning.	Emittentens registrerade firma och handelsbeteckning är UBS AG (" Emittenten " och tillsammans med dess dotterföretag " UBS AG Koncernen ", tillsammans med UBS Group AG, holdingbolaget till UBS AG, " UBS Koncernen ", eller " Koncernen " eller " UBS ").
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The Element B.2 is completely replaced as follows:

B.2	Emittentens säte, bolagsform, lag under vilken Emittenten bedriver sin verksamhet, och land för bildande.	<p>Emittenten bildades under firman SBC AG den 28 februari 1978 för en obegränsad tid och fördes in i handelsregistret i Kantonen Basel-City på den dagen. Den 8 december 1997 ändrade bolaget firma till UBS AG. UBS AG i dess nuvarande form bildades den 29 juni 1998 genom sammanslagningen av Union Bank of Switzerland (grundad 1862) och Swiss Bank Corporation (grundad 1872). UBS AG är införd i handelsregistren i kantonen Zürich och kantonen Basel-City. Registreringsnummet är CHE-101.329.561.</p> <p>UBS AG är bildat och är hemmahörande i Schweiz och bedriver sin verksamhet under schweizisk rätt (<i>Swiss Code of Obligations</i>) som ett aktiebolag.</p> <p>Adresserna och telefonnumren till UBS AG:s två registrerade kontor och huvudsakliga platser för verksamheten är: Bahnhofstrasse 45, CH-8001 Zürich, Schweiz, telefonnummer +41 44 234 1111; och Aeschenvorstadt 1, CH-4051 Basel, Schweiz, telefonnummer +41 61 288 5050.</p>
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The Element B.4.b and B.5 are completely replaced as follows:

B.4b	En beskrivning av varje känd trend som påverkar emittenten eller de	<p>Information om trender</p> <p>Som beskrivs i UBS:s rapport för det fjärde kvartalet utfärdad den 10 februari 2015, vid starten av det första kvartalet 2015, kvarstår många av de underliggande utmaningar och geopolitiska frågor som UBS tidigare har lyft</p>
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	branscher emittenten verksam. där är	fram. De blandade utsikterna för global tillväxt, frånvaron av ihållande och trovärdiga förbättringar av olösta frågor i Europa, fortsatta problem med amerikanska skattepolicys och monetära policys, ökning av geopolitisk instabilitet och större osäkerhet rörande de potentiella effekterna av lägre och potentiellt volatil energi och andra råvarupriser skulle göra förbättringar av rådande marknadsförhållanden osannolika. Utöver detta gör den senaste tidens agerande av Swiss National Bank för att ta bort golvet för EUR/CHF och Europeiska Nationalbankens agerande för att öka sin balansräkningsexpansion genom kvantitativ lättnad har adderat ytterligare utmaningar särskilt för den finansiella marknaden och för de Schweiziska finansiella företagen. Det ökade värdet för schweizerfranc i relation till andra valutor, speciellt i förhållande till US dollar och till Euron, och de negativa räntorna i Eurozonen och Schweiz kommer sätta press på UBS:s lönsamhet och, om situationen kvarstår, på några av UBS:s riktade prestandanivåer. Trots bestående och nya utmaningar kommer UBS att fortsätta att verkställa sin strategi för att säkerställa företagets långsiktiga framgång och att leverera uthålliga avkastningsnivåer för aktieägare.
B.5	Beskrivning av koncernen och emittentens plats inom koncernen.	<p>UBS AG är en schweizisk bank och är företaget med den huvudsakliga verksamheten inom Koncernen. Den är det enda dotterföretaget till UBS Group AG och moderbolaget till UBS Group AG. För närvarande drivs verksamhetsområdena och Corporate Center i UBS genom UBS AG, genom dess filialer världen över. Verksamheter bedrivs också genom lokala dotterföretag där detta är nödvändigt eller önskvärt.</p> <p>UBS AG har tillkännagivit att banken under mitten av år 2015 kommer överföra dess verksamhetsområden för privatpersonskunder och företag (<i>Retail & Corporate</i>) verksamhetsgren och sannolikt den i Schweiz bokförda verksamheten för förmögenhetsförvaltning (<i>Wealth Management</i>) till UBS Schweiz AG, en bank som är dotterföretag till UBS AG i Schweiz.</p> <p>I Storbritannien har UBS påbörjat implementeringen av en förändrad affärs- och verksamhetsmodell för UBS Limited vilket kommer göra det möjligt för UBS Limited att bära och behålla en större del av riskerna i och avkastningen i dess affärsverksamheter.</p> <p>I USA, för att efterleva de nya reglerna för utländska banker enligt amerikansk lagstiftning (<i>Dodd-Frank Wall Street Reform and Consumer Protection Act</i>), kommer UBS den 1 juli 2016 att utse ett mellanliggande holdingbolag som kommer äga alla av UBS:s amerikanska verksamheter med undantag för amerikanska filialer till UBS AG.</p> <p>UBS kan komma att överväga ytterligare ändringar avseende Koncernens juridiska struktur för att möta regulatoriska krav, inklusive överlåtelse av rörelsedrivande dotterföretag hos UBS AG till att bli direktägda dotterföretag till UBS Group AG, överlåtelse av delade tjänste- och supportfunktioner till tjänsteföretag och justeringar avseende bokföringsenhet eller lokaliseringen av produkter och tjänster. Dessa strukturella förändringar diskuteras fortlöpande med den schweiziska tillsynsmyndigheten (FINMA) och andra regulatoriska myndigheter och är föremål för ett antal osäkerhetsfaktorer som kan påverka dessas genomförbarhet, omfattning och tidpunkt.</p>

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The Element B.12 is completely replaced as follows:

B.12	Utvald historisk finansiell nyckelinformation.	UBS har hämtat den utvalda historiska finansiella nyckelinformationen i tabellen nedan för åren 2012, 2013 och 2014 från dess årsredovisning för 2014, som innehåller de reviderade konsoliderade finansiella räkenskaper för UBS AG för året som slutade den 31 december 2014 och jämförelsesiffror för åren som slutade den 31 december 2013 och 2012. De konsoliderade finansiella räkenskaper har tagits fram i enlighet med International Financial Reporting Standards (IFRS) som har utfärdats av International Accounting Standards Board (IASB) och anges i schweiziska franc (CHF). Årsredovisningen för 2014 är införlivad genom hänvisning i detta Prospekt. Enligt ledningens åsikt har alla justeringar som är nödvändiga för att ge en rättvisande bild av UBS AG:s konsoliderade finansiella ställning och verksamhetsresultat. Potentiella investerare bör läsa detta Prospekt i dess helhet och dokumenten som införlivas genom hänvisning häri och ska inte enbart förlita sig på den sammanfattande informationen som anges nedan:
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	Per och för året som slutade		
<i>CHF miljoner, förutom där annat indikeras</i>	31.12.14	31.12.13	31.12.12
	<i>Reviderat, förutom där indikerat</i>		
Koncernresultat			
Rörelseintäkter	28 026	27 732	25 423
Rörelsekostnader	25 557	24 461	27 216
Rörelsevinst / (förlust) före skatt	2 469	3 272	(1 794)
Nettovinst / (förlust) hänförlig till UBS AG:s aktieägare	3 502	3 172	(2 480)
Utspätt resultat per aktie (CHF)	0,91	0,83	(0,66)
Viktiga utvecklingsindikatorer			
Lönsamhet			
Avkastning på eget kapital (RoE) (%) ¹	7,0*	6,7*	(5,1)*
Avkastning på tillgångar, brutto (%) ²	2,8*	2,5*	1,9*
Kostnads-/intäktsrelation (%) ³	90,9*	88,0*	106,6*
Tillväxt			
Nettovinsttillväxt (%) ⁴	10,4*	-	-
Nettotillväxt nya medel för kombinerade verksamheter inom förmögenhetsförvaltning (%) ⁵	2,5*	3,4*	3,2*
Resurser			
Primärkapitalrelation (<i>Common equity tier 1 capital ratio</i>) (fullt tillämpad, %) ^{6, 7}	14,2*	12,8*	9,8*

Schweizisk SRB hävstångsrelation (infasing, %) ⁸	5,4*	4,7*	3,6*
Ytterligare information			
Lönsamhet			
Avkastning på synligt kapital (%) ⁹	8,2*	8,0*	1,6*
Avkastning på riskvägda tillgångar, brutto (%) ¹⁰	12,4*	11,4*	12,0*
Resurser			
Totala tillgångar	1 062 327	1 013 355	1 259 797
Eget kapital hänförligt till UBS AG:s aktieägare	52 108	48 002	45 949
Primärkapital (<i>Common equity tier 1 capital</i>) (fullt tillämpad) ⁷	30 805	28 908	25 182*
Primärkapital (<i>Common equity tier 1 capital</i>) (infasing) ⁷	44 090	42 179	40 032*
Riskvägda tillgångar (fullt tillämpad) ⁷	217 158*	225 153*	258 113*
Riskvägda tillgångar (infasing) ⁷	221 150*	228 557*	261 800*
Primärkapitalrelation (<i>Common equity tier 1 capital ratio</i>) (infasing, %) ^{6,7}	19,9*	18,5*	15,3*
Totalkapitalrelation (fullt tillämpad, %) ⁷	19,0*	15,4*	11,4*
Totalkapitalrelation (infasing, %) ⁷	25,6*	22,2*	18,9*
Schweizisk SRB Hävstångsrelation (fullt tillämpad, %) ⁸	4,1*	3,4*	2,4*
Schweizisk SRB Hävstångsrelationsnämnnare (fullt tillämpad) ¹¹	999 124*	1 015 306*	1 206 214*
Schweizisk SRB Hävstångsrelationsnämnnare (infasing) ¹¹	1 006 001*	1 022 924*	1 216 561*
Övrigt			
Investerade tillgångar (CHF miljarder) ¹²	2 734	2 390	2 230
Personal (motsvarande heltidstjänster)	60 155*	60 205*	62 628*
Marknadsvärde	63 243*	65 007*	54 729*
Totalt bokfört värde per aktie (CHF)	13,56*	12,74*	12,26*
Synligt bokfört värde per aktie (CHF)	11,80*	11,07*	10,54*
* oreviderat			
<p>1 Nettovinst/förlust hänförlig till UBS AG:s aktieägare (på årsbasis där tillämpligt) / genomsnittligt eget kapital hänförligt till UBS AG:s aktieägare. 2 Rörelseintäkter före kreditförluster (utgift) eller återvinning (på årsbasis där tillämpligt) / genomsnittliga totala tillgångar. 3 Rörelseutgifter/rörelseintäkter före kreditförlust (utgift) eller återvinning. 4 Förändring i nettovinst hänförlig till UBS AG:s aktieägare från fortsatt bedrivna verksamheter mellan innevarande och jämförelseperioder/nettovinst hänförlig till UBS AG:s aktieägare från fortsatt bedrivna verksamheter under jämförelseperiod. Ej meningsfullt och ej inkluderat om antingen rapporteringsperioden eller jämförelseperioden är en förlustperiod. 5 Kombinerat för Wealth Managements och Wealth Management Americas netto nya medel för perioden (på årsbasis där tillämpligt) / investerade tillgångar vid början av perioden. 6 Primärkapital/riskvägda tillgångar. 7 Baserat på Basel III-regelverket så som detta tillämpas på schweiziska systemviktiga banker (SRB), vilket trädde i kraft i Schweiz den 1 januari 2013. . Informationen som återges på fullt tillämpad basis återspeglar fullt ut effekterna av de nya kapitalavdragen och utfasningen av icke kvalificerande kapitalinstrument. Informationen som återges på infasad basis återspeglar gradvis dessa effekter under övergångsperioden. Siffror för 31 december 2012 beräknas på en uppskattad basis enligt beskrivning nedan och är på pro forma-basis. Begreppet "pro forma" så som det används i detta prospekt avser inte begreppet "pro forma finansiell information" av den innebörd som anges i Förordning (2004/809/EG). Vissa av modellerna som tillämpas vid beräkningen av pro forma informationen 31 december 2012 krävde regulatoriskt godkännande och innefattar uppskattningar (enligt diskussion med UBS primära tillsynsmyndighet) av effekten av de nya kapitalkraven. Dessa siffror måste inte presenteras eftersom Basel III kraven inte var i kraft den 31 december 2012. Dessa är icke desto mindre inkluderade av jämförelseskäl. 8 Schweiziska SRB Basel III primärkapital och förlustabsorberande kapital/total justerad exponering (hävstångsrelationsnämnnare). Den schweiziska SRB hävstångsrelationen trädde i kraft den 1 januari 2013. Siffror för 31 december 2012 är på pro forma basis (se fotnot 7 ovan). 9 Nettovinst / (förlust) hänförlig till UBS aktieägare för amortering och nedskrivning av goodwill och immateriella tillgångar (på årsbasis där tillämpligt) / genomsnittligt eget kapital hänförligt till UBS AG:s aktieägare minskat med genomsnittlig goodwill och immateriella tillgångar. 10 Rörelseintäkter för kreditförluster (förlust) eller återvinning (på årsbasis där tillämpligt) / genomsnitt riskvägda tillgångar. Baserat på Basel III riskvägda tillgångar (infasing) för 2014 och 2013 och på Basel 2.5 riskvägda tillgångar för 2012. 11 Hävstångsrelationsnämnnare benämns också som "total justerad exponering" och beräknas i enlighet med schweiziska SRB hävstångsrelationskrav. Data representerar genomsnittet av den totala justerade exponeringen vid slutet av de tre månader som föregick slutet av rapporteringsperioden. Siffror för 31</p>			

december 2012 är på pro forma basis (se fotnot 7 ovan). **12** Inkluderar investerade tillgångar inom Retail & Corporate.

	<p>Uttalande om väsentliga negativa förändringar.</p>	<p>Med undantag för vad som indikeras nedan under "Inverkan av åtgärder av den schweiziska centralbanken", har det inte inträffat någon väsentlig negativ förändring i framtidsutsikterna för UBS AG eller UBS Koncernen sedan den 31 december 2014.</p> <p><i>Inverkan av åtgärder av den schweiziska centralbanken</i></p> <p>Den 15 januari 2015 avbröt den schweiziska centralbanken (SNB) den lägsta målsättningsväxelkursen för den schweiziska francen mot euron, vilken hade funnits på plats sedan september 2011. Vid samma tidpunkt sänkte SNB räntesatsen på saldon på insättningskonton hos SNB som överstiger en viss undantagströskel med 50 baspunkter till negativa 0,75%. Den flyttade också målsättningsintervallet för tremånaders LIBOR till mellan negativa 1,25% och negativa 0,25% (tidigare negativa 0,75% till positiva 0,25%). Dessa beslut resulterade i en betydande stärkning av den schweiziska francen mot euron, US dollar, brittiska pund, japanska yen och flera andra valutor, liksom även en sänkning av räntesatser i schweiziska franc. Per den 28 februari 2015 var växelkursen för schweiziska franc 0,95 till US dollar, 1,07 till euro, 1,47 till brittiska pund och 0,80 till 100 japanska yen. Volatilitetsnivåer för valutaväxlingskurser och räntesatser ökade också.</p> <p>En väsentlig andel av det egna kapitalet i UBS utländska verksamheter är denominerat i US dollar, euro, brittiska pund eller andra utländska valutor. Stärkningen av den schweiziska francen skulle ha lett till en uppskattad nedgång i totalt eget kapital om ungefär CHF 1,2 miljarder eller 2%, om valutakurserna per den 28 februari 2015 appliceras på de rapporterade balansposterna per den 31 december 2014. Detta inkluderar en reducering av bokförda uppskjutna skattefordringar, huvudsakligen relaterade till USA, om ungefär CHF 0,4 miljarder (av vilka CHF 0,2 miljarder relaterar till tillfälliga skillnader för uppskjutna skattefordringar), vilket skulle bokföras över resultatet.</p> <p>På liknande vis är en väsentlig andel av UBS riskviktade tillgångar enligt Basel III (RWA) denominerade i US dollar, euro, brittiska pund eller andra utländska valutor. Group Asset and Liability Management (Group ALM) har fått mandatet att minimera de negativa effekterna från förändringar i valutakurser på UBS fullt tillämpade primärkapital (<i>CET1</i>) och kapitalrelationer. Group Asset and Liability Management Committee (Group ALCO), en kommitté inom UBS verkställande koncernledning, kan justera valutasammansättningen inom kapitalet, inom gränser som satts av styrelsen, för att balansera effekterna av valutakursrörelser på primärkapitalet</p>
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		<p>och kapitalrelationerna. Eftersom andelen av RWA denominerade i utländska valutor väger mer än kapitalet i dessa valutor och den väsentliga stärkningen av den schweiziska francen gentemot dessa valutor, var till fördel för UBS kapitalrelationer enligt Basel III.</p> <p>På en fullt tillämpad basis för schweiziska systemviktiga banker (SRB), skulle UBS ha erfarit de följande ungefärliga nedgångarna i dess kapital och RWA-poster, om valutakurserna per den 28 februari 2015 appliceras på de rapporterade balansposterna per den 31 december 2014: CHF 0,5 miljarder eller 2% i fullt tillämpat primärkapital (<i>common equity tier 1 (CET1)</i>), CHF 0,8 miljarder eller 2% i fullt tillämpat totalt kapital, CHF 5,8 miljarder eller 3% i fullt tillämpat RWA och CHF 45,1 miljarder eller 5% i fullt tillämpad nämnare för hävstångsrelation.</p> <p>Följaktligen, baserat uteslutande på valutakursrörelser, UBS förväntar sig att dess fullt tillämpade schweiziska SRB CET1 kapitalrelation skulle ha ökat med ungefär 10 baspunkter och den fullt tillämpade hävstångsrelationen skulle ha förbättrats med ungefär 10 baspunkter.</p> <p>Sammantaget erfor UBS inte negativa intäkter inom dess handelsverksamheter i samband med SNB:s tillkännagvande.</p> <p>Men andelen av UBS rörelseintäkter denominerade i andra valutor än schweiziska franc är större än andelen av rörelseutgifter som är denominerade i andra valutor än schweiziska franc. Följaktligen har en stärkning av den schweiziska francen mot andra valutor generellt sett en negativ inverkan på UBS resultat i avsaknad av förmildrande åtgärder.</p> <p>Utöver de uppskattade effekterna av förändringar i valutakurser, påverkas UBS eget kapital och kapital av förändringar i marknadsräntor. Särskilt är nettot för UBS förmånsbestämda tillgångar och skulder känsligt för de antaganden som tillämpas. Specifikt har ändringarna i tillämplig doskonteringsränta och ränterelaterade antaganden för UBS schweiziska pensionsplan under januari och februari, reducerat UBS egna kapital och fullt tillämpade schweiziska SRB CET1 kapital med omkring CHF 0,7 miljarder. Vidare, den fortsatt låga räntemiljön skulle fortsätta att ha en negativ inverkan för UBS replikeringsportföljer och UBS nettoresultat skulle ytterligare minska.</p> <p>Vidare, den stärkta schweiziska francen kan ha en negativ inverkan på den schweiziska ekonomin, vilket, givet dess beroende av export, kan inverka på vissa av motparterna inom UBS inrikes låneportfölj och leda till en ökning i</p>
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		nivån av kreditförlustutgifter under kommande perioder.
	Uttalande om väsentliga förändringar.	Med undantag för vad som indikeras nedan under "Inverkan av åtgärder av den schweiziska centralbanken", har det inte inträffat någon väsentlig förändring i den finansiella- eller handelspositionen för UBS Koncernen eller för UBS AG sedan den 31 december 2014.

The Element B.14, B.15, B.16 and B.17 are completely replaced as follows:

B.14	Beskrivning av koncernen och av emittentens position inom koncernen. Beroende av andra företag inom koncernen.	Vänligen se Punkt B.5. UBS AG är moderbolaget för UBS Koncernen. Som sådant är det i viss mån beroende av vissa av sina dotterföretag.
B.15	Emittentens huvudsakliga verksamhet.	UBS AG och dess dotterföretag är beslutna att tillhandahålla privata, institutionella och företagskunder världen över, liksom även privatpersonskunder i Schweiz med bättre finansiell rådgivning och lösningar samtidigt som attraktiv och uthållig avkastning för aktieägarna genereras. UBS strategi är centrerad på dess verksamheter Wealth Management (förmögenhetsförvaltning) och Wealth Management Americas och dess ledande (enligt dess egen uppfattning) universalbank i Schweiz, kompletterat av dess verksamhet Global Asset Management (global tillgångsförvaltning) och dess Investmentbank. Dessa verksamheter delar tre nyckeldrag: dessa drar fördel av en stark konkurrensmässig position inom dessas målmarknader, är kapitaleffektiva och erbjuder bättre strukturella tillväxt- och lönsamhetsutsikter. UBS strategi bygger på styrkorna inom alla dess verksamheter och fokuserar dess insatser till områden där UBS är framgångsrikt, samtidigt som den försöker kapitalisera från de tilltalande tillväxtutsikterna inom de verksamheter och regioner där den är verksam. Kapitalstyrka är basen för UBS framgång. Den operationella strukturen inom Koncernen består av Corporate Center (företagscenter) och fem verksamhetsdivisioner: Wealth Management, Wealth Management Americas, Retail & Corporate (bankverksamhet för privatpersoner och företagskunder), Global Asset Management och dess Investmentbank. Enligt Artikel 2 i Bolagsordningen för UBS AG, daterad den 10 februari 2015 (" Bolagsordningen ") är verksamhetsföremålet för UBS AG att bedriva

		bankverksamhet. Dess verksamhetsföremål sträcker sig över alla typer av banktjänster, finansiella tjänster, rådgivningstjänster och handelsaktiviteter i Schweiz och utomlands. UBS AB kan etablera filialer och representationskontor liksom även banker, kreditmarknadsföretag och andra företag av varje slag i Schweiz och utomlands, inneha ägarintressen i dessa bolag och sköta dessas ledning. UBS AG är auktoriserat att köpa, in-teckna och sälja fast egendom och byggrätter i Schweiz och utomlands.
B.16	Direkt eller indirekt aktieäggande eller kontrollöverens-kommelser avseende emittenten.	Till följd av ett erbjudande "aktie-mot-aktie" att förvärva alla utfärdade, ordinarie aktier i UBS AG i utbyte mot registrerade aktier i UBS Group AG på en basis av "en-för-en" och ett efterföljande privat utbyte på basis av "en-för-en" med en mängd olika aktieägare och banker i Schweiz och på andra ställen utanför USA, förvärvade UBS Group AG 96,68% av UBS AG:s aktier per den 31 december 2014. Ytterligare privata utbyten har reducerat antalet utestående aktier i UBS AG med 17,1 miljoner, vilket resulterade i att UBS Koncernen innehade 97,29 % av aktierna i UBS AG per den 6 mars 2015.
<p><i>[Den följande Punkten B.17 ska endast infogas beträffande Värdepapper där Emittenten har en förpliktelse som uppkommer vid emissionstillfället att betala investeraren 100% av det nominella värdet:</i></p>		
B.17	Kreditvärdighets-betyg som tilldelats emittenten eller dess skuldvärdepapper.	<p>Kreditvärderingsinstituten Standard & Poor's Credit Market Services Europe Limited ("Standard & Poor's"), Fitch Ratings Limited ("Fitch Ratings") och Moody's Investors Service, Inc., ("Moody's") har publicerat kreditvärdighetsbetyg som återspeglar deras bedömning av UBS AG:s kreditvärdighet, dvs. UBS förmåga att i tid fullgöra sina betalningsförpliktelser, så som amortering och räntebetalningar på långfristiga lån. Betygen från Fitch Ratings och Standard & Poor's kan tillskrivas ett plus- eller minustecken och de från Moody's en siffra. Dessa tillkommande beteckningar indikerar den relativa positionen inom respektive betygsklass.</p> <p>UBS AG har långfristigt motparts-kreditvärdighetsbetyget A (negativa utsikter) från Standard & Poor's, för långfristig icke-säkerställd, icke efterställd skuldsättning kreditvärdighetsbetyget A2 (under granskning för möjlig nedvärdering) från Moody's och för långfristig emittentfallissemang kreditvärdighetsbetyget A (stabila utsikter) från Fitch Ratings.</p> <p>Kreditvärdighetsbetyget från Fitch har utfärdats av Fitch Ratings Limited och kreditvärdighetsbetyget från Standard & Poor's har utfärdats av Standard & Poor's Credit Market Services Europe Limited. Båda är registrerade som kreditvärderingsinstitut under Förordning (2009/1060/EG), så som denna ändrades genom Förordning (2011/513/EG) ("KVI-Förordningen"). Kreditvärdighetsbetyget från Moody's har utfärdats av Moody's Investors Service, Inc., som inte är etablerat inom EES och är inte certifierad under KVI-Förordningen, men kreditvärdighetsbetyget som Moody's utfärdat stöds av Moody's Investors Service Ltd., ett kreditvärderingsinstitut som är etablerat inom EES och registrerat under KVI-Förordningen.]</p>

b) in the section headed "Section D – Risks":

The Element D.2 is completely replaced as follows:

D.2	Nyckelinformation om väsentliga risker som är specifika och individuella för Emittenten.	<p>Värdepapperen medför emittentrisk, även kallad gäldenärsrisk eller kreditrisk för potentiella investerare. En emittentrisk är risken att UBS AG tillfälligt eller varaktigt blir oförmögen att fullgöra dess förpliktelser under Värdepapperen.</p> <p>Generell risk för insolvens</p> <p>Varje Värdepappersinnehavare bär den generella risken att den finansiella situationen för Emittenten kan försämrats. Värdepapperen utgör direkta, icke säkerställda och icke efterställda förpliktelser för Emittenten och förpliktelserna kommer vid Emittentens insolvens att rangordnas lika med samtliga andra nuvarande och framtida icke säkerställda och icke efterställda förpliktelser för Emittenten, med undantag för de förpliktelser som har förmånsrätt enligt tvingande lagregler. Emittentens förpliktelser under Värdepapperen garanteras inte av något system av insättningsgarantier eller kompensationsplaner. Om Emittenten blir insolvent kan följaktligen Värdepappersinnehavare lida en total förlust av sina investeringar i Värdepapperen.</p> <p>UBS är som Emittent utsatt för olika riskfaktorer i sin affärsverksamhet. Sådana risker består särskilt av följande typer av risker, där alla av dessa risker kan ha en negativ inverkan på värdet för Värdepapperen:</p> <ul style="list-style-type: none"> • Inverkan av nedvärdering av Emittentens kreditvärdighetsbetyg: Den allmänna uppfattningen om Emittentens kreditvärdighet kan påverka värdet för Värdepapperen. Som en konsekvens kan varje nedvärdering av Emittentens kreditvärdighetsbetyg ha en negativ inverkan på värdet för Värdepapperen. • Den 15 januari 2015 avbröt den schweiziska centralbanken (SNB) den lägsta målsättningsväxelkursen för den schweiziska francen mot euron, vilken hade funnits på plats sedan september 2011. Vid samma tidpunkt sänkte SNB räntesatsen på saldon på insättningskonton hos SNB som överstiger en viss undantagströskel med 50 baspunkter till negativa 0,75%. Den flyttade också målsättningsintervallet för tremånaders LIBOR till mellan negativa 1,25% och negativa 0,25% (tidigare negativa 0,75% till positiva 0,25%). Dessa beslut resulterade i en betydande stärkning av den schweiziska francen mot euron, US dollar, brittiska pund, japanska yen och flera andra valutor, liksom även en sänkning av räntesatser i schweiziska franc. Den långsiktiga kursen för den schweiziska francen mot dessa andra valutor är inte säker, inte heller är den framtida riktningen för räntesatser i den schweiziska francen. Flera andra centralbanker har på liknande sätt antagit policys om negativ ränta. Fluktuationer i valutakurser och fortsatt låga eller negativa räntesatser kan ha en mycket negativ inverkan på UBS Koncernens kapitalstyrka, UBS Koncernens likviditets- och finansieringsposition och UBS Koncernens lönsamhet.
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		<ul style="list-style-type: none"> • Regulatoriska och lagstiftningsmässiga förändringar kan negativt inverka på UBS Koncernens verksamhet och förmåga att genomföra dess strategiska planer. De planerade och potentiella regulatoriska och lagstiftningsmässiga utvecklingarna i Schweiz och i andra jurisdiktioner där UBS Koncernen bedriver verksamhet kan ha väsentlig negativ inverkan på UBS Koncernens förmåga att genomföra dess strategiska planer, på lönsamheten eller livskraften för vissa verksamhetsområden globalt eller i särskilda jurisdiktioner och, i vissa fall, på UBS Koncernens förmåga att konkurrera med andra finansiella institutioner. Dessa kommer sannolikt att vara kostsamma att implementera och kan också ha en negativ inverkan på UBS Koncernens juridiska struktur och affärsmodell, potentiellt genereras kapitalineffektiviteter och påverka UBS Koncernens lönsamhet. • UBS Koncernens kapitalstyrka är viktig för att stödja dess strategi, kunderbjudande och konkurrensmässiga position. Varje ökning i riskvägda tillgångar eller en reduktion i kvalificerande kapital skulle kunna väsentligt reducera UBS Koncernens kapitalrelationer. Vidare, UBS Koncernen är underkastad ett krav på lägsta hävstångsrelation för schweiziska SRB-banker, vilket under vissa omständigheter skulle kunna begränsa UBS Koncernens affärsverksamheter även om UBS Koncernen möter övriga riskbaserade kapitalkrav. • UBS Koncernen kanske inte är framgångsrik i att genomföra sina tillkännagivna strategiska planer eller dess planer kan bli försenade eller marknadshändelser kan negativt inverka på genomförandet av planen eller effekterna av dess planer kan skilja sig från de avsedda. UBS Koncernen är också exponerad mot potentiell utflöde av klienttillgångar inom dess tillgångssamlade verksamheter och mot förändringar som påverkar lönsamheten inom dess affärsområde Wealth Management och kanske inte är framgångsrik i att genomföra förändringar inom dess verksamheter för att möta ändrade marknads-, regulatoriska eller andra förhållanden. • Väsentliga juridiska och regulatoriska risker uppkommer vid driften av UBS Koncernens verksamhet. UBS Koncernen är föremål för ett stort antal krav, tvister, rättsliga förfaranden och statliga undersökningar och förväntar sig att dess pågående affärsverksamheter kommer att fortsätta att ge upphov till sådana saker i framtiden. Omfattningen av UBS Koncernens finansiella exponering mot dessa och andra saker är väsentlig och kan i betydande mån överstiga nivån av de reserveringar UBS Koncernen har etablerat för rättegångar, regulatoriska förfaranden och liknande aspekter. Lösningen på regulatoriska förfaranden kan kräva att UBS Koncernen erhåller undantag för regulatoriska avvikelser för att upprätthålla vissa verksamheter, kan berättiga regulatoriska myndigheter att begränsa, temporärt stänga ner eller avsluta tillstånd och regulatoriska godkännanden och kan tillåta att finansiella marknadsfunktioner att begränsa, temporärt stänga ner eller avsluta UBS Koncernens deltagande inom sådana funktioner. Misslyckande att erhålla sådana undantag, eller varje begränsning, temporär nedstängning eller
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		<p>avslutande av tillstånd, godkännanden eller deltaganden, skulle kunna ha väsentliga konsekvenser för UBS Koncernen.</p> <ul style="list-style-type: none"> • Operationella risker, inklusive de som härrör från processfel, misslyckat utförande, obehörig handel, bedrägeri, systemfel, finansiell brottslighet, cyber-attacker, informationsintrång och misslyckanden inom säkerhet och fysiskt skydd, kan påverka UBS Koncernens verksamhet. Om UBS Koncernens interna kontroller misslyckas eller visar sig vara otillräckliga vad gäller identifiering och hantering av dessa risker, skulle UBS Koncernen kunna drabbas av operationella misslyckanden som kan resultera i väsentliga förluster. • UBS Koncernens rykte är kritiskt för framgången för dess verksamhet. Renomméskada kan ha grundläggande negativ inverkan på UBS Koncernens verksamhet och framtidsutsikter och ha väsentlig negativ inverkan på UBS Koncernens verksamhetsresultat och finansiella omständigheter och på UBS Koncernens förmåga att uppnå dess strategiska mål och finansiella mål. • Utveckling inom den finansiella tjänsteindustrin påverkas av marknadsförhållanden och det markoekonomiska klimatet. En ekonomisk nedgång, fortsatt låga marknadsräntor eller svag eller stagnerande ekonomisk tillväxt på UBS Koncernens kärnmarknader eller en allvarlig finansiell kris kan negativt inverka på UBS Koncernens intäkter och ytterst dess kapitalbas. • UBS Koncernen innehar äldre positioner och andra riskpositioner, inklusive positioner hänförliga till fast egendom i olika länder som kan påverkas negativt av marknadsförhållanden. Dessutom äldre riskpositioner kan vara svåra att likvidera eftersom den fortsatta bristande likviditeten och komplexiteten för många av dessa kan göra det svårt att sälja eller på annat sätt gå ur dessa positioner. • UBS Koncernens globala närvaro utsätter den för risk från valutafluktuationer, vilket har inverkan på UBS Koncernens rapporterade intäkter och utgifter och andra rapporterade siffror såsom annan inkomst, investerade tillgångar, tillgångar på balansräkningen, riskvägda tillgångar och primärkapital enligt Basel III. • UBS Koncernen är beroende av dess riskhantering- och kontrollprocesser för att undvika eller begränsa potentiella förluster inom dess motpartscredits- och handelsverksamheter och skulle kunna drabbas av förluster om, till exempel, den inte till fullo identifierar riskerna inom dess portfölj eller om dess bedömning av riskerna som identifierats eller dess svar på negativa trender visar sig ske vid fel tidpunkt, olämpliga, otillräckliga eller felaktiga.
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		<ul style="list-style-type: none"> • Värderingar av vissa positioner förlitar sig på modeller; modeller har inneboende begränsningar och kan använda ingångsvärden som inte har någon observerbar källa; andra antaganden och ingångsvärden skulle generera andra resultat och dessa skillnader skulle kunna ha en betydande inverkan på UBS Koncernens finansiella resultat. • Likviditets- och finansieringsförvaltning är kritiskt för UBS Koncernens pågående verksamhet. Volymen för UBS Koncernens finansieringskällor eller tillgången till finansiering av de slag som krävs, kan förändras på grund av, bland annat, allmänna marknadsstörningar, ökade kreditspreadar, förändringar i kapital och likviditetskrav eller nedvärderingar av UBS Koncernens kreditvärdighetsbetyg, vilket även kan inverka på kostnaden för finansiering. • UBS Koncernen kan vara oförmögen att identifiera eller tillvarata intäkter eller konkurrensmässiga möjligheter eller att behålla och attrahera kvalificerade anställda. UBS Koncernens konkurrensmässiga styrka och marknadsställning skulle kunna erodera om UBS Koncernen är oförmögen att identifiera marknadstrender och utvecklingar, inte svarar på dessa genom att ta fram och genomföra lämpliga affärsstrategier, på lämpligt sätt ta fram eller uppdatera teknologi, särskilt inom handelsverksamheterna eller är oförmögen att attrahera eller behålla de kvalificerade personer som behövs för att utföra dessa. • UBS Koncernens finansiella resultat kan påverkas negativt av förändringar inom redovisningsstandarder. Förändringar i IFRS eller tolkningar därav kan föranleda att UBS Koncernens framtida rapporterade resultat och finansiella position skiljer sig från de som tidigare rapporterats på grund av införandet av redovisningsstandarder på retroaktiv basis. Sådana förändringar kan också påverka UBS Koncernens regulatoriska kapital och relationer. • UBS Koncernens finansiella resultat kan påverkas negativt av förändringar i antaganden för värderingen av dess goodwill. Om antaganden under framtida perioder skiljer sig från de nuvarande utsikterna, kan värdet av UBS Koncernens goodwill försämrats, vilket ger upphov till förluster över resultaträkningen. • Inverkan av skatter på UBS Koncernens finansiella resultat påverkas i väsentlig mån av omvärderingar av dess uppskjutna skattefordringar. UBS Koncernens effektiva skattekostnad på helårsbasis skulle kunna förändras väsentligt på basis av sådana omvärderingar. • Eftersom UBS Group AG är ett holdingbolag, är dess rörelseresultat, finansiella ställning och förmåga att betala utdelningar, andra
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		<p>överföringar eller att betala sina förpliktelser i framtiden, beroende av finansiering, utdelning och andra överföringar erhållna från UBS AG eller varje annat framtida direktägt dotterföretag, vilka kan vara föremål för begränsningar. UBS Koncernens förmåga att UBS Koncernens förmåga att betala utdelningar och andra överföringar samt att betala sina förpliktelser i framtiden kommer att bero på nivån av finansiering, utdelningar och andra överföringar, om några, erhållna från UBS AG och varje nytt dotterföretag etablerat av UBS Koncernen i framtiden. Förmågan hos sådana dotterföretag att lämna lån eller överföringar (direkt eller indirekt) till UBS Koncernen kan vara begränsad som en konsekvens av flera faktorer, inklusive restriktioner i finansieringsavtal och krav enligt tillämplig rätt samt regulatoriska och skattemässiga eller andra begränsningar. Begränsningar och regulatoriska åtgärder av detta slag kan försämra tillgången till medel som UBS Koncernen behöver för att göra betalningar. UBS Koncernens kreditvärdighetsbetyg kan bli lägre än kreditvärdighetsbetyget för UBS Koncernen, vilket kan negativt påverka marknadsvärdet för värdepapper och andra förpliktelser som UBS Koncernen sett på enskild basis. Vidare UBS Koncernen förväntar sig att det kan komma att garantera betalningsförpliktelserna för vissa av sina dotterföretag från tid till annan. Dessa garantier kan kräva att UBS Koncernen tillhandahåller betydande medel eller tillgångar till dotterföretag eller dessas borgenärer eller motparter vid en tidpunkt när UBS Koncernen är i behov av likviditet för att finansiera sina egna förpliktelser.</p> <ul style="list-style-type: none"> • UBS Koncernens angivna mål för avkastning från kapital baseras, delvis, på kapitalrelationer som är föremål för regulatoriska förändringar och kan fluktuera i betydande mån. UBS har beslutat att återföra åtminstone 50% av dess nettovinst till aktieägare som avkastning från kapital, förutsatt att dess fullt tillämpade primärkapitalrelation är minst 13% och dess fullt tillämpade primärkapitalrelation vid stresstest är minst 10%. Men UBS förmåga att upprätthålla en fullt tillämpad primärkapitalrelation om minst 13% är underkastad ett flertal risker, inklusive resultatet från UBS Koncernens verksamhet, förändringar i kapitalstandarder, metodologier och tolkningar som kan negativt inverka på UBS Koncernens beräknade fullt tillämpade primärkapitalrelation, påförande av att risktillägg, eller ytterligare kapitalkrav såsom ytterligare kapitalbuffertar. Vidare, förändringar i metodologin, antaganden, stressscenarier och andra faktorer kan resultera i väsentliga skillnader i UBS fullt tillämpade primärkapitalrelation vid stresstest. • UBS Koncernen kan misslyckas med att realisera de förväntade fördelarna med utbyteserbjudandet. UBS etablerade UBS Group AG som ett holdingbolag för Koncernen eftersom det anser att det kommer, tillsammans med andra åtgärder som redan har tillkännagivits, påtagligt kommer att förbättra lösningsförmågan hos UBS Koncernen vid svarsåtgärder på utvecklingen av regulatoriska krav. UBS Koncernen kan dock möta påtagliga svårigheter i att uppnå dessa fördelar eller dessa förväntade fördelar kanske inte uppkommer. UBS Group AG har förvärvat ungefär 97 procent av de utestående aktierna i UBS AG. Försening i att förvärva fullt ägande av UBS AG skulle kunna negativt
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		<p>påverka de förväntade fördelarna av utbyteserbjudandet och likviditeten och marknadsvärdet för UBS Group AG:s aktier. Förekomsten av minoritetsaktieägare i UBS AG kan, bland annat, göra det svårare eller försena UBS Koncernens förmåga att genomföra förändringar i den juridiska strukturen för UBS Koncernen och störa dess dagliga verksamhetsdrift och företagsstyrning.</p> <ul style="list-style-type: none">• Om UBS Koncernen genomför en fusion för att tvinga ut minoriteten under schweizisk rätt, kommer UBS AG att fusionera in i ett fusionsdotterföretag till UBS Koncernen, som kommer att överleva transaktionen. Även om UBS Koncernen förväntar sig att den överlevande juridiska personen i de flesta fall kommer att överta UBS AG:s banktillstånd, licenser och andra godkännanden, kan en sådan juridisk person vara tvungen att åter-ansöka om eller söka särskilda tillstånd, licenser och auktorisationer, liksom även samtycke från tredje man. Vidare, enligt schweizisk rätt är kan en minoritetsaktieägare som blir utsatt för en fusion för att tvinga ut minoriteten teoretiskt sett göra gällande att det erbjudna vederlaget är "otillräckligt" och begära att schweizisk domstol fastställa vad som är "tillräckligt" vederlag. Var och en av dessa omständigheter, om de skulle inträffa, kan generera kostnader, försena genomförandet av en fusion för att tvinga ut minoriteten eller störa eller negativt inverka på UBS Koncernens verksamhet.
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- 4) In relation to the Base Prospectus for Certificates, Notes or Warrants of UBS AG, [London] [Jersey] [Branch] dated 23 June 2014 in the section "I. Summary of the Base Prospectus" in the sub-section headed "C. Summary of the Base Prospectus (in the Danish language)" in the section headed "Afsnit B – Udsteder":

a) in the section headed "Section B – Issuer":

The Element B.1 is completely replaced as follows:

B.1	Udsteders juridiske navn og forretningsnavn.	Udsteders juridiske navn og forretningsnavn er UBS AG (" Udsteder ", og sammen med sine datterselskaber benævnt " UBS AG-koncernen " og sammen med UBS-koncernen AG, holdingselskabet for UBS AG, benævnt " UBS-koncernen " eller " Koncernen " eller " UBS ").
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The Element B.2 is completely replaced as follows:

B.2	Udsteders hjemsted, selskabsform, lovgivning i henhold til hvilken Udstederen driver virksomhed og Udsteders stiftelsesland.	<p>Udsteder blev den 28. februar 1978 stiftet under navnet SBC AG for en ubegrænset periode og blev samme dato optaget i Handelsregisteret i kantonen Basel-City. Den 8. december 1997 ændrede selskabet navn til UBS AG. UBS AG blev i sin nuværende form stiftet den 29. juni 1998 ved fusionen mellem Union Bank of Switzerland (stiftet i 1862) og Swiss Bank Corporation (stiftet i 1872). UBS AG er optaget i Handelsregisteret i henholdsvis kantonen Zürich og kantonen Basel-City under registreringsnummer CHE-101.329.561.</p> <p>UBS AG er stiftet og hjemmehørende i Schweiz og driver som aktieselskab (<i>aktiengesellschaft</i>) virksomhed i henhold til den schweiziske obligationsret (<i>Swiss Code of Obligations</i>).</p> <p>Kontaktoplysninger til UBS AG's hjemstedskontor henholdsvis hovedkontor er som følger: Bahnhofstrasse 45, CH-8001 Zürich, Schweiz, tlf. nr. +41 44 234 1111 og Aeschenvorstadt 1, CH-4051 Basel, Schweiz, tlf. nr. +41 61 288 5050.</p>
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The Element B.4.b and B.5 are completely replaced as follows:

<p>B.4b</p>	<p>Kendte tendenser, der påvirker Udsteder, og brancher inden for hvilke, Udstederen driver virksomhed.</p>	<p>Oplysninger om tendenser</p> <p>Som beskrevet i UBS' 4. kvartalsrapport, som blev offentliggjort den 10. februar 2015, er mange af de underliggende udfordringer og geografiske problemstillinger, som UBS tidligere har fremhævet, stadig aktuelle i begyndelsen af første kvartal 2015. De blandede udsigter til global vækst, fraværet af vedvarende og troværdige forbedringer af uløste spørgsmål i Europa, de fortsatte problemstillinger vedrørende USA's skattemæssige og monetære forhold, stigende geopolitisk ustabilitet og større usikkerhed omkring de potentielle følger af lavere og potentielt volatile energi- og øvrige råvarepriser gør det usandsynligt, at der skulle indtræffe forbedringer i de aktuelle markedsforhold. Den schweiziske nationalbanks seneste tiltag i forhold til at fjerne den nedre grænse på euroen i forhold til schweitzerfrancen (<i>EUR/CHF-floor</i>) og den Europæiske Centralbanks tiltag i forhold til at forøge sin balanceekspansion via kvantitative lempelser har desuden medført yderligere udfordringer for de finansielle markeder og i særlig grad for de finansielle virksomheder, der har hovedkontor i Schweiz. Schweizerfrancens højere værdi i forhold til andre valutaer, især den amerikanske dollar og euroen, og de negative renter i eurozonen og Schweiz vil sætte UBS' rentabilitet under pres og, hvis det varer ved, vil dette ligeledes gøre sig gældende for nogle af UBS' målsatte præstationsniveauer. Til trods for aktuelle og nye udfordringer agter UBS fortsat at iværksætte sin strategi for at sikre bankens langsigtede succes og for at levere holdbare afkast til aktionærene.</p>
<p>B.5</p>	<p>Beskrivelse af koncernen og Udstederens position inden</p>	<p>UBS AG er en schweizisk bank og er det primære driftsselskab i Koncernen. UBS AG er det eneste datterselskab i UBS-koncernen AG og moderselskab for UBS AG-koncernen. UBS' forretningsdivisioner og Koncerncentret (<i>Corporate Center</i>) driver på nuværende tidspunkt primært</p>

	for koncernen.	<p>virksomhed ud fra UBS AG gennem filialer verden over. Forretningsdivisionerne driver ligeledes virksomhed gennem lokale datterselskaber, hvor dette er nødvendigt eller hensigtsmæssigt.</p> <p>UBS har tilkendegivet, at banken medio 2015 agter at overdrage forretningsdivisionen Privatkunder & Virksomheder (<i>Retail & Corporate</i>) og den del af forretningsdivisionen Formueforvaltning (<i>Wealth Management</i>), som bogføres i Schweiz, til UBS Switzerland AG, som er et bankdatterselskab af UBS AG i Schweiz.</p> <p>I Storbritannien har UBS påbegyndt implementeringen af en revideret forretnings- og driftsmodel for UBS Limited, som vil gøre det muligt for UBS Limited at bære og beholde en større del af de risici henholdsvis det afkast, der er forbundet med bankens forretningsaktiviteter.</p> <p>Med henblik på senest den 1. juli 2016 at efterleve de nye regler for udenlandske banker i henhold til den amerikanske lov '<i>the Dodd-Frank Wall Street Reform and Consumer Protection Act</i>', vil UBS i USA udpege et mellemliggende holdingselskab, som kommer til at eje UBS' amerikanske aktiviteter, bortset fra UBS AG's filialer.</p> <p>UBS kan som følge af lovgivningsmæssige krav evt. ændre Koncernens juridiske organisationsform yderligere, herunder overdrage UBS AG's driftsdatterselskaber, således at de bliver direkte datterselskaber i UBS-koncernen AG, overdrage delte service- og supportfunktioner til servicevirksomheder samt ændre bogføringsenheden eller placeringen af produkter og serviceydelser. Disse strukturændringer drøftes løbende med det schweiziske finanstilsyn, FINMA, og andre tilsynsmyndigheder og er forbundet med en række usikkerheder, som kan indvirke på ændringernes gennemførlighed, omfang og tidsmæssige gennemførelse.</p>
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The Element B.12 is completely replaced as follows:

B.12	Udvalgte historiske finansielle	UBS AG har hentet følgende udvalgte konsoliderede økonomiske data for årene 2012, 2013 og 2014 fra sin årsrapport for 2014, som indeholder UBS AG's reviderede
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nøgleoplysninger.	<p>koncernregnskab for året, der sluttede den 31. december 2014, og sammenligningstal for årene, der sluttede henholdsvis den 31. december 2013 og 2012. Koncernregnskaberne er udarbejdet i overensstemmelse med de internationale regnskabsstandarder (<i>International Financial Reporting Standards</i> ("IFRS")), som er udstedt af the International Accounting Standards Board ("IASB") og er angivet i schweizerfranc (CHF). Årsrapporten for 2014 er indarbejdet i dette Prospekt ved henvisning. Efter ledelsens skøn er der foretaget alle sådanne justeringer, som måtte være nødvendige for at give et retvisende billede af UBS AG's konsoliderede finansielle stilling og driftsresultat. Potentielle investorer bør læse dette Prospekt i sin helhed samt dokumenter, der er indarbejdet heri ved henvisning, og bør ikke udelukkende forlade sig på de oplysninger, der er sammenfattet nedenfor:</p>
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	Pr. eller for året, der sluttede		
<i>CHF mio., medmindre andet fremgår</i>	31.12.14	31.12.13	31.12.12
	<i>revideret, medmindre andet fremgår</i>		
Koncernresultat			
Driftsindtægter	28.026	27.732	25.423
Driftsudgifter	25.557	24.461	27.216
Driftsoverskud (driftstab) før skat	2.469	3.272	(1.794)
Nettooverskud (nettotab) henførbart til UBS AG-aktionærer	3.502	3.172	(2.480)
Udvandet indtjening pr. aktie (CHF)	0,91	0,83	(0,66)
Nøgleindikatorer			
Rentabilitet			
Egenkapitalforrentning (RoE) (%) ¹	7,0*	6,7*	(5,1)*
Afkastningsgrad, brutto (%) ²	2,8*	2,5*	1,9*
Omkostninger i forhold til indtægter (%) ³	90,9*	88,0*	106,6*
Vækst			
Nettovækst i overskud (%) ⁴	10,4*	-	-
Nettovækst nye midler for kombinerede formueforvaltningsvirksomheder (%) ⁵	2,5*	3,4*	3,2*
Ressourcer			
Egentlig kernekapitaldækning (fuldt anvendt, %) ^{6,7}	14,2*	12,8*	9,8*
Schweizisk SRB gearingsforhold (indfaset, %) ⁸	5,4*	4,7*	3,6*
Yderligere oplysninger			
Rentabilitet			

Afkast på synlig kapital (%) ⁹	8,2*	8,0*	1,6*
Afkast på risikovægtede aktiver, brutto (%) ¹⁰	12,4*	11,4*	12,0*
Ressourcer			
Aktiver i alt	1.062.327	1.013.355	1.259.797
Egenkapital henførbart til UBS AG-aktionærer	52.108	48.002	45.949
Egentlig kernekapital (fuldt anvendt) ⁷	30.805	28.908	25.182*
Egentlig kernekapital (indfaset) ⁷	44.090	42.179	40.032*
Risikovægtede aktiver (fuldt anvendt) ⁷	217.158*	225.153*	258.113*
Risikovægtede aktiver (indfaset) ⁷	221.150*	228.557*	261.800*
Egentlig kernekapitaldækning (indfaset, %) ^{6,7}	19,9*	18,5*	15,3*
Kapitaldækning i alt (fuldt anvendt, %) ⁷	19,0*	15,4*	11,4*
Kapitaldækning i alt (indfaset, %) ⁷	25,6*	22,2*	18,9*
Schweizisk SRB gearingsforhold (fuldt anvendt, %) ⁸	4,1*	3,4*	2,4*
Schweizisk SRB gearingsforholdets nævner (fuldt anvendt, %) ¹¹	999.124*	1.015.306*	1.206.214*
Schweizisk SRB gearingsforholdets nævner (indfaset) ¹¹	1.006.001*	1.022.924*	1.216.561*
Andet			
Investerede aktiver (CHF mia.) ¹²	2.734	2.390	2.230
Medarbejdere (årsværk)	60.155*	60.205*	62.628*
Børsværdi	63.243*	65.007*	54.729*
Indre værdi pr. aktie i alt (CHF)	13,56*	12,74*	12,26*
Synlig indre værdi pr. aktie (CHF)	11,80*	11,07*	10,54*
* urevideret			
<p>¹ Nettooverskud / nettotab, som kan henføres til UBS AG-aktionærer (på årsbasis, hvor relevant) / gennemsnitlig egenkapital, der kan henføres til UBS AG-aktionærer. ² Driftsindtægter før kredittab (udgift) eller genindvinding (på årsbasis, hvor relevant) / gennemsnitlig aktivum i alt. ³ Driftsudgifter / driftsindtægter før kredittab (udgift) eller genindvinding. ⁴ Ændring i nettooverskud, som kan henføres til UBS AG-aktionærer fra fortsættende aktiviteter mellem nuværende og jävnførelsesperioder / nettooverskud, som kan henføres til UBS AG-aktionærer fra fortsættende aktiviteter fra jävnførelsesperiode. Ikke meningsfuldt og ikke inkluderet, hvis enten rapporteringsperioden eller jävnførelsesperioden er en tabsperiode. ⁵ Sammenlagt for Wealth Management og Wealth Management Americas' netto nye midler for perioden (på årsbasis, hvor relevant) / investerede aktiver ved periodens begyndelse. ⁶ Egentlig kernekapital / risikovægtede aktiver. ⁷ Baseret på Basel III-regelsættet således som dette gælder for schweiziske systemisk relevante banker (SRB), som trådte i kraft i Schweiz den 1. januar 2013. Oplysningerne, som er angivet på fuldt anvendt basis, afspejler fuldt ud virkningerne af de nye kapitalfradrag og afviklingen af ikke-kvalificerende kapitalinstrumenter. De oplysninger, der er angivet på indfaset basis, afspejler gradvist disse virkninger i overgangsperioden. Tallene pr. 31. december 2012 er beregnet på skønsmæssig basis som beskrevet nedenfor, og er angivet som "proformatal". Udtrykket "proformatal" som anvendt i dette Prospekt henviser ikke til udtrykket "proformaregnskab", således som dette er defineret i Forordning (EF) 809/2004. Nogle af de metoder, der er anvendt ved beregningen af proforma-oplysningerne pr. 31. december 2012, krævede myndighedsgodkendelse og inkluderede skøn (som drøftet med UBS' primære tilsynsmyndighed) over virkningen af nye kapitalomkostninger. Disse tal kræves ikke fremlagt, da Basel III-kravene ikke var trådt i kraft den 31. december 2012. De er ikke desto mindre inkluderet af sammenligningsmæssige grunde. ⁸ Schweizisk SRB Basel III egentlig kernekapital og tabsabsorberende kapital / reguleret eksponering i alt (gearingsforholdets nævner). Det schweiziske SRB gearingsforhold trådte i kraft den 1. januar 2013. Tallene pr. 31. december 2012 er proformatal (se fodnote 7 ovenfor). ⁹ Nettooverskud / nettotab, der kan henføres til UBS AG-aktionærer før amortisering og værdiforringelse af goodwill og immaterielle anlægsaktiver (på årsbasis, hvor relevant) / gennemsnitlig egenkapital, som kan henføres til UBS AG-aktionærer minus gennemsnitlig goodwill og immaterielle anlægsaktiver. ¹⁰ Driftsindtægter før kredittab (udgift) eller genindvinding (på årsbasis, hvor relevant) / gennemsnitlig risikovægtede aktiver. Baseret på Basel III risikovægtede aktiver (indfaset) for 2014 og 2013 og på Basel 2.5 risikovægtede aktiver for 2012. ¹¹ Gearingsforholdets nævner benævnes ligeledes "reguleret eksponering i alt" og beregnes i overensstemmelse med kravene i henhold til det schweiziske SRB gearingsforhold. Tallene repræsenterer gennemsnittet af den regulerede eksponering i alt ved udgangen af den 3-måneders periode, der går forud for rapporteringsperiodens afslutning. Tallene pr. 31. december 2012 er proformatal (se fodnote 7 ovenfor). ¹² Inkluderer investerede aktiver for Retail & Corporate.</p>			
Erklæring vedrørende væsentlige negative ændringer.	<p>Bortset fra, hvad der er anført nedenfor under "Konsekvenser af den schweiziske nationalbanks tiltag", er der ikke siden den 31. december 2014 indtrådt nogen væsentlig negativ ændring i fremtidsudsigterne for UBS AG eller UBS AG-koncernen.</p> <p><i>Konsekvenser af den schweiziske nationalbanks tiltag</i></p>		

		<p>Den 15. januar 2015 fjernede den schweiziske nationalbank (SNB) kursloftet for schweizerfrancen over for euroen, som havde været en realitet siden september 2011. SNB sænkede samtidigt renten på indlån i SNB, som oversteg en given tærskel, med 50 basispoint til -0,75 %. SNB ændrede også målintervallet for 3 mdr. LIBOR til mellem -1,25 % og -0,25 % (tidligere -0,75 % til +0,25 %). Disse beslutninger resulterede i en betydelig styrkelse af schweizerfrancen over for euroen, den amerikanske dollar, det britiske pund, den japanske yen og adskillige andre valutaer samt i en sænkning af CHF-renten. Den 28. februar 2015 handlede schweizerfrancen til CHF 0,95 for USD 1, CHF 1,07 for EUR 1, CHF 1,47 for GBP 1 og CHF 0,80 for JPY 100. Valutakurs- og rentevolatiliteten steg ligeledes.</p> <p>En væsentlig del af egenkapitalen fra UBS' udenlandske aktiviteter er denomineret i USD, EUR, GBP og andre udenlandske valutaer. Stigningen i schweizerfrancen ville have medført et skønnet fald i den samlede egenkapital på ca. CHF 1,2 mia. eller 2 % ved anvendelse af valutakurserne pr. 28. februar 2015 på de afrapporterede mellemværender pr. 31. december 2014. Dette indbefatter en reduktion i indregnede udskudte skatteaktiver, primært i relation til USA, på ca. CHF 0,4 mia. (hvoraf CHF 0,2 mia. vedrører midlertidige forskelle i udskudte skatteaktiver), som ville blive indregnet i øvrig totalindkomst.</p> <p>En væsentlig del af UBS' Basel III risikovægtede aktiver er desuden denomineret i USD, EUR, GBP og andre udenlandske valutaer. Koncernens Aktiv- og Passivforvaltning (<i>Group Asset and Liability Management</i>) er bemyndiget til at minimere de negative virkninger af valutakursændringer på UBS' fuldt anvendte egentlige kernekapital og soliditetsprocent. Koncernens Aktiv- og Passivforvaltningsudvalg (<i>Group Asset and Liability Management Committee</i>), et udvalg under UBS-koncernens direktion, kan inden for rammer fastsat af bestyrelsen tilpasse kapitalens fordeling på valutaer for at afpasse virkningen af</p>
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		<p>valutakursændringer på den fuldt anvendte egentlige kernekapital og soliditetsprocent. Eftersom andelen af risikovægtede aktiver, der er denomineret i udenlandske valutaer, overstiger kapitalen i disse valutaer, og den væsentlige stigning i schweizerfrancen over for disse valutaer var til gavn for UBS' Basel III soliditetsprocent.</p> <p>UBS ville på fuldt anvendt basis for schweiziske systemisk relevante banker (SRB) have oplevet følgende skønnede fald i sin kapital og risikovægtede aktivsaldo ved anvendelse af valutakurserne pr. 28. februar 2015 på de afrapporterede mellemværender pr. 31. december 2014: CHF 0,5 mia. eller 2 % i forhold til den fuldt anvendte egentlige kernekapital (CET1), CHF 0,8 mia. eller 2 % i forhold til den fuldt anvendte samlede kapital, CHF 5,8 mia. eller 3 % i forhold til de fuldt anvendte risikovægtede aktiver og CHF 45,1 mia. eller 5 % i forhold til gearingsforholdets nævner på fuldt anvendt basis.</p> <p>Udelukkende baseret på valutakursændringer er det således UBS' vurdering, at dets schweiziske SRB egentlige kernekapitaldækning på fuldt anvendt basis ville være steget med ca. 10 basispoint, og det fuldt anvendte gearingsforhold ville have forbedret sig med ca. 10 basispoint.</p> <p>Samlet set medførte den schweiziske nationalbanks udmeldelse ikke en negativ indtjening på UBS' handelsaktiviteter.</p> <p>Andelen af UBS' driftsindtægter i andre valutaer end schweizerfrancen er dog højere end andelen af driftsomkostninger i andre valutaer end schweizerfrancen. En stigning i schweizerfrancen over for andre valutaer har derfor generelt en negativ indvirkning på UBS' indtjening i tilfælde af manglende afbødende foranstaltninger.</p> <p>Udover de skønnede konsekvenser af ændringer i valutakurserne påvirkes UBS' aktier og egenkapital af renteændringer. Særligt beregningen af UBS' nettoydelsesbaserede pensionsaktiver og -forpligtelser er følsomme over for de anvendte forudsætninger. Særligt</p>
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		<p>ændringerne i gældende diskonteringssatser og renterelaterede forudsætninger for UBS' schweiziske pensionsplan i januar og februar har reduceret UBS' egenkapital og schweiziske SRB egentlig kernekapitaldækning på fuldt anvendt basis med omkring CHF 0,7 mia. Også en konstant lav rente ville have en fortsat negativ indvirkning på UBS' replikerende porteføljer, og UBS' nettorenteindtægt ville falde yderligere.</p> <p>Den styrkede schweizerfranc kan have en negativ indvirkning på den schweiziske økonomi, der – som følge af eksportafhængigheden – kunne indvirke på nogle af modparterne inden for UBS' indenlandske udlånsportefølje og i fremtidige regnskabsår føre til en stigning i kredittabsomkostningerne.</p>
	Erklæring vedrørende væsentlige ændringer.	Bortset fra, hvad der er anført ovenfor under "Konsekvenser af den schweiziske nationalbanks tiltag", er der ikke siden den 31. december 2014 indtrådt nogen væsentlig ændring i den finansielle eller handelsmæssige stilling for UBS AG-koncernen eller UBS AG.

The Element B.14, B.15, B.16 and B.17 are completely replaced as follows:

B.14	Beskrivelse af koncernen og Udsteders plads i koncernen.	Jf. Element B.5.
	Afhængighed af andre enheder i koncernen.	UBS AG er moderselskab i UBS-koncernen og er som sådan i en vis udstrækning afhængig af visse af sine datterselskaber.
B.15	Udstederens hovedaktiviteter.	Sammen med sine datterselskaber er det UBS AG's målsætning at levere økonomisk rådgivning og løsninger af højeste kvalitet til privatkunder, institutionelle kunder og erhvervs-kunder over hele verden samt til detailkunder i Schweiz, og derved generere stabile afkast til sine

		<p>aktionærer. UBS' forretningsstrategi er centreret omkring Wealth Management og Wealth Management Americas og dets (efter UBS' opfattelse) førende universalbankaktiviteter i Schweiz, kompletteret af dets aktiviteter inden for Global Asset Management og Investment Banking. Disse aktiviteter er karakteriseret ved tre centrale egenskaber: De bygger på en stærk konkurrencemæssig position i deres fokusmarkeder, er kapitaleffektive og tilbyder overlegne udsigter for strukturel vækst og rentabilitet. UBS' strategi bygger på styrken fra alle dets aktiviteter og fokuserer sin indsats på områder inden for hvilke, UBS udmærker sig, samtidig med at banken søger at kapitalisere på sine overbevisende vækstudsigter inden for de aktivitetsområder og regioner, hvor UBS driver virksomhed. Kapitalstyrke er grundlaget for UBS' succes. Koncernens driftsstruktur er sammensat af Koncerncentret og fem forretningsdivisioner: Wealth Management, Wealth Management Americas, Retail & Corporate, Global Asset Management og Investment Bank.</p> <p>I henhold til pkt. 2 i UBS AG's vedtægter dateret 10. februar 2015 ("Vedtægter") er UBS AG's formål at drive bankvirksomhed. Bankens virksomhedsformål strækker sig over alle typer af banktjenester, finansielle tjenester, rådgivningstjenester samt handels- og serviceydelse i Schweiz og udlandet. UBS AG kan etablere filialer og repræsentationskontorer såvel som banker, finansieringsselskaber og enhver anden type virksomhed i Schweiz og i udlandet, samt lede, og have kapitalandele, i disse virksomheder. UBS AG har tilladelse til at erhverve, belåne og sælge fast ejendom og byggeretter i Schweiz og i udlandet.</p>
B.16	Beskrivelse af, om Udstederen er direkte eller indirekte ejet eller kontrolleret.	Efter gennemførelsen af et aktieombytningstilbud, som indebar tilbud om på en-til-en basis at erhverve alle udstedte ordinære aktier i UBS AG til gengæld for navnenoterede aktier i UBS Group AG og en efterfølgende privat ombytning på en-til-en basis med forskellige aktionærer og banker i Schweiz og andre lande uden for USA, erhvervede UBS-

		<p>koncernen AG 96,68 % af aktierne i UBS AG pr. 31. december 2014. Yderligere private ombytninger har reduceret antallet af cirkulerende UBS AG-aktier med 17,1 mio., og som resultat heraf ejede UBS-koncernen 97,29 % af aktierne i UBS AG den 6. marts 2015.</p>
<p><i>[Nedenstående Element B.17 skal alene indsættes ved Værdipapirer, hvor Udstederen er forpligtet til ved udstedelse at betale investor 100 % af den nominelle værdi:</i></p>		
B.17	<p>Den kreditvurdering, som Udstederen eller dens gældsværdipapirer har opnået.</p>	<p>Kreditvurderingsbureauet Standard & Poor's Credit Market Services Europe Limited ("Standard & Poor's"), Fitch Ratings Limited ("Fitch Ratings") og Moody's Investors Service, Inc. ("Moody's") har offentliggjort kreditvurderinger, som afspejler deres vurdering af UBS AG's kreditværdighed, dvs. UBS' evne til at indfri sine forpligtelser i takt med at disse forfalder, såsom hovedstols- eller rentebetalinger på langfristede lån. De kreditvurderinger, som UBS opnår fra Fitch Ratings og Standard & Poor's, kan have et foranstillet plus- eller minustegn, og kreditvurderingerne fra Moody's et tal. Disse supplerende betegnelser indikerer den relative placering inden for den pågældende kreditvurderingsklasse.</p> <p>UBS AG's langfristede modpartskreditgivningsaktiviteter har opnået en kreditvurdering på A (negative fremtidsudsigter) fra Standard & Poor's, UBS AG's langfristede foranstående gæld har opnået en kreditvurdering på A2 (evt. nedgradering under evaluering) fra Moody's og UBS AG's langsigtede udstederrating (<i>issuer default rating</i>) har opnået en kreditvurdering på A (stabile fremtidsudsigter) fra Fitch Ratings.</p> <p>Kreditvurderingen fra Fitch Ratings er udstedt af Fitch Ratings Limited, og kreditvurderingen fra Standard & Poor's er udstedt af Standard & Poor's Credit Market Services Europe Limited. Begge er registreret som kreditvurderingsbureauer i henhold til Forordning (EF) nr. 1060/2009 som ændret ved Forordning (EF) nr. 513/2011 ("Forordning om kreditvurderingsbureauer"). Kreditvurderingen fra Moody's er udstedt af Moody's Investors Service, Inc., som ikke er etableret i EØS og ikke er godkendt i</p>

		henhold til Forordningen om kreditvurderingsbureauer, men den udstedte kreditvurdering er godkendt af Moody's Investors Service Ltd., et kreditvurderingsbureau, som er etableret i EØS og registeret i henhold til Forordningen om kreditvurderingsbureauer.]
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b) in the section headed "Section D – Risks":

The Element D.2 is completely replaced as follows:

D.2	Nøgleoplysning-er om de vigtigste risici, der er specifikke for Udstederen.	<p>Værdipapirerne indebærer en udstederrisiko, også kaldet en debitorrisiko eller kreditrisiko for potentielle investorer. En udstederrisiko er den risiko, at UBS AG midlertidigt eller varigt bliver ude af stand til at opfylde sine forpligtelser i henhold til Værdipapirerne.</p> <p>Generel insolvensrisiko</p> <p>Den enkelte investor bærer den generelle risiko for, at Udsteders finansielle situation kan forværres. Gældsværdipapirerne eller derivaterne vil udgøre direkte, usikrede og ikke-efterstillede forpligtelser på Udstederen, som særligt i tilfælde af Udstederens insolvens vil være sideordnet med hinanden og med alle øvrige nuværende og fremtidige usikrede og ikke-efterstillede forpligtelser på Udstederen, bortset fra de forpligtelser som har fortrinsret i henhold til ufravigelige lovregler. Udstederens forpligtelser i henhold til Værdipapirerne er ikke beskyttet af obligatoriske eller frivillige indskudsgarantisystemer eller kompensationsordninger. I tilfælde af Udstederens insolvens risikerer investorer således at miste hele deres investering i Værdipapirerne.</p> <p>UBS AG er som Udsteder eksponeret for forskellige brancherelaterede risici. Disse risici omfatter særligt følgende typer af risici, som alle kan have en negativ indvirkning på værdien af Værdipapirerne:</p> <ul style="list-style-type: none"> • Konsekvensen af en nedgradering af Udstederens kreditvurdering: Den generelle vurdering af Udstederens kreditværdighed kan påvirke Værdipapirernes værdi. Et kreditvurderingsbureaus eventuelle nedgradering af Udstederens kreditvurdering kan således have en negativ indvirkning på Værdipapirernes værdi. • Den 15. januar 2015 fjernede den schweiziske nationalbank (SNB) kursloftet for schweizerfrancen over for euroen, som havde været en realitet siden september 2011. SNB sænkede samtidigt renten på indlån i SNB, som oversteg en given tærskel, med 50 basispoint til -0,75 %. SNB ændrede også målintervallet for 3 mdr. LIBOR til mellem -1,25 % og -0,25 % (tidligere -0,75 % til +0,25 %). Disse beslutninger resulterede i en
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		<p>betydelig styrkelse af schweizerfrancen over for euroen, den amerikanske dollar, det britiske pund, den japanske yen og adskillige andre valutaer samt i en sænkning af CHF-renten. Såvel CHF-kursens udvikling på længere sigt over for disse andre valutaer som CHF-rentens fremtidige udvikling er forbundet med usikkerhed. Adskillige andre banker har ligeledes indført en minusrente-politik. Valutakursudsving og fortsat lave eller negative renter kan have en skadelig indvirkning på UBS-koncernens konsolidering, UBS-koncernens stilling i forhold til likviditets- og kapitalfremskaffelse samt UBS-koncernens rentabilitet.</p> <ul style="list-style-type: none"> • Ændringer i love og forskrifter kan have en negativ indvirkning på UBS-koncernens virksomhed og evne til at udføre sine virksomhedsstrategier. Planlagte og potentielle ændringer i love og forskrifter i Schweiz og andre lande, hvor UBS-koncernen driver virksomhed, kan have en væsentlig negativ indvirkning på UBS-koncernens evne til at udføre sine virksomhedsstrategier, på visse forretningsdivisioners lønsomhed eller rentabilitet på verdensplan eller specifikke steder og i visse tilfælde på UBS-koncernens konkurrenceevne i forhold til andre finansielle institutioner. Det kan indebære store omkostninger at udføre disse og kan ligeledes have en negativ indvirkning på UBS-koncernens juridiske organisationsform eller forretningsmodel, hvilket potentielt set kan medføre manglende kapitaleffektivitet med deraf følgende indvirkning på UBS-koncernens rentabilitet. • UBS-koncernens konsolidering er et vigtigt bærende element i forhold til UBS-koncernens strategi, kundehåndtering og konkurrencesituation. Enhver stigning i risikovægtede aktiver eller reduktion af kapitalgrundlaget kan reducere UBS-koncernens soliditetsprocent væsentligt. UBS-koncernen er desuden underlagt et mindstekrav i forhold til det schweiziske SRB gearingsforhold, som under visse omstændigheder kan begrænse UBS-koncernens forretningsaktiviteter, selvom UBS-koncernen opfylder andre risikobaserede kapitalkrav. • UBS-koncernen kan mislykkes med at gennemføre sine udmeldte strategiske planer, eller planerne kan blive forsinket, eller der kan indtræffe markedsbegivenheder, som har en væsentlig negativ indvirkning på implementeringen deraf, eller effekten af planerne kan afvige fra, hvad der var tilsigtet. UBS-koncernen er ligeledes udsat for mulig udgående strøm af kundeaktiver i sine formueforvaltningsaktiviteter og ændringer, der påvirker rentabiliteten af UBS-koncernens forretningsdivision for formueforvaltning (<i>Wealth Management</i>), ligesom UBS-koncernen kan mislykkes med at gennemføre ændringer i sine aktiviteter for at opfylde ændrede markedsmæssige, lovgivningsmæssige og andre betingelser. • Der opstår væsentlige juridiske og lovgivningsmæssige risici i udførelsen
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		<p>af UBS-koncernens aktiviteter. UBS-koncernen er udsat for risikoen for en lang række krav, tvister, søgsmål og offentlige undersøgelser og forventer, at dens løbende forretningsaktiviteter fortsat vil give anledning til sådanne risici også i fremtiden. UBS-koncernens finansielle eksponering over for disse og andre forhold kan være væsentlig og i væsentligt grad overstige det hensættelsesniveau, som UBS-koncernen har etableret til retssager, lovgivningsmæssige og lignende forhold. UBS-koncernen kan som følge af administrative afgørelser blive pålagt at indhente bindende tilsagn fra myndighederne for at opretholde visse aktiviteter, ligesom sådanne afgørelser kan give tilsynsmyndighederne ret til at begrænse, suspendere eller ophæve licenser og myndighedstilladelser og tillade specifikke finansielle institutioner (såkaldte <i>financial market utilities</i>) at begrænse, suspendere eller ophæve UBS-koncernens deltagelse i sådanne institutioner. Manglende indhentelse af sådanne afkald eller en evt. begrænsning, suspendering eller ophævelse af licenser, tilladelser eller deltagelser kan have væsentlige konsekvenser for UBS-koncernen.</p> <ul style="list-style-type: none"> • Operationelle risici, herunder risici som følge af procesfejl, afviklingsfejl, uredelighed, uautoriseret handel, svig, systemfejl, finansiell kriminalitet, cyberangreb, brud på datasikkerheden samt sikkerhedssvigt og manglende fysisk beskyttelse, kan indvirke på UBS-koncernens aktiviteter. Hvis UBS-koncernens interne kontrolsystemer svigter eller viser sig at være mangelfulde i forhold til at identificere og imødegå sådanne risici, kan UBS-koncernen blive udsat for driftsforstyrrelser, der kan medføre væsentlige tab. • UBS-koncernens omdømme er væsentlig for fremgangen i UBS-koncernens aktiviteter. En negativ påvirkning af UBS-koncernens omdømme kan have en væsentlig negativ indvirkning på UBS-koncernens driftsresultater og finansielle stilling samt på UBS-koncernens evne til at opnå sine strategiske og finansielle målsætninger. • Udviklingen i branchen for finansielle serviceydelser påvirkes af markedsforhold og det makroøkonomiske klima. Økonomisk nedgang, et fortsat lavt renteniveau eller en svag eller stagnerende økonomisk vækst på UBS-koncernens kernemarkeder eller en alvorlig finansiell krise kan have en negativ indvirkning på UBS-koncernens indtjening og i yderste konsekvens UBS-koncernens ansvarlige kapital. • UBS-koncernen har ældre og andre risikopositioner, herunder positioner, der er forbundet med fast ejendom i forskellige lande, som kan påvirkes negativt af markedsforhold. Ældre risikopositioner kan desuden være vanskelige at afvikle, idet en fortsat illikviditet og kompleksiteten i mange af dem kan gøre det vanskeligt at sælge eller på anden måde at afvikle disse positioner.
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		<ul style="list-style-type: none"> • UBS-koncernens globale tilstedeværelse udsætter UBS-koncernen for risiko for valutaudsving, som indvirker på UBS-koncernens rapporterede indtægter og omkostninger samt andre regnskabstal så som anden totalindkomst, investerede aktiver, balanceaktiver, risikovægtede aktiver og Basel III egentlig kernekapital. • UBS-koncernen er afhængig af sine risikostyrings- og kontrolprocesser for at undgå eller begrænse potentielle tab på sin modpartskreditgivnings- og handelsaktiviteter og kan lide tab, hvis den fx ikke i fuld udstrækning identificerer risiciene i sin portefølje, eller hvis UBS-koncernens vurdering af de identificerede risici eller reaktion på negative tendenser viser sig at være forkert timet, utilstrækkelig, mangelfuld eller forkert. • Værdiansættelsen af visse positioner er baseret på modeller; modeller har indbyggede begrænsninger og kan være baseret på input, som ikke har en kontrollerbar kilde; forskellige forudsætninger og input genererer forskellige resultater, og disse forskelle kan have en væsentlig indvirkning på UBS-koncernens regnskabsresultat. • Likviditet og finansieringsstyring er kritisk for UBS-koncernens fortsatte resultater. Omfanget af UBS-koncernens finansieringskilder eller tilgængeligheden af de nødvendige finansieringstyper kan ændre sig bl.a. som følge af generelle markedsforstyrrelser, stigende kreditspænd, ændringer i kapital- og likviditetsbehov eller en negradering af UBS-koncernens kreditvurderinger, som også kan indvirke på finansieringsomkostningerne. • Det er ikke nødvendigvis muligt for UBS-koncernen at identificere eller udnytte indtjenings- eller konkurrencemuligheder eller fastholde eller tiltrække kvalificerede medarbejdere. UBS-koncernens konkurrencekraft og markedsposition kan svækkes, hvis UBS-koncernen ikke er i stand til at identificere konjunkturer og udviklingslinjer, ikke imødegår dem ved at udarbejde og implementere passende forretningsstrategier, ikke i tilstrækkelig grad udvikler og opdaterer teknologier, særligt inden for handelsaktiviteter, eller ikke er i stand til at tiltrække eller fastholde de kvalificerede medarbejdere, der er nødvendige for at udføre dem. • UBS-koncernens regnskabsresultat kan blive påvirket negativt af en ændring i regnskabsstandarder. Ændringer til IFRS eller fortolkninger deraf kan bevirke, at UBS-koncernens fremtidige regnskabsresultater og finansielle stilling afviger fra de aktuelle forventninger. Sådanne ændringer kan ligeledes indvirke på UBS-koncernens lovpligtige kapital og nøgletal. • UBS-koncernens regnskabsresultat kan blive påvirket negativt af en ændring i forudsætninger, der har betydning for værdien af UBS-koncernens goodwill. Hvis forudsætninger i fremtidige perioder afviger
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		<p>fra de aktuelle forventninger til fremtiden, kan værdien af UBS-koncernens goodwill blive forringet i fremtiden, hvilket kan give anledning til tab i resultatopgørelsen.</p> <ul style="list-style-type: none"> • Virkningen af skatter på UBS-koncernens regnskabsresultat påvirkes væsentligt af ændringer i UBS-koncernens udskudte skatteaktiver. UBS-koncernens effektive skattesats for hele året kan ændre sig væsentligt på baggrund af sådanne ændringer. • Eftersom UBS-koncernen AG er et holdingselskab, afhænger dens driftsresultat, finansielle stilling og evne til at udbetale udbytte eller fortage andre udlodninger eller til at opfylde sine forpligtelser i fremtiden af midler, udbytter og øvrige udlodninger modtaget fra UBS AG eller ethvert andet evt. fremtidigt direkte datterselskab, som kan være omfattet af begrænsninger. UBS-koncernens evne til at udbetale udbytte og foretage andre udlodninger og til at opfylde sine betalingsforpligtelser i fremtiden afhænger af størrelsen af de midler, udbytter og øvrige udlodninger, som evt. modtages fra UBS AG og evt. nye datterselskaber, som UBS-koncernen stifter i fremtiden. Sådanne datterselskabers evne til at give lån eller foretage udlodninger (direkte eller indirekte) til UBS-koncernen kan være begrænset som følge af flere faktorer, herunder begrænsninger i henhold til låneaftaler og kravene i henhold til gældende lovgivning samt myndigheds- og skattemæssige eller øvrige begrænsninger. Begrænsninger og myndighedstiltag af denne art kan vanskeliggøre adgangen til den kapital, som UBS-koncernen måtte have brug for at opfylde sine betalingsforpligtelser. UBS-koncernens kreditvurdering kan være lavere end kreditvurderingen for UBS AG, hvilken kan have en negativ indvirkning på værdipapirernes kursværdi og på UBS-koncernens øvrige forpligtelser som en selvstændig enhed. UBS-koncernen forventer desuden at kunne garantere nogle af betalingsforpligtelserne for visse af UBS-koncernens datterselskaber til enhver tid. Disse garantier kan kræve, at UBS-koncernen tilvejebringer væsentlige midler eller aktiver for datterselskaber eller deres kreditorer eller modparter på et tidspunkt, hvor UBS-koncernen har brug for likviditet til at finansiere sine egne forpligtelser. • UBS-koncernens anførte målsætning for kapitalafkast er delvist baseret på en soliditetsprocent, der er omfattet af lovgivningsmæssige ændringer, og som kan svinge meget. UBS har givet tilsagn om et afkast til aktionærene på mindst 50 % af sit nettooverskud, forudsat at den fuldt anvendte egentlige kernekapitalprocent er på mindst 13 % og den fuldt anvendte egentlige kernekapitalprocent efter gennemførelse af stresstest er på mindst 10 %. UBS' evne til at opretholde en fuldt anvendt egentlig kernekapitalprocent på mindst 13 % er dog eksponeret for adskillige risici, herunder resultatet af UBS-koncernens virksomhed,
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		<p>ændringer i kapitalkrav, metoder og fortolkninger, som kan have en negativ indvirkning på UBS-koncernens beregnede fuldt anvendte egentlige kernekapitalprocent, indførelsen af risikotillæg eller yderligere kapitalkrav så som yderligere kapitalbuffere. Ændringer i metoder, forudsætninger, stressscenariet og øvrige faktorer kan desuden medføre væsentlige ændringer i UBS' fuldt anvendte egentlige kernekapitalprocent efter gennemførelse af stresstest.</p> <ul style="list-style-type: none"> • UBS-koncernen kan mislykkes med at realisere de forventede fordele ved ombytningstilbuddet. UBS stiftede UBS-koncernen AG som et holdingselskab for UBS-koncernen, da det er af den opfattelse, at det sammen med andre allerede udmeldte tiltag i væsentlig grad vil forbedre UBS-koncernens afviklingsmuligheder som reaktion på nye myndighedskrav. UBS-koncernen kan dog stå over for betydelige vanskeligheder i forhold til at opnå disse forventede fordele, eller disse forventede fordele bliver evt. ikke til virkelighed. UBS-koncernen AG har erhvervet ca. 97 % af UBS AG's udestående aktier. Forsinket opnåelse af 100 % ejerskab af UBS AG kan have en negativ indvirkning på de forventede fordele af ombytningstilbuddet og på likviditeten og kursværdien af UBS-koncernen AG's aktier. Eksistensen af minoritetsaktionærer i UBS AG kan blandt andet vanskeliggøre eller forsinke UBS-koncernens evne til at gennemføre ændringer til UBS-koncernens juridiske organisationsform og forstyrre de daglige forretningsmæssige aktiviteter og corporate governance. • Hvis UBS-koncernen gennemfører en såkaldt squeeze out-fusion i henhold til schweizisk ret, fusionerer UBS AG ind i et datterselskab til UBS-koncernen, som vil være det fortsættende selskab. Selvom UBS-koncernen forventer, at den fortsættende enhed i de fleste tilfælde vil overtage UBS AG's banklicenser, tilladelser og øvrige bemyndigelser, vil sådan enhed eventuelt skulle genansøge om eller indhente specifikke licenser, tilladelser og bemyndigelser samt samtykke fra tredjemand. I henhold til schweizisk lov kan en minoritetsaktionær, som er omfattet af squeeze out-fusionen, desuden teoretisk set søge at gøre gældende, at det tilbudte vederlag er "utilstrækkeligt" og begære en schweizisk kompetent domstol om at fastsætte et "tilstrækkeligt" vederlag. Hver af disse omstændigheder kan, hvis de skulle indtræffe, medføre omkostninger, forsinke gennemførelsen af squeeze out-fusionen eller forstyrre eller indvirke negativt på UBS-koncernens virksomhed.
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The Base Prospectus for Certificates, Notes or Warrants of UBS AG, [London] [Jersey] [Branch] dated 23 June 2014 and all supplements thereto, shall be maintained in printed format, for free distribution, at the offices of the Issuer for a period of twelve months after the publication of this document and are published on the website www.ubs.com/keyinvest, or a successor website.

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

Zurich, 29 April 2015

UBS AG

By:



(signed by Sigrid Kossatz)

By:



(signed by Stefanie Zaromitidis)