

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

Dated 27 February 2018 to the Base Prospectus of UBS AG, [London] [Jersey] [Branch], dated 21 June 2017,

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 17-7308. This Supplement is a part of the Base Prospectus and shall be read in conjunction with the Base Prospectus and the previous supplements.

Supplement No. 1 was approved by the SFSA on 4 September 2017. The Supplement was published by UBS AG on 4 September 2017. Registration number at the SFSA is 17-14273.

Supplement No. 2 was approved by the SFSA on 5 December 2017. The Supplement was published by UBS AG on 5 December 2017. Registration number at the SFSA is 17-20091.

This Supplement No. 3 was approved by the SFSA on 27 February 2018. This Supplement was published by UBS AG on 27 February 2018. Registration number at the SFSA is 18-3912.

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

Publication of the fourth quarter 2017 financial report as per 31 December 2017 of UBS Group AG on 22 January 2018 which also contains information on UBS AG consolidated.

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

The attention of the investors is in particular drawn to the following: Investors who have already agreed to purchase or subscribe for the Notes, Certificates, or Warrants, as the case may be, before this supplement is published have, pursuant to the Financial Instruments Trading Act (SFS 1991:980) chapter 2 section 34, the right, exercisable within a time limit of two working days after the publication of this supplement, to withdraw their acceptances, provided that the new circumstances or the incorrectness causing the supplement occurred before the closing of the public offering and before the delivery of the securities. This means that the last day to withdrawal is before close of business on 1 March 2018. 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 "C. RISK FACTORS" the following changes are made:

In the section headed "2. Security specific Risks", the subsection entitled "6. UBS has announced its intention to make certain structural changes in light of regulatory trends and requirements and the Conditions of the Securities do not contain any restrictions on the Issuer's or UBS's ability to restructure its business" is completely replaced by the following text:

"6. UBS has announced its intention to make certain structural changes in light of regulatory trends and requirements and the Conditions of the Securities do not contain any restrictions on the Issuer's or UBS's ability to restructure its business

Since 2014, UBS has undertaken a series of measures to improve the resolvability of the Group in response to too big to fail requirements in Switzerland and other countries in which the Group operates.

In December 2014, UBS Group AG completed an exchange offer for the shares of UBS AG and became the holding company of the UBS Group. During 2015, UBS Group AG completed a court procedure under the Swiss Stock Exchange and Securities Trading Act resulting in the cancellation of the shares of the remaining minority shareholders of UBS AG. As a result, UBS Group AG owns 100% of the outstanding shares of UBS AG.

In June 2015, UBS AG transferred its Personal & Corporate Banking and Wealth Management businesses booked in Switzerland to UBS Switzerland AG, a banking subsidiary of UBS AG in Switzerland. Also in 2015, UBS implemented a more self-sufficient business and operating model for UBS Limited, UBS's investment banking subsidiary in the UK, and established UBS Business Solutions AG as a direct subsidiary of UBS Group AG to act as the Group service company. The purpose of the service company structure is to improve the resolvability of the Group by enabling UBS to maintain operational continuity of critical services should a recovery or resolution event occur.

In the second half of 2015, UBS transferred the ownership of the majority of its existing service subsidiaries outside the US to UBS Business Solutions AG. As of 1 January 2017, UBS completed the transfer of the shared service employees in the US to the US service company, UBS Business Solutions US LLC, a subsidiary of UBS AG. UBS transferred from UBS AG to UBS Business Solutions AG the shared services functions in Switzerland and in the UK in the second and in the fourth quarters of 2017, respectively.

As of 1 July 2016, UBS Americas Holding LLC was designated as intermediate holding company for UBS's US subsidiaries as required under the enhanced prudential standards regulations pursuant to the Dodd-Frank Act. UBS Americas Holding LLC holds all of UBS's US subsidiaries and is subject to US capital requirements, governance requirements and other prudential regulation.

UBS transferred the majority of the operating subsidiaries of Asset Management to UBS Asset Management AG during 2016. Furthermore, UBS merged its Wealth Management subsidiaries in Italy, Luxembourg (including its branches in Austria, Denmark and Sweden), the Netherlands and Spain into UBS Deutschland AG, which was renamed to UBS Europe SE, to establish UBS's new European legal entity which is headquartered in Frankfurt, Germany.

UBS continues to consider further changes to the Group's legal structure in response to regulatory requirements and other external developments, including the anticipated exit of the United Kingdom from the European Union. Such changes may include the transfer of operating subsidiaries of UBS AG to become direct subsidiaries of UBS Group AG, further consolidation of operating subsidiaries in the EU, 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 ("**FINMA**") and other regulatory authorities and remain subject to a number of uncertainties that may affect their feasibility, scope or timing.

The Conditions of the Securities contain no restrictions on change of control events or structural changes, such as consolidations or mergers or demergers of the Issuer or the sale, assignment, spin-off, contribution, distribution, transfer or other disposal of all or any portion of the Issuer's or its subsidiaries' properties or assets in connection with the announced changes to its legal structure or otherwise and no event of default, requirement to repurchase the Securities or other event will be triggered under the Conditions of the Securities as a result of such changes. There is the risk that such changes, should they occur, would adversely affect the credit rating of the Issuer and/or increase the likelihood of the occurrence of an event of default. Such changes, should they occur, may adversely affect the Issuer's ability to redeem or pay interest on the Securities and/or lead to circumstances in which the Issuer may elect to cancel such interest (if applicable)."

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

In the section entitled "1. General Information on UBS AG" the first three paragraphs are completely replaced by the following text:

"UBS AG with its subsidiaries (together, "**UBS AG consolidated**", or "**UBS AG Group**"; together with UBS Group AG, which is the holding company of UBS AG, and its subsidiaries, "**UBS Group**", "**Group**", "**UBS**" or "**UBS Group AG consolidated**") provides financial advice and solutions to private, institutional and corporate clients worldwide, as well as private clients in Switzerland. The operational structure of the Group is comprised of the Corporate Center and the business divisions Global Wealth Management, Personal & Corporate Banking, Asset Management and the Investment Bank. UBS's strategy is centered on its leading wealth management business and its premier universal bank in Switzerland, which are enhanced by Asset Management and the Investment Bank. UBS focuses on businesses that, in its opinion, have a strong competitive position in their targeted markets, are capital efficient, and have an attractive long-term structural growth or profitability outlook.

On 31 December 2017, UBS Group's common equity tier 1 ("**CET1**") capital ratio was 13.8% on a fully applied basis and 14.9% on a phase-in basis and the CET1 leverage ratio was 3.7% on a fully applied basis and 4.0% on a phase-in basis, the gone concern loss-absorbing capacity ratio was 15.3% on a fully applied basis and 11.9% on a phase-in basis, and the gone concern leverage ratio was 4.1% on a fully applied basis and 3.2% on a phase-in basis.¹ On the same date, invested assets stood at CHF 3,179 billion, equity attributable to shareholders was CHF 51,326 million and market capitalisation was CHF 69,125 million. On the same date, UBS employed 61,253 people². This information has been extracted from the UBS fourth quarter 2017 report published on 22 January 2018 (the "**Fourth Quarter 2017 Report**") and it is subject to completion of year-end procedures. Refer to section 7. Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses - "Interim Financial Information" for more information.

On 31 December 2017, UBS AG consolidated CET1 capital ratio was 14.1% on a fully applied basis and 15.2% on a phase-in basis and the CET1 leverage ratio was 3.8% on a fully applied basis, the gone concern loss-absorbing capacity ratio was 15.8% on a fully applied basis, and the gone concern leverage ratio was 4.2% on a fully applied basis.¹ On the same date, invested assets stood at CHF 3,179 billion and equity attributable to UBS AG shareholders was CHF 50,830 million. On the same date, UBS AG Group employed 46,009 people². This information has been extracted from the Fourth Quarter 2017 Report and it is subject to completion of year-end procedures. Refer to section 7. Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses - "Interim Financial Information" for more information."

¹ All figures based on the Basel III framework as applicable to Swiss systemically relevant banks. Refer to the "*Capital management*" section of the Annual Report 2016 and the Fourth Quarter 2017 Report, as defined herein, for more information.

² Full-time equivalents.

In the section entitled “2. Business Overview” the subsection entitled “Business Divisions and Corporate Center” is completely replaced as follows:

“Business Divisions and Corporate Center

UBS operates as a group with four business divisions (Global Wealth Management into which Wealth Management and Wealth Management Americas are being integrated, Personal & Corporate Banking, Asset Management, and the Investment Bank) and a Corporate Center. Each of the business divisions and the Corporate Center are described below. A description of the Group's strategy can be found under “*Our strategy*” in the “*Operating environment and strategy*” section of the Annual Report 2016; a description of the businesses, strategies, clients, organisational structures, products and services of the business divisions and the Corporate Center can also be found in the “*Operating environment and strategy*” section of the Annual Report 2016.”

In the section entitled “2. Business Overview” the subsection entitled “Wealth Management Americas” is completely replaced as follows:

“Wealth Management Americas

Wealth Management Americas provides advice-based solutions through financial advisors who deliver a fully integrated set of products and services specifically designed to address the needs of their clients. Its business is primarily domestic US but includes Canada and international business booked in the US.

Effective 1 February 2018, UBS is integrating its Wealth Management and Wealth Management Americas business divisions into a single Global Wealth Management business division. Martin Blessing, President Wealth Management, and Tom Naratil, President UBS Americas and Wealth Management Americas, have been appointed co-Presidents of Global Wealth Management.”

In the section entitled “2. Business Overview” the subsection entitled “Corporate Center” is completely replaced as follows:

“Corporate Center

Corporate Center is comprised of Services, Group Asset and Liability Management (“**Group ALM**”) and Non-core and Legacy Portfolio. Services consists of the Group Chief Operating Officer area (Group Corporate Services, Group Operations, Group Human Resources, Group Sourcing, Group Technology), Group Finance, Group Legal, Group Risk Control, Group Communications and Branding, Group Regulatory and Governance, and UBS and Society. Group ALM manages the structural risks of UBS's balance sheet, including interest rate risk in the banking book, currency risk and collateral risk, as well as the risks associated with the Group's liquidity and funding portfolios. Group ALM also seeks to optimize the Group's financial performance by better matching assets and liabilities within the context of the Group's liquidity, funding and capital targets. Group ALM serves all business divisions and other Corporate Center units through three main risk management areas, and its risk management is fully integrated into the Group's risk governance framework. Non-core and Legacy Portfolio is comprised of the positions from businesses that were part of the Investment Bank prior to its restructuring and is overseen by a committee chaired by the Group Chief Risk Officer.”

In the section entitled “2. Business Overview” the subsection entitled “Recent Developments” is completely replaced as follows:

“Recent Developments

1. UBS AG consolidated key figures

UBS AG derived the selected consolidated financial information included in the table below for the years ended 31 December 2016, 2015 and 2014, except where indicated, from the Annual Report 2016, which contains the audited consolidated financial statements of UBS

AG, as well as additional unaudited consolidated financial information, for the year ended 31 December 2016 and comparative figures for the years ended 31 December 2015 and 2014. The selected consolidated financial information included in the table below for the year ended 31 December 2017 was derived from the Fourth Quarter 2017 Report, which contains UBS AG consolidated financial information (unaudited).

The consolidated financial statements for the years ended on 31 December 2016, 31 December 2015 and 31 December 2014 were prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**") and are stated in Swiss francs ("**CHF**"). In preparing the financial information included in the Fourth Quarter 2017 Report, the same accounting policies and methods of computation have been applied as described in the UBS AG consolidated financial statements within the Annual Report 2016, except for the changes described in "Note 1 Basis of accounting" in the "Consolidated financial statements" section of UBS AG's First Quarter 2017 Report. UBS AG has not finalized its Annual Report 2017 and its independent registered public accounting firm has not completed its audit of the consolidated financial statements for the period. Accordingly, the UBS AG financial information contained in Fourth Quarter 2017 Report is subject to completion of year-end procedures, which may result in changes to that information.

Information for the years ended 31 December 2016, 2015 and 2014 which is indicated as being unaudited in the table below was included in the Annual Report 2016, but has not been audited on the basis that the respective disclosures are not required under IFRS, and therefore are not part of the audited financial statements. The Annual Report 2016 and the Fourth Quarter 2017 Report are incorporated by reference herein.

The Group and business divisions are managed on the basis of a key performance indicator framework, which identifies profit and growth financial measures, in the context of sound risk and capital management objectives. When determining variable compensation, both Group and business division key performance indicators are taken into account. UBS AG reviews the key performance indicators framework on a regular basis, considering the company's strategy and the market environment in which the company operates. Key performance indicators are disclosed in UBS AG's quarterly and annual reporting to allow comparison of the company's performance over the reporting periods. The company's key performance indicators are designed to be assessed on an over-the-cycle basis and are subject to seasonal patterns. The section "*Measurement of performance*" of the Annual Report 2016 contains an explanation of the use by UBS Group AG of the information contained under the heading "*Key performance indicators*" in the table below and the definitions of each of these key performance indicators. With respect to these key performance indicators and the information contained under the heading "*Additional information -Profitability*" in the table below, please also see below in the respective footnotes. In addition, the table "*Key performance indicators and additional information on profitability – definitions and reason for use*" below contains a description and the reason for the use of each key performance indicator, except those disclosed in accordance with applicable legislation, and the additional information on profitability.

Prospective investors should read the whole of this Prospectus and the information incorporated by reference herein and should not rely solely on the summarized information set out below:

	As of or for the year ended	As of or for the year ended		
<i>CHF million, except where indicated</i>	31.12.17	31.12.16	31.12.15	31.12.14
	<i>unaudited</i>	<i>audited, except where indicated</i>		
Results				
Operating income	29,479	28,421	30,605	28,026
Operating expenses	24,339	24,352	25,198	25,557

Operating profit / (loss) before tax	5,140	4,069	5,407	2,469
Net profit / (loss) attributable to shareholders	958	3,207	6,235	3,502

Key performance indicators

Profitability

Return on tangible equity (%) ¹	2.2	6.9*	13.5*	8.2*
Cost / income ratio (%) ²	82.2	85.6*	82.0*	90.9*

Growth

Net profit growth (%) ³	(70.1)	(48.6)*	78.0*	10.4*
Net new money growth for combined wealth management businesses (%) ⁴	2.1	2.1*	2.2*	2.5*

Resources

Common equity tier 1 capital ratio (fully applied, %) ^{5,6}	14.1	14.5*	15.4*	14.2*
Common equity tier 1 leverage ratio (fully applied, %) ⁷	3.8	3.7*	3.6*	3.1*
Going concern leverage ratio (fully applied, %) ^{8,9}	4.2	4.2*	-	-

Additional information

Profitability

Return on equity (RoE) (%) ¹⁰	1.8	5.9*	11.7*	7.0*
Return on risk-weighted assets, gross (%) ¹¹	12.8	13.2*	14.3*	12.6*
Return on leverage ratio denominator, gross (%) ¹²	3.4	3.2*	-	-

Resources

Total assets	916,334	935,353	943,256	1,062,327
Equity attributable to shareholders	50,830	53,662	55,248	52,108
Common equity tier 1 capital (fully applied) ⁶	33,393	32,447	32,042	30,805
Common equity tier 1 capital (phase-in) ⁶	36,186	39,474	41,516	44,090
Risk-weighted assets (fully applied) ⁶	236,606	223,232*	208,186*	217,158*
Common equity tier 1 capital ratio (phase-in, %) ^{5,6}	15.2	17.5*	19.5*	19.9*
Going concern capital ratio (fully applied, %) ⁹	15.7	16.3*	-	-
Going concern capital ratio (phase-in, %) ⁹	19.6	22.6*	-	-
Going concern loss-absorbing capacity ratio (fully applied, %) ⁹	15.8	13.3*	-	-
Leverage ratio denominator (fully applied) ⁷	887,189	870,942*	898,251*	999,124*
Going concern leverage ratio (phase-in, %) ^{8,9}	5.2	5.8*	-	-
Going concern leverage ratio (fully applied, %) ⁹	4.2	3.4*	-	-

Other

Invested assets (CHF billion) ¹³	3,179	2,810*	2,678*	2,723*
Personnel (full-time equivalents)	46,009	56,208*	58,131*	60,155*

* unaudited

¹ Net profit attributable to shareholders before amortization and impairment of goodwill and intangible assets (annualized as applicable) / average equity attributable to shareholders less average goodwill and intangible assets.

² Operating expenses / operating income before credit loss (expense) or recovery.

³ Change in net profit attributable to shareholders from continuing operations between current and comparison periods / net profit attributable to 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.

⁴ Net new money growth for combined wealth management businesses is calculated as the aggregate of the net new money for the period (annualized as applicable) of the business divisions Wealth Management and Wealth Management Americas / aggregate invested assets at the beginning of the period of the business divisions Wealth Management and Wealth Management Americas. Net new money and invested assets are each derived from the "Wealth Management" and "Wealth Management Americas" sections of the management report contained in the Fourth Quarter 2017 Report, under "UBS business divisions and Corporate Center", and in the Annual Report 2016, under "Financial and operating performance". Net new money growth for combined wealth management businesses is based on adjusted net new money, which excludes the negative effect on net new money in 2015 of CHF 9.9 billion in Wealth Management from UBS's balance sheet and capital optimization program.

⁵ Common equity tier 1 capital / risk-weighted assets.

⁶ Based on the Basel III framework as applicable to Swiss systemically relevant banks.

⁷ Calculated in accordance with Swiss SRB rules. From 31 December 2015 onward, the leverage ratio denominator calculation is aligned with the Basel III rules. Figures for periods prior to 31 December 2015 are calculated in accordance with former Swiss SRB rules and are therefore not fully comparable.

⁸ Total going concern capital / leverage ratio denominator.

⁹ Based on the revised Swiss SRB framework that became effective on 1 July 2016. Figures for prior periods are not available.

¹⁰ Net profit attributable to shareholders (annualized as applicable) / average equity attributable to shareholders.

¹¹ Operating income before credit loss (annualized as applicable) / average fully applied risk-weighted assets. Figures as of 31 December 2015 and 31 December 2014 were derived from the UBS Group 2016 Form 20-F and do not correspond to the figures contained in the UBS Group 2015 Form 20-F, which were calculated based on phase-in risk-weighted assets.

¹² Operating income before credit loss (annualized as applicable) / average fully applied leverage ratio denominator. From 31 December 2015 onward, the leverage ratio denominator calculation is aligned with the Basel III rules. For periods prior to 31 December 2015 the leverage ratio denominator is calculated in accordance with former Swiss SRB rules. Therefore the figures for the periods ended on 31 December 2015 and 31 December 2014 are not presented as they are not available on a fully comparable basis.

¹³ Includes invested assets for Personal & Corporate Banking. The figures as of 31 December 2016, 31 December 2015 and 31 December 2014 reflect a correction of CHF 12 billion, CHF 11 billion and CHF 11 billion, respectively. The corrected figures for invested assets, therefore, are unaudited.

Key performance indicators and additional information on profitability – definitions and reason for use		
Key performance indicator, additional information on profitability	Definition	Reason for use
Return on tangible equity	Net profit attributable to shareholders before amortization and impairment of goodwill and intangible assets (annualized as applicable) divided by average equity attributable to shareholders less average goodwill and intangible assets	This metric is used because it provides information on the profitability of the business in relation to tangible equity.
Cost / income ratio	Operating expenses divided by operating income before credit loss (expense) or recovery	This metric is used to provide information on the efficiency of the business by comparing operating expenses with gross income.
Net profit growth	Change in net profit attributable to shareholders from continuing operations between current and comparison periods divided by net profit attributable to shareholders from continuing operations of comparison period	This profitability metric provides information on profit growth in comparison with prior period.
Net new money growth for combined wealth management business	Net new money for combined wealth management businesses for the period (annualized as applicable) divided by Invested assets at the beginning of the period	This growth metric is used to provide information on the wealth management business growth by comparing net new money intakes during the reporting period with invested assets at the beginning of the period.
Return on equity (RoE) (%)	Net profit attributable to shareholders (annualized as applicable) divided by average equity attributable to shareholders	This metric is used because it provides information on the profitability of the business in relation to equity.
Return on risk-weighted assets, gross (%)	Operating income before credit loss (annualized as applicable) divided by average fully applied risk-weighted assets	This metric is used because it provides information on the profitability of the business in relation to risk-weighted assets.
Return on leverage ratio denominator, gross (%)	Operating income before credit loss (annualized as applicable) divided by average fully applied leverage ratio denominator	This metric is used because it provides information on the profitability of the business in relation to leverage ratio denominator.

2. Recent developments

Significant tax law changes enacted in the US

In December 2017, the Tax Cuts and Jobs Act ("**TCJA**") was signed into law. The act includes a reduction in the federal corporate tax rate to 21% from 35%. The rate reduction resulted in a CHF 2.9 billion net write-down in the Group's deferred tax assets ("**DTAs**") in

the fourth quarter of 2017. The net decrease in DTAs had a negligible impact on UBS's fully applied CET1 capital.

The TCJA also introduces a new minimum tax regime, referred to as the base erosion and anti-abuse tax ("**BEAT**") which targets US businesses benefiting from deductible payments made to non-US related parties. The BEAT rate, which is 6% for banks in 2018, increasing to 11% in 2019 and to 13.5% in 2026, applies if BEAT, calculated on a modified taxable income base, is higher than the regular federal corporate tax in a given year. UBS currently expects that BEAT could increase its tax liability by up to CHF 60 million in 2018. UBS is considering options to mitigate its effects and awaiting guidance from the US Treasury Department on key aspects of the new tax law. Additionally, the enactment of the TCJA may lead UBS to review its approach to periodically remeasuring its US DTAs and the timing for recognizing deferred tax in its income statement. For 2018, UBS currently forecasts a full-year tax rate of approximately 25%, excluding the effects on the tax rate from any periodic remeasurement of DTAs and any change in the manner in which UBS remeasures DTAs.

Finalization of the Basel III capital framework and related developments in Switzerland

In December 2017, the Basel Committee on Banking Supervision announced the finalization of the Basel III reforms. The most significant changes include: (i) placing floors on certain model inputs under the internal ratings-based approach to calculate credit risk risk-weighted assets ("**RWA**"); (ii) requiring the use of standardized approaches for calculation of credit valuation adjustment and for operational risk RWA; (iii) placing an aggregate output floor on the Group RWA equal to 72.5% of the RWA calculated using a revised standardized approach; and (iv) revising the leverage ratio denominator ("**LRD**") calculation and introducing a leverage ratio surcharge for global systemically important banks.

The revised standards will take effect from 1 January 2022, with a phase-in period of five years for the aggregate output floor. The extent to which these revisions will impact UBS's RWA and LRD is being assessed and may lead UBS to take mitigating actions. The impact on UBS will depend on the implementation at a national level.

The Swiss Federal Council adopted revisions to the Capital Adequacy Ordinance that will introduce a more restrictive treatment of risk concentrations. From 1 January 2019, risk concentration limits for exposures with global systemically important banks will be lowered and calculated on the basis of tier 1 capital, excess capital will no longer be able to be used to compensate for exposures above the limit and the standardized approach for calculation of exposures will be required. In addition, direct and indirect exposures will need to be aggregated at counterparty level.

Over the next three years, as a result of known regulatory changes and estimated business growth, UBS estimates its RWA may increase by around CHF 40 billion and its LRD may rise by around CHF 85 billion. Actual increases may vary depending on growth opportunities, market conditions and mitigation actions. As a consequence, and based on the estimates above, UBS may build approximately CHF 4 billion of additional fully applied CET1 capital over the next three years, subject to market conditions, as well as RWA and LRD development. UBS currently estimates that the introduction of the revised Basel III framework on 1 January 2022 will likely lead to a further net increase in RWA of around CHF 35 billion, before taking into account mitigation actions. These estimates are based on UBS's current understanding of the relevant standards and may change as a result of new or changed regulatory interpretations, implementation of the Basel III standards into national law, changes in business growth, market conditions and other factors. UBS will update its CET1 capital ratio guidance when further details on the implementation of the final Basel III standards become available.

IFRS 9, Financial Instruments

UBS adopted IFRS 9, Financial Instruments from 1 January 2018. IFRS 9 imposes expected credit loss requirements that change the accounting and reporting for the majority of UBS's loan assets. Additionally, IFRS 9 introduces new classification and measurement requirements, that require a consideration of the contractual cash flow characteristics of the relevant instrument and the associated business model and eliminate, among other things, the previous accounting and reporting treatment of investments held as available for sale.

UBS also early adopted the Amendment to IFRS 9, Prepayment Features with Negative Compensation, which allows UBS to continue to apply amortized cost accounting to Swiss private mortgages and corporate loans that provide for two-way compensation if a prepayment occurs.

UBS will recognize the estimated effect from adopting IFRS 9 of approximately CHF 0.7 billion, net of tax, as a reduction in UBS's IFRS consolidated equity as of 1 January 2018. Approximately half of this amount is attributable to certain loans and securities that no longer qualify for amortized cost accounting due to their cash flow characteristics or UBS's underlying business model. These instruments will now be measured at fair value through profit or loss under IFRS 9. The remainder of the reduction results from recognizing expected credit losses on all financial assets measured at amortized cost, debt instruments measured at fair value through other comprehensive income, lease receivables, financial guarantees and loan commitments. As permitted by IFRS 9, UBS will not restate prior-period data.

UBS's fully applied CET1 capital is expected to be reduced by approximately CHF 0.3 billion as of 1 January 2018 with no material impact on its capital ratios.

UBS will not adopt the optional IFRS 9 hedge accounting requirements pending completion of the International Accounting Standards Board's project on macro hedge accounting strategies.

Developments related to the implementation of MiFID II / MiFIR

In the EU, the revised Markets in Financial Instruments Directive and the associated Regulation ("**MiFID II**" / "**MiFIR**") took effect on 3 January 2018. MiFID II, among other things, introduces substantial new regulation of exchanges and trading venues, including new pre-trade and post-trade transparency requirements, a ban on the practice of using commissions on transactions to compensate for research services and substantial new conduct requirements for financial services firms when dealing with clients.

In December 2017, the European Commission made equivalence determinations for trading venues in Switzerland, the US, Australia and Hong Kong. The equivalence decisions were necessary to permit EU-domiciled institutions and clients to continue to execute transactions on non-EU-domiciled trading venues. The Swiss equivalence decision is limited to one year and is linked to the progress of negotiations on the future establishment of an EU-Swiss Institutional Agreement. Compliance with the new requirements has required significant investment and changes to operations for us, UBS's clients and other financial services firms. Given its scale, MiFID II may result in changes to relevant markets and businesses and could lead to a reduction in commission rates and trading margins. UBS continues to assess the effect on its businesses, in particular the requirement to price research and execution services separately, and whether these changes affect the timing of recognition of certain fee income.

Changes to the Pension Fund of UBS in Switzerland

As a result of the effects of continuing low and in some cases negative interest rates, diminished investment return expectations and increasing life expectancy, the Pension Fund of UBS in Switzerland and UBS have agreed measures that will take effect from the start of 2019 to support the long-term financial stability of the pension fund. As a result, the conversion rate will be lowered, the regular retirement age and employee contributions will be increased, and savings contributions will start earlier. These measures will have no impact on current pensioners of UBS.

To mitigate the effects of the reduction of the conversion rate on future pensions, UBS will make a payment of up to CHF 720 million in three instalments in 2020, 2021 and 2022. The annual payments are expected to reduce UBS's fully applied CET1 capital by approximately CHF 200 million per year over the instalment period, with no effect on the income statement.

In accordance with International Financial Reporting Standards, these measures, including the payment made by UBS, will lead to a reduction in the pension obligation recognized by UBS, resulting in a pre-tax gain of CHF 225 million in the first quarter of 2018, which will be

booked in personnel expenses across the business divisions and Corporate Center and treated as an adjusting item. This will not affect total equity or CET1 capital.

Progress on the negotiations for the UK's withdrawal from the EU

In December 2017, the UK and the remaining EU member states reached an agreement on the separation issues under Phase I of the negotiations for the UK's withdrawal from the EU. As a result, the European Council agreed that "sufficient progress" had been made to allow the negotiations to move to Phase II on transitional arrangements and the future EU-UK relationship. The European Banking Authority published an opinion that provides guidance to national authorities on issues related to firms relocating from the UK to other EU member states. The guidance is intended to ensure a consistent approach across the EU to authorizations, prudential regulation, internal models and outsourcing. The UK is still expected to leave the EU in March 2019, subject to a possible transition period. UBS intends to begin implementation of contingency measures in early 2018.

International developments related to recovery and resolution

In November 2017, the Financial Stability Board opened two consultations on bail-in execution and funding in resolution. The consultation on bail-in proposes principles to make bail-in resolution strategies operational, including disclosures on the instruments and liabilities within the scope of bail-in, the valuation process, governance issues and market and creditor communications. The consultation on funding in resolution proposes guidelines to support the monitoring, reporting and estimation of funding needs in resolution and to facilitate execution of the funding strategy.

In the UK, the Bank of England ("**BoE**") consulted on its policy for setting minimum requirements for own funds and eligible liabilities ("**MREL**") within groups. It proposes to require internal MREL at between 75% and 90% of the Pillar 1 external MREL requirement, which will be phased in between 1 January 2020 and 1 January 2022. The BoE also proposes to take into account the equivalent requirements used in other jurisdictions, which could result in a required internal MREL level at the higher end of the range. UBS Limited is expected to be subject to these requirements; however, the exact impact can only be determined once the BoE finalizes its policy. In addition, firms would need to hold loss-absorbing capacity for operational continuity for each provider of critical services within the group calibrated at 25% of total operating costs. This proposal could apply to a number of UBS entities in different jurisdictions that provide services to UBS Limited and is expected to take effect on 1 January 2020.

Refer to the "*Recent developments*" section of the Fourth Quarter 2017 Report for information on further recent regulatory and legal developments."

The section entitled "3. Organisational Structure of the Issuer" is completely replaced as follows:

"3. Organisational Structure of the Issuer

UBS AG is a Swiss bank and the parent company of the UBS AG Group. It is 100% owned by UBS Group AG, which is the holding company of the UBS Group. UBS operates as a group with four business divisions (Global Wealth Management, Personal & Corporate Banking, Asset Management and the Investment Bank) and a Corporate Center.

Since 2014, UBS has undertaken a series of measures to improve the resolvability of the Group in response to too big to fail requirements in Switzerland and other countries in which the Group operates.

In December 2014, UBS Group AG completed an exchange offer for the shares of UBS AG and became the holding company of the UBS Group. During 2015, UBS Group AG completed a court procedure under the Swiss Stock Exchange and Securities Trading Act resulting in the cancellation of the shares of the remaining minority shareholders of UBS AG. As a result, UBS Group AG owns 100% of the outstanding shares of UBS AG.

In June 2015, UBS AG transferred its Personal & Corporate Banking and Wealth Management businesses booked in Switzerland to UBS Switzerland AG, a banking subsidiary of UBS AG in Switzerland. Also in 2015, UBS implemented a more self-sufficient business and operating model for UBS Limited, UBS's investment banking subsidiary in the UK, and established UBS Business Solutions AG as a direct subsidiary of UBS Group AG to act as the Group service company. The purpose of the service company structure is to improve the resolvability of the Group by enabling UBS to maintain operational continuity of critical services should a recovery or resolution event occur.

In the second half of 2015, UBS transferred the ownership of the majority of its existing service subsidiaries outside the US to UBS Business Solutions AG. As of 1 January 2017, UBS completed the transfer of the shared service employees in the US to the US service company, UBS Business Solutions US LLC, a subsidiary of UBS AG. UBS transferred from UBS AG to UBS Business Solutions AG the shared services functions in Switzerland and in the UK in the second and in the fourth quarters of 2017, respectively.

As of 1 July 2016, UBS Americas Holding LLC was designated as intermediate holding company for UBS's US subsidiaries as required under the enhanced prudential standards regulations pursuant to the Dodd-Frank Act. UBS Americas Holding LLC holds all of UBS's US subsidiaries and is subject to US capital requirements, governance requirements and other prudential regulation.

UBS transferred the majority of the operating subsidiaries of Asset Management to UBS Asset Management AG during 2016. Furthermore, UBS merged its Wealth Management subsidiaries in Italy, Luxembourg (including its branches in Austria, Denmark and Sweden), the Netherlands and Spain into UBS Deutschland AG, which was renamed to UBS Europe SE, to establish UBS's new European legal entity which is headquartered in Frankfurt, Germany.

UBS continues to consider further changes to the Group's legal structure in response to regulatory requirements and other external developments, including the anticipated exit of the United Kingdom from the European Union. Such changes may include the transfer of operating subsidiaries of UBS AG to become direct subsidiaries of UBS Group AG, further consolidation of operating subsidiaries in the EU 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 ("**FINMA**") and other regulatory authorities and remain subject to a number of uncertainties that may affect their feasibility, scope or timing. Refer to the section "C. RISK FACTORS – 2. Security specific Risks – 6. UBS has announced its intention to make certain structural changes in light of regulatory trends and requirements and the Conditions do not contain any restrictions on the Issuer's or UBS's ability to restructure its business".

UBS Group AG's interests in subsidiaries and other entities as of 31 December 2016, including interests in significant subsidiaries, are discussed in "*Note 28 Interests in subsidiaries and other entities*" to the UBS Group AG's consolidated financial statements included in the UBS Group AG and UBS AG Annual Report 2016 published on 10 March 2017 ("**Annual Report 2016**").

UBS AG's interests in subsidiaries and other entities as of 31 December 2016, including interests in significant subsidiaries, are discussed in "*Note 28 Interests in subsidiaries and other entities*" to the UBS AG's consolidated financial statements included in the Annual Report 2016.

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

The section entitled “4. Trend Information” is completely replaced as follows:

“4. Trend Information

As indicated in the Fourth Quarter 2017 Report, UBS expects the improved investor confidence and the macroeconomic developments observed in 2017, as well as typical seasonality, to continue to benefit UBS's global wealth management businesses. However, low market volatility is likely to persist in the short term, affecting institutional client activity levels in particular. The positive effect of rising US dollar interest rates on net interest margins will be limited by the continuing low and negative interest rates in Switzerland and the eurozone. Geopolitical factors continue to remain a risk. Implementing the recently agreed upon changes to the Basel III capital standards will result in increasing capital requirements and costs. UBS is well positioned to deal with these challenges and to mitigate their impact on overall performance and profitability by staying disciplined on cost whilst investing in its businesses and infrastructure. By continuing to execute its strategy with discipline, UBS stands to benefit from any further improvement in market conditions.

Refer to "Current market climate and industry trends" in the "Operating environment and strategy" section of the Annual Report 2016 and the section "C. Risk Factors – 1. Issuer specific Risks" of this Base Prospectus for more information."

In the section headed “5. Administrative, Management and Supervisory Bodies of UBS AG” the introductory paragraphs before the subsection “Board of Directors” are completely replaced as follows:

“5. Administrative, Management and Supervisory Bodies of UBS AG

UBS AG complies with all relevant Swiss legal and regulatory corporate governance requirements, as well as with the New York Stock Exchange (“**NYSE**”) standards as a foreign company with debt securities listed on the NYSE.

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

The supervision and control of the EB 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.”

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

“Members of the Board of Directors

The current members of the BoD are listed below. In addition, the BoD announced that it will nominate Jeremy Anderson for election to the BoD at the AGM.

Member and business address	Title	Term of office	Current principal positions outside UBS AG
Axel A. Weber	Chairman	2018	Chairman of the Board of Directors of UBS Group AG; board member of the Swiss Bankers Association; member of the Board of Trustees of Avenir Suisse; Advisory Board member of the "Beirat Zukunft Finanzplatz"; board member of the Swiss Finance Council; Chairman of the board of the Institute of

UBS AG, Bahnhofstrasse 45, CH-8001 Zurich			International Finance; President of the International Monetary Conference; member of the European Financial Services Round Table; member of the European Banking Group; member of the Monetary Economics and International Advisory Panel, Monetary Authority of Singapore; member of the Group of Thirty, Washington, D.C.; Chairman of the DIW Berlin Board of Trustees; Advisory Board member of the Department of Economics at the University of Zurich; member of the Trilateral Commission.
Michel Demaré UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Independent Vice Chairman	2018	Independent Vice-Chairman of the Board of Directors of UBS Group AG; board member of Louis-Dreyfus Commodities Holdings BV; Vice Chairman of the Supervisory Board of IMD, Lausanne; Advisory Board member of the Department of Banking and Finance at the University of Zurich.
David Sidwell UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2018	Senior Independent Director of the Board of Directors of UBS Group AG; Senior Advisor at Oliver Wyman, New York; board member of Chubb Limited; board member of GAVI Alliance; Chairman of the Board of Village Care, New York; Director of the National Council on Aging, Washington D.C.
Reto Francioni UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2018	Member of the Board of Directors of UBS Group AG; professor at the University of Basel; board member of Coca-Cola HBC AG; Chairman of the board of Swiss International Air Lines AG; board member of Francioni AG; board member of MedTech Innovation Partners AG.
Ann F. Godbehere UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2018	Member of the Board of Directors of UBS Group AG; board member of Rio Tinto plc (chairman of the audit committee); board member of Rio Tinto Limited (chairman of the audit committee); board member of British American Tobacco plc.
William G. Parrett UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2018	Member of the Board of Directors of UBS Group AG; chairman of the Board of UBS Americas Holding LLC; board member of the Eastman Kodak Company (chairman of the audit and finance committee); board member of the Blackstone Group LP (chairman of the audit committee and chairman of the conflicts committee); board member of Thermo Fisher Scientific Inc. (chairman of the audit committee); Chairman of the Board of Conduent Inc; member of the Carnegie Hall Board of Trustees; Past Chairman of the board of the United States Council for International Business; Past Chairman of United Way Worldwide.
Julie G. Richardson UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2018	Member of the Board of Directors of UBS Group AG; board member of The Hartford Financial Services Group, Inc. (chairman of the audit committee); board member of Yext (chairman of the audit committee); board member of Vereit, Inc. (chairman of the compensation committee).
Isabelle Romy Froiep Legal AG, Bellerivestrasse 201, CH-8034 Zurich	Member	2018	Member of the Board of Directors of UBS Group AG; partner and board member at Froiep Legal AG, Zurich; associate professor at the University of Fribourg and at the Federal Institute of Technology, Lausanne; vice chairman of the Sanction Commission of SIX Swiss Exchange; member of the Fundraising Committee of the Swiss National Committee for UNICEF; Supervisory Board member of the CAS program Financial Regulation of the University of Bern and University of Geneva.
Robert W. Scully UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2018	Member of the Board of Directors of UBS Group AG; board member of Chubb Limited; board member of Zoetis Inc.; board member of KKR & Co LP; board member of the Dean's Advisors of Harvard Business School.
Beatrice Weder di Mauro Johannes Gutenberg-University Mainz, Jakob Welder-Weg 4, D-55099 Mainz	Member	2018	Member of the Board of Directors of UBS Group AG; distinguished fellow at INSEAD in Singapore (on leave from the University of Mainz); Supervisory Board member of Robert Bosch GmbH; board member of Bombardier Inc.; member of the ETH Zurich Foundation Board of Trustees; Economic Advisory Board member of Fraport AG; Advisory Board member of Deloitte Germany; Deputy Chairman of the University Council of the University of Mainz.
Dieter Wemmer UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2018	Member of the Board of Directors of UBS Group AG; member of the CFO Forum; member of the Systemic Risk Working Group of the European Central Bank and the Bank for International Settlements; member of the Berlin Center of Corporate Governance.

“

In the section headed “5. Administrative, Management and Supervisory Bodies of UBS AG” the table in the subsection entitled “Members of the Executive Board” is completely replaced as follows:

“

Member and business address	Function	Current principal positions outside UBS AG
Sergio P. Ermotti UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	President of the Executive Board	Member of the Group Executive Board and Group Chief Executive Officer of UBS Group AG; Member of the Board of Directors of UBS Switzerland AG; Chairman of the Board of Directors of UBS Business Solutions AG; Chairman of the UBS Optimus Foundation board; Chairman of the Fondazione Ermotti, Lugano; Chairman and President of the board of the Swiss-American Chamber of Commerce; board member of the Fondazione Lugano per il Polo Culturale, Lugano; board member of the Global Apprenticeship Network; member of the Institut International D’Etudes Bancaires. Member of the Saïd Business School Global Leadership Council, University of Oxford.
Martin Blessing UBS AG, Bahnhofstrasse 45, CH-8001 Zurich.....	co-President Global Wealth Management	Member of the Group Executive Board and co-President Global Wealth Management of UBS Group AG; member of the Executive Board of Baden-Baden Entrepreneur Talks.
Christian Bluhm UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Chief Risk Officer	Member of the Group Executive Board and Group Chief Risk Officer of UBS Group AG; board member of UBS Business Solutions AG; board member of UBS Switzerland AG.
Markus U. Diethelm UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	General Counsel	Member of the Group Executive Board and Group General Counsel of UBS Group AG; board member of UBS Business Solutions AG; Chairman of the Swiss-American Chamber of Commerce’s legal committee; Chairman of the Swiss Advisory Council of the American Swiss Foundation; member of the Foundation Council of the UBS International Center of Economics in Society; member of the Professional Ethics Commission of the Association of Swiss Corporate Lawyers; member of the Supervisory Board of the Fonds de Dotation LUMA / Arles.
Kirt Gardner UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Chief Financial Officer	Member of the Group Executive Board and Group Chief Financial Officer of UBS Group AG; board member of UBS Business Solutions AG.
Sabine Keller-Busse UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Chief Operating Officer	Member of the Group Executive Board and Group Chief Operating Officer of UBS Group AG; vice-chairman of the Board of Directors of SIX Group (Chairman of the nomination & compensation committee); Foundation Board member of the UBS Pension Fund; Foundation Board member of the University Hospital Zurich.
Ulrich Körner UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	President Asset Management and President UBS Europe, Middle East and Africa	Member of the Group Executive Board, President Asset Management and President UBS Europe, Middle East and Africa of UBS Group AG; member of the Supervisory Board of UBS Europe SE; Chairman of the Foundation Board of the UBS Pension Fund; Chairman of the Widder Hotel AG, Zurich; member of the UBS Optimus Foundation Board; Vice President of the board of Lyceum Alpinum Zuoz; member of the Financial Service Chapter Board of the Swiss-American Chamber of Commerce; Advisory Board member of the Department of Banking and Finance at the University of Zurich; member of the business advisory council of the Laureus Foundation Switzerland.
Tom Naratil UBS AG, 1200 Harbor Boulevard, Weehawken, NJ 07086 USA	co-President Global Wealth Management and President UBS Americas	Member of the Group Executive Board and co-President Global Wealth Management and President UBS Americas of UBS Group AG; Chairman of UBS Americas Holding LLC; board member of the American Swiss Foundation; board member of the Clearing House Supervisory Board; member of the Board of Consultants for the College of Nursing at Villanova University.
Andrea Orcel UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	President Investment Bank	Member of the Group Executive Board and President Investment Bank of UBS Group AG; board member of UBS Limited; board member of UBS Americas Holding LLC.
Kathryn Shih UBS AG, 2 International Finance Centre, 8 Finance Street, Central, Hong Kong	President UBS Asia Pacific	Member of the Group Executive Board of UBS Group AG and President UBS Asia Pacific; board member of Kenford International Ltd.; board member of Shih Co Charitable Foundation Ltd.; member of the Hong Kong Trade Development Council (Financial Services Advisory Committee).

”

In the section entitled “7. Financial Information concerning the Issuer’s Assets and Liabilities, Financial Position and Profits and Losses” the subsection headed “Interim Financial Information” is completely replaced as follows:

“Interim Financial Information

Reference is also made to (i) the UBS Group AG first quarter 2017 report published on 28 April 2017 (“**UBS Group First Quarter 2017 Report**”) and the UBS AG first quarter 2017 report, published on 3 May 2017 (“**UBS AG First Quarter 2017 Report**”), which contain information on the financial condition and results of operations, including the interim consolidated financial statements, of UBS Group AG consolidated and UBS AG consolidated, respectively, as of and for the period ended 31 March 2017; to (ii) the UBS Group AG second quarter 2017 report, published on 28 July 2017 (“**UBS Group Second Quarter 2017 Report**”) and the UBS AG second quarter 2017 report, published on 3 August 2017 (“**UBS AG Second Quarter 2017 Report**”), which contain information on the financial condition and results of operations, including the interim consolidated financial statements, of UBS Group AG consolidated and UBS AG consolidated, respectively, as of and for the period ended 30 June 2017; to (iii) the UBS Group third quarter 2017 report published on 27 October 2017 (“**UBS Group Third Quarter 2017 Report**”) and the UBS AG third quarter 2017 report, published on 1 November 2017 (“**UBS AG Third Quarter 2017 Report**”), which contain information on the financial condition and results of operations, including the interim consolidated financial statements, of UBS Group AG consolidated and UBS AG consolidated, respectively, as of and for the period ended 30 September 2017; and to (iv) the Fourth Quarter 2017 Report, which contains information on the financial condition and results of operations of UBS Group AG and of UBS AG, as of and for the quarter and the year ended 31 December 2017.

The interim consolidated financial statements of UBS Group AG and UBS AG, contained in the first, second and third quarter 2017 financial reports of UBS Group AG and UBS AG, respectively, and the interim consolidated financial information contained in the Fourth Quarter 2017 Report are not audited and no audit review report is produced. UBS Group has not finalized its annual report 2017 and its independent registered public accounting firm has not completed its audit of the consolidated financial statements for the period. Accordingly, the financial information contained in the Fourth Quarter 2017 Report is subject to completion of year-end procedures, which may result in changes to that information.”

The section entitled “8. Litigation, Regulatory and Similar Matters” is completely replaced as follows:

“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 and the timing of resolution are often difficult to predict, particularly in the earlier stages of a case. There are also situations where UBS may enter into a settlement agreement. This may occur in order to avoid the expense, management distraction or reputational implications of continuing to contest liability, even for those matters for which UBS believes it should be exonerated. The uncertainties inherent in all such matters affect the amount and timing of any potential outflows for both matters with respect to which provisions have been established and other contingent liabilities. UBS makes provisions for such matters brought against it when, in the opinion of management after seeking legal advice, it is more likely than not that UBS has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required, and the amount can be reliably estimated. Where these factors are otherwise satisfied, a provision may be established for claims that have not yet been asserted against UBS, but are nevertheless expected to be, based on UBS’s experience with similar asserted claims. If any of those conditions is not met, such matters

result in contingent liabilities. If the amount of an obligation cannot be reliably estimated, a liability exists that is not recognized even if an outflow of resources is probable. Accordingly, no provision is established even if the potential outflow of resources with respect to such matters could be significant.

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

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

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

The aggregate amount provisioned for litigation, regulatory and similar matters as a class is disclosed in the "Provisions" table in the section "*Provisions and contingent liabilities*" of the UBS Group AG's interim consolidated financial information (unaudited) included in the Fourth Quarter 2017 Report. It is not practicable to provide an aggregate estimate of liability for UBS's litigation, regulatory and similar matters as a class of contingent liabilities. Doing so would require UBS to provide speculative legal assessments as to claims and proceedings that involve unique fact patterns or novel legal theories, that have not yet been initiated or are at early stages of adjudication, or as to which alleged damages have not been quantified by the claimants. Although it therefore cannot provide a numerical estimate of the future losses that could arise from litigation, regulatory and similar matters, UBS believes that the aggregate amount of possible future losses from this class that are more than remote substantially exceeds the level of current provisions. Litigation, regulatory and similar matters may also result in non-monetary penalties and consequences. For example, the Non-Prosecution Agreement ("**NPA**") described in item 5 of this section, which UBS entered into with the US Department of Justice ("**DOJ**"), Criminal Division, Fraud Section in connection with UBS's submissions of benchmark interest rates, including, among others, the British Bankers' Association London Interbank Offered Rate ("**LIBOR**"), was terminated by the DOJ based on its determination that UBS had committed a US crime in relation to foreign exchange matters. As a consequence, UBS AG pleaded guilty to one count of wire fraud for conduct in the LIBOR matter, paid a fine and is subject to probation through January 2020. A guilty plea to, or conviction of, a crime could have material consequences for UBS. Resolution of regulatory proceedings may require UBS to obtain waivers of regulatory disqualifications to maintain certain operations, may entitle regulatory authorities to limit, suspend or terminate licenses and regulatory authorizations and may permit financial market utilities to limit, suspend or terminate UBS's participation in such utilities. Failure to obtain such waivers, or any limitation, suspension or termination of licenses, authorizations or participations, could have material consequences for UBS.

The risk of loss associated with litigation, regulatory and similar matters is a component of operational risk for purposes of determining UBS's capital requirements. Information concerning UBS's capital requirements and the calculation of operational risk for this

purpose is included in the "Capital management" section of the Fourth Quarter 2017 Report.

Provisions for litigation, regulatory and similar matters by business division and Corporate Center unit ¹

<i>CHF million</i>	Wealth Manage- ment	Wealth Manage- ment Americas	Personal & Corporate Banking	Asset Manage- ment	Investm ent Bank	CC – Service s	CC – Group ALM	CC – Non- core and Legacy Portfolio	UBS	
Balance as of 31 December 2016		292	425	78	5	616	259	0	1,585	3,261
Balance as of 30 September 2017		279	325	78	0	344	241	0	1,144	2,410
Increase in provisions recognized in the income statement		4	18	2	1	6	0	0	38	69
Release of provisions recognized in the income statement		(1)	(2)	0	0	(1)	(1)	0	(22)	(27)
Provisions used in conformity with designated purpose		(80)	(43)	(2)	0	(5)	0	0	(36)	(167)
Foreign currency translation / unwind of discount		6	3	0	0	2	0	0	8	19
Balance as of 31 December 2017		207	299	79	1	345	240	0	1,132	2,303

¹ Provisions, if any, for the matters described in this disclosure are recorded in Wealth Management (item 3), Wealth Management Americas (item 4), the Investment Bank (item 7) and Corporate Center – Non-core and Legacy Portfolio (item 2). Provisions, if any, for the matters described in items 1 and 6 of this disclosure are allocated between Wealth Management and Personal & Corporate Banking, and provisions, if any, for the matters described in this disclosure in item 5 are allocated between the Investment Bank, Corporate Center – Services and Corporate Center – Non-core and Legacy Portfolio.

1. Inquiries regarding cross-border wealth management businesses

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

The Swiss Federal Administrative Court ruled in 2016 that in the administrative assistance proceedings related to a French bulk request, UBS has the right to appeal all final FTA client data disclosure orders.

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

In February 2016, the investigating judges notified UBS AG and UBS (France) S.A. that they have closed their investigation. In July 2016, UBS AG and UBS (France) S.A. received the National Financial Prosecutor's recommendation ("réquisitoire"). In March 2017, the investigating judges issued the trial order ("ordonnance de renvoi") that charges UBS AG and UBS (France) S.A., as well as various former employees, with illicit solicitation of clients on French territory and with participation in the laundering of the proceeds of tax fraud, and which transfers the case to court. The trial schedule has not yet been announced. In October

2017, the Investigation Chamber of the Court of Appeals decided that UBS (France) S.A. shall not be constituted as a civil party in the guilty plea proceedings against the former UBS (France) S.A. Head of Front Office. UBS (France) S.A. has appealed this decision to the French Supreme Court ("*Cour de cassation*").

In 2016, UBS was notified by the Belgian investigating judge that it is under formal investigation ("*inculpé*") regarding the laundering of proceeds of tax fraud and of banking, financial solicitation by unauthorized persons and serious tax fraud.

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

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

UBS's balance sheet at 31 December 2017 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 branch of UBS originated approximately USD 1.5 billion in US residential mortgage loans during the period in which it was active from 2006 to 2008, and securitized less than half of these loans.

Lawsuits related to contractual representations and warranties concerning mortgages and RMBS: When UBS acted as an RMBS sponsor or mortgage seller, it generally made certain representations relating to the characteristics of the underlying loans. In the event of a material breach of these representations, UBS was in certain circumstances contractually obligated to repurchase the loans to which the representations related or to indemnify certain parties against losses.

In 2012, certain RMBS trusts filed an action ("**Trustee Suit**") in the US District Court for the Southern District of New York ("**SDNY**") seeking to enforce UBS RESI's obligation to repurchase loans in the collateral pools for three RMBS securitizations with an original principal balance of approximately USD 2 billion. Approximately 9,000 loans were at issue in a bench trial in the SDNY in 2016, following which the court issued an order ruling on numerous legal and factual issues and applying those rulings to 20 exemplar loans. The court further ordered that a lead master be appointed to apply the court's rulings to the loans that remain at issue following the trial. In October 2017, UBS and certain holders of the RMBS in

the Trustee Suit entered into an agreement under which UBS has agreed to pay an aggregate of USD 543 million into the relevant RMBS trusts, plus certain attorneys' fees. A portion of these settlement costs will be borne by other parties that indemnified UBS. The agreement is subject to the trustee for the RMBS trusts becoming a party thereto. The security holders who are parties to the settlement agreement have requested that the trustee conduct a vote of security holders to approve or reject the settlement, and each of these security holders has agreed to vote its securities in favor of the settlement. Giving effect to this settlement, UBS considers claims relating to substantially all loan repurchase demands to be resolved, and believes that new demands to repurchase US residential mortgage loans are time-barred under a decision rendered by the New York Court of Appeals.

Mortgage-related regulatory matters: In 2014, UBS received a subpoena from the US Attorney's Office for the Eastern District of New York issued pursuant to the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("**FIRREA**"), which seeks documents and information related to UBS's RMBS business from 2005 through 2007. In 2015, the Eastern District of New York identified a number of transactions that are the focus of their inquiry, and subsequently provided a revised list of transactions. UBS has provided information in response to this subpoena. UBS has also received and responded to subpoenas from the New York State Attorney General ("**NYAG**") and other state attorneys general relating to UBS's RMBS business. In 2017, the NYAG identified a number of transactions that are the focus of their inquiry. In addition, UBS responded 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 2014. UBS is cooperating with the authorities in these matters.

UBS's balance sheet at 31 December 2017 reflected a provision with respect to matters described in this item 2 in an amount that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which UBS has established provisions, the future outflow of resources in respect of this matter cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that UBS has recognized.

3. Madoff

In relation to the Bernard L. Madoff Investment Securities LLC ("**BMIS**") investment fraud, UBS AG, UBS (Luxembourg) S.A. (now UBS Europe SE, Luxembourg branch) and certain other UBS subsidiaries have been subject to inquiries by a number of regulators, including FINMA and the Luxembourg Commission de Surveillance du Secteur Financier ("**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 faced severe losses, and the Luxembourg funds are in liquidation. The documentation establishing both funds identifies UBS entities in various roles, including custodian, administrator, manager, distributor and promoter, and indicates that UBS employees serve as board members.

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

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

In the US, the BMIS Trustee filed claims against UBS entities, among others, in relation to the two Luxembourg funds and one of the offshore funds. The total amount claimed against all defendants in these actions was not less than USD 2 billion. In 2014, the US Supreme Court rejected the BMIS Trustee's motion for leave to appeal decisions dismissing all claims except those for the recovery of fraudulent conveyances and preference payments. In 2016, the Bankruptcy Court dismissed the remaining claims against the UBS entities. The BMIS Trustee appealed. In 2014, several claims, including a purported class action, were filed in the US by BMIS customers against UBS entities, asserting claims similar to those made by the BMIS Trustee, and seeking unspecified damages. These claims have either been voluntarily withdrawn or dismissed on the basis that the courts did not have jurisdiction to hear the claims against the UBS entities. In 2016, the plaintiff in one of those claims appealed the dismissal.

4. Puerto Rico

Declines since 2013 in the market prices of Puerto Rico municipal bonds and of closed-end funds ("**funds**") that are sole-managed and co-managed by UBS Trust Company of Puerto Rico and distributed by UBS Financial Services Incorporated of Puerto Rico ("**UBS PR**") have led to multiple regulatory inquiries, as well as customer complaints and arbitrations with aggregate claimed damages of USD 2.4 billion, of which claims with aggregate claimed damages of USD 1.4 billion have been resolved through settlements, arbitration or withdrawal of the claim. The claims are filed by clients in Puerto Rico who own the funds or Puerto Rico municipal bonds and / or who used their UBS account assets as collateral for UBS non-purpose loans; customer complaint and arbitration allegations include fraud, misrepresentation and unsuitability of the funds and of the loans. A shareholder derivative action was filed in 2014 against various UBS entities and current and certain former directors of the funds, alleging hundreds of millions of US dollars in losses in the funds. In 2015, defendants' motion to dismiss was denied. Defendants' requests for permission to appeal that ruling were denied by the Puerto Rico Court of Appeals and the Puerto Rico Supreme Court. In 2014, a federal class action complaint also was filed against various UBS entities, certain members of UBS PR senior management and the co-manager of certain of the funds, seeking damages for investor losses in the funds during the period from May 2008 through May 2014. In 2016, defendants' motion to dismiss was granted in part and denied in part. In 2015, a class action was filed in Puerto Rico state court against UBS PR seeking equitable relief in the form of a stay of any effort by UBS PR to collect on non-purpose loans it acquired from UBS Bank USA in December 2013 based on plaintiffs' allegation that the loans are not valid. The trial court denied defendant's motion for summary judgment based on a forum selection clause in the loan agreements. The Puerto Rico Supreme Court reversed that decision and remanded the case back to the trial court for reconsideration. On reconsideration the trial court granted defendant's motion and dismissed the action.

In 2014, UBS reached a settlement with the Office of the Commissioner of Financial Institutions for the Commonwealth of Puerto Rico ("**OCFI**") in connection with OCFI's examination of UBS's operations from January 2006 through September 2013, pursuant to which UBS is paying up to an aggregate of USD 7.7 million in investor education contributions and restitution.

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

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

must file an amended complaint. In 2017, the court denied defendants' motion to dismiss the amended complaint.

Beginning in 2012, two federal class action complaints, which were subsequently consolidated, were filed against various UBS entities, certain closed-end 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. In 2016, the court denied plaintiffs' motion for class certification. In March 2017, the US Court of Appeals for the First Circuit denied plaintiffs' petition seeking permission to bring an interlocutory appeal challenging the denial of their motion for class certification.

Beginning in 2015, certain agencies and public corporations of the Commonwealth of Puerto Rico ("**Commonwealth**") defaulted on certain interest payments, in 2016, the Commonwealth defaulted on payments on its general obligation debt ("**GO Bonds**"), and in 2017 the Commonwealth defaulted on payments on its debt backed by the Commonwealth's Sales and Use Tax ("**COFINA Bonds**") as well as on bonds issued by the Commonwealth's Employee Retirement System ("**ERS Bonds**"). The funds hold significant amounts of both COFINA and ERS Bonds and the defaults on interest payments are expected to adversely affect dividends from the funds. Executive orders of the Governor that have diverted funds to pay for essential services instead of debt payments and stayed any action to enforce creditors' rights on the Puerto Rico bonds continue to be in effect. In 2016, US federal legislation created an oversight board with power to oversee Puerto Rico's finances and to restructure its debt. The oversight board is authorized to impose, and has imposed, a stay on exercise of creditors' rights. In May and June 2017, the oversight board placed the GO, COFINA and ERS Bonds, among others, into a bankruptcy-like proceeding under the supervision of a Federal District Judge as authorized by the oversight board's enabling statute. These events, further defaults, any further legislative action to create a legal means of restructuring Commonwealth obligations or to impose additional oversight on the Commonwealth's finances, or any restructuring of the Commonwealth's obligations may increase the number of claims against UBS concerning Puerto Rico securities, as well as potential damages sought.

UBS's balance sheet at 31 December 2017 reflected provisions with respect to matters described in this item 4 in amounts that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which UBS has established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provisions that UBS has recognized.

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

Foreign exchange-related regulatory matters: Following an initial media report in 2013 of widespread irregularities in the foreign exchange markets, UBS immediately commenced an internal review of its foreign exchange business, which includes UBS's precious metals and related structured products businesses. Numerous authorities commenced investigations concerning possible manipulation of foreign exchange markets and precious metals prices. In 2014 and 2015, UBS reached settlements with the UK Financial Conduct Authority ("**FCA**") and the US Commodity Futures Trading Commission ("**CFTC**") in connection with their foreign exchange investigations, FINMA issued an order concluding its formal proceedings relating to UBS's foreign exchange and precious metals businesses, and the Board of Governors of the Federal Reserve System ("**Federal Reserve Board**") and the Connecticut Department of Banking issued a Cease and Desist Order and assessed monetary penalties to UBS AG. In addition, the DOJ's Criminal Division ("**Criminal Division**") terminated the 2012 Non-Prosecution Agreement ("**NPA**") with UBS AG related to UBS's submissions of benchmark interest rates and UBS AG pleaded guilty to one count of wire fraud, paid a fine and is subject to probation through January 2020. UBS has ongoing obligations to cooperate with these authorities and to undertake certain remediation. UBS has also been granted conditional immunity by the Antitrust Division of the DOJ ("**Antitrust Division**") and by authorities in other jurisdictions in connection with potential competition law violations relating to foreign exchange and precious metals businesses. Refer to Note 20b in the "Consolidated financial statements" section of the Annual Report 2016 for more information on regulatory actions related to foreign exchange and precious metals and

grants of conditional immunity or leniency. Investigations relating to foreign exchange and precious metals matters by numerous authorities, including the CFTC, remain ongoing notwithstanding these resolutions.

Foreign exchange-related civil litigation: Putative class actions have been filed since 2013 in US federal courts and in other jurisdictions against UBS and other banks on behalf of putative classes of persons who engaged in foreign currency transactions with any of the defendant banks. They allege collusion by the defendants and assert claims under the antitrust laws and for unjust enrichment. In 2015, additional putative class actions were filed in federal court in New York against UBS and other banks on behalf of a putative class of persons who entered into or held any foreign exchange futures contracts and options on foreign exchange futures contracts since 2003. The complaints assert claims under the Commodity Exchange Act ("**CEA**") and the US antitrust laws. In 2015, a consolidated complaint was filed on behalf of both putative classes of persons covered by the US federal court class actions described above. UBS has entered into a settlement agreement that would resolve all of these US federal court class actions. The agreement, which has been preliminarily approved by the court and is subject to final court approval, requires, among other things, that UBS pay an aggregate of USD 141 million and provide cooperation to the settlement classes.

A putative class action has been filed in federal court in New York against UBS and other banks on behalf of participants, beneficiaries and named fiduciaries of plans qualified under the Employee Retirement Income Security Act of 1974 ("**ERISA**") for whom a defendant bank provided foreign currency exchange transactional services, exercised discretionary authority or discretionary control over management of such ERISA plan, or authorized or permitted the execution of any foreign currency exchange transactional services involving such plan's assets. The complaint asserts claims under ERISA. The parties filed a stipulation to dismiss the case with prejudice. The plaintiffs have appealed the dismissal. The appeals court heard oral argument in June 2017.

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

In 2016, a putative class action was filed in federal court in New York against UBS and numerous other banks on behalf of a putative class of persons and entities who had indirectly purchased foreign exchange instruments from a defendant or co-conspirator in the US. The complaint asserts claims under federal and state antitrust laws. In response to defendants' motion to dismiss, plaintiffs agreed to dismiss their complaint. In April and June 2017, two new putative class actions were filed in federal court in New York against UBS and numerous other banks on behalf of different proposed classes of indirect purchasers of currency, and a consolidated complaint was filed in June 2017.

In 2015, UBS was added to putative class actions pending against other banks in federal court in New York and other jurisdictions on behalf of putative classes of persons who had bought or sold physical precious metals and various precious metal products and derivatives. The complaints in these lawsuits assert claims under the antitrust laws and the CEA, and other claims. In 2016, the court in New York granted UBS's motions to dismiss the putative class actions relating to gold and silver. Plaintiffs in those cases sought to amend their complaints to add new allegations about UBS, which the court granted. The plaintiffs filed amended complaints in June 2017. In March 2017, the court in New York granted UBS's motion to dismiss the platinum and palladium action. In May 2017, plaintiffs in the platinum and palladium action filed an amended complaint that did not allege claims against UBS.

LIBOR and other benchmark-related regulatory matters: Numerous government agencies, including the SEC, the CFTC, the DOJ, the FCA, the UK Serious Fraud Office ("**SFO**"), the Monetary Authority of Singapore ("**MAS**"), the Hong Kong Monetary Authority ("**HKMA**"), FINMA, various state attorneys general in the US and competition authorities in various jurisdictions, have conducted or are continuing to conduct investigations regarding potential

improper attempts by UBS, among others, to manipulate LIBOR and other benchmark rates at certain times. In 2012, UBS reached settlements relating to benchmark interest rates with the FSA, the CFTC and the Criminal Division of the DOJ, and FINMA issued an order in its proceedings with respect to UBS relating to benchmark interest rates. In addition, UBS entered into settlements with the European Commission (EC) and with the Swiss Competition Commission ("**WEKO**") regarding its investigation of bid-ask spreads in connection with Swiss franc interest rate derivatives. UBS has ongoing obligations to cooperate with the authorities with whom UBS has reached resolutions and to undertake certain remediation with respect to benchmark interest rate submissions. UBS has been granted conditional leniency or conditional immunity from authorities in certain jurisdictions, including the Antitrust Division of the DOJ and WEKO, in connection with potential antitrust or competition law violations related to certain rates. However, UBS has not reached a final settlement with WEKO as the Secretariat of WEKO has asserted that UBS does not qualify for full immunity. Refer to Note 20b in the "Consolidated financial statements" section of the Annual Report 2016 for more information on regulatory actions relating to benchmark rates and grants of conditional immunity or leniency. Investigations by certain governmental authorities remain ongoing notwithstanding these resolutions.

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

In 2013, the US district court in the USD LIBOR action dismissed the federal antitrust and racketeering claims of certain USD LIBOR plaintiffs and a portion of their claims brought under the CEA and state common law. Certain plaintiffs appealed the decision to the Second Circuit, which, in 2016, vacated the district court's ruling finding no antitrust injury and remanded the case back to the district court for a further determination on whether plaintiffs have antitrust standing. In December 2016, the district court again dismissed plaintiffs' antitrust claims, this time for lack of personal jurisdiction over UBS and other foreign banks. In 2014, the court in one of the Euroyen TIBOR lawsuits dismissed certain of the plaintiff's claims, including federal antitrust claims. In 2015, the same court dismissed plaintiff's federal racketeering claims and affirmed its previous dismissal of plaintiff's antitrust claims. In 2017, the court also dismissed the other Yen LIBOR / Euroyen TIBOR action in its entirety on standing grounds, as did the court in the CHF LIBOR action. Also in 2017, the courts in the EURIBOR and the SIBOR and SOR lawsuits dismissed the cases as to UBS and certain other foreign defendants for lack of personal jurisdiction. Plaintiffs in the CHF LIBOR and SIBOR and SOR actions have filed amended complaints following the dismissals. UBS and other defendants in other lawsuits including those related to GBP LIBOR and Australian BBSW have filed motions to dismiss. In 2016, UBS entered into an agreement with representatives of a class of bondholders to settle their USD LIBOR class action. The agreement has received preliminary court approval and remains subject to final approval. Since 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 January 2006 through June 2013, in violation of US antitrust laws and certain state laws, and seek unspecified compensatory damages, including treble damages. On 12 July 2017, the court overseeing the ISDAFIX class action preliminarily approved a settlement agreement between UBS AG and the plaintiffs, whereby UBS AG agreed to pay USD 14 million to settle the case in its entirety.

Government bonds: Putative class actions have been filed in US federal courts against UBS and other banks on behalf of persons who participated in markets for US Treasury securities since 2007. The complaints generally allege that the banks colluded with respect to, and

manipulated prices of, US Treasury securities sold at auction. They assert claims under the antitrust laws and the CEA and for unjust enrichment. The cases have been consolidated in the SDNY, and a consolidated complaint was filed in November 2017. Following filing of these complaints, UBS and reportedly other banks are responding to investigations and requests for information from various authorities regarding US Treasury securities and other government bond trading practices. As a result of its review to date, UBS has taken appropriate action.

With respect to additional matters and jurisdictions not encompassed by the settlements and order referred to above, UBS's balance sheet at 31 December 2017 reflected a provision in an amount that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which UBS has established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that UBS has recognized.

6. Swiss retrocessions

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

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

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

UBS's balance sheet at 31 December 2017 reflected a provision with respect to matters described in this item 6 in an amount that UBS believes to be appropriate under the applicable accounting standard. The ultimate exposure will depend on client requests and the resolution thereof, factors that are difficult to predict and assess. Hence, as in the case of other matters for which UBS has established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that UBS has recognized.

7. Investigation of UBS's role in initial public offerings in Hong Kong

The Hong Kong Securities and Futures Commission ("**SFC**") has been conducting investigations into UBS's role as a sponsor of certain initial public offerings listed on the Hong Kong Stock Exchange. In 2016, the SFC informed UBS that it intends to commence action against UBS and certain UBS employees with respect to sponsorship work in those offerings, which could result in financial ramifications for UBS, including fines and obligations to pay investor compensation, and suspension of UBS's ability to provide corporate finance advisory services in Hong Kong for a period of time.

The specific litigation, regulatory and other matters described above under items (1) to (7) include all such matters that management considers to be material and others that management believes to be of significance due to potential financial, reputational and other effects as described in the section "*Provisions and contingent liabilities*" of UBS Group AG's unaudited consolidated financial information included in the Fourth Quarter 2017 Report. The proceedings indicated below are matters that have recently been considered material, but are not currently considered material, by UBS. Besides the proceedings described above and below, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which UBS AG is aware) that may have, or have had in the recent past, significant effects on UBS AG Group's and/or UBS AG's financial

position or profitability and are or have been pending during the last twelve months until the date of this document.

RMBS-related lawsuits concerning disclosures: UBS has been named as a defendant in lawsuits relating to its role as underwriter and issuer of RMBS. In April 2017, UBS reached a final settlement in a lawsuit brought in the US District Court for the District of Kansas by the National Credit Union Administration ("**NCUA**") as conservator for certain failed credit unions, asserting misstatements and omissions in the offering documents for USD 1.15 billion in original principal balance of RMBS purchased by the credit unions. UBS and the NCUA settled this matter for USD 445 million. A similar case brought by the NCUA in the SDNY was settled in 2016. UBS has indemnification rights against surviving third-party issuers or originators for losses or liabilities incurred by UBS in connection with certain of these matters.

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. 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. These assessments are being challenged in administrative and judicial proceedings. In August 2017, UBS and BTG agreed to resolve the largest indemnification claim (UBS's portion of which was approximately BRL 2 billion) relating to a tax assessment that had disallowed goodwill amortization deductions. In connection with this resolution, UBS paid CHF 245 million to BTG, which then submitted the underlying tax assessment for resolution in a Brazilian tax amnesty program. Administrative courts have ruled in favor of BTG in the majority of the remaining assessments subject to indemnification claims (which total in excess of BRL 700 million), most of which related to profit-sharing plans, with the remainder of the assessments pending at various levels of the administrative or judicial court system."

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

"There has been no significant change in the financial or trading position of UBS AG or UBS AG Group since 31 December 2017, which is the end of the last financial period for which financial information has been published."

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

"7. Documents incorporated by Reference

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

- (a) The annual report of UBS Group AG and UBS AG as of 31 December 2016, comprising the introductory section, as well as the sections (1) Operating environment and strategy, (2) Financial and operating performance, (3) Risk, treasury and capital management, (4) Corporate governance, responsibility and compensation, (5) Financial statements (including the "Statutory auditor's report on the audit of the consolidated financial statements" and the "Report of Independent Registered Public Accounting Firm"), (6) Additional regulatory information, and the Appendix (published on the UBS website, at https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting/2016.html);

- (b) The UBS AG standalone financial statements and regulatory information for the year ended 31 December 2016 (including the "Report of the statutory auditor on the financial statements") (published on the UBS website, at https://www.ubs.com/global/en/about_ubs/investor_relations/disclosure-legal-entities.html);
- (c) the annual report of UBS Group AG and UBS AG as of 31 December 2015, comprising the introductory section, as well as the sections (1) Operating environment and strategy, (2) Financial and operating performance, (3) Risk, treasury and capital management, (4) Corporate governance, responsibility and compensation, (5) Consolidated financial statements (including the "Report of the statutory auditor and the independent registered public accounting firm on the consolidated financial statements"), (6) Legal entity financial and regulatory information (including the "Report of the statutory auditor on the financial statements"), (7) Additional regulatory information, and the Appendix (published on the UBS website, at https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting/2015.html);
- (d) the UBS Group First Quarter 2017 Report and the UBS AG First Quarter 2017 Report (published on the UBS website, at https://www.ubs.com/global/en/about_ubs/investor_relations/quarterly_reporting/2017.html);
- (e) the UBS Group Second Quarter 2017 Report and the UBS AG Second Quarter 2017 Report (published on the UBS website, at https://www.ubs.com/global/en/about_ubs/investor_relations/quarterly_reporting/2017.html);
- (f) the UBS Group Third Quarter 2017 Report and the UBS AG Third Quarter 2017 Report (published on the UBS website, at https://www.ubs.com/global/en/about_ubs/investor_relations/quarterly_reporting/2017.html);
- (g) the Fourth Quarter 2017 Report (published on the UBS website, at https://www.ubs.com/global/en/about_ubs/investor_relations/quarterly_reporting/2017.html);
- (h) the Conditions of the Securities as contained on pages 157 to 241 of the Base Prospectus dated 23 June 2014 of UBS AG as filed with SFSA (published on the UBS website, at <http://keyinvest-eu.ubs.com/base-prospectus>);
- (i) the Conditions of the Securities as contained on pages 212 to 318 of the Base Prospectus dated 17 April 2015 of UBS AG as filed with SFSA (published on the UBS website, at <http://keyinvest-eu.ubs.com/base-prospectus>);
- (j) the Conditions of the Securities as contained on pages 192 to 289 of the Base Prospectus dated 8 January 2016 of UBS AG as filed with SFSA (published on the UBS website, at <http://keyinvest-eu.ubs.com/base-prospectus>); and
- (k) the Conditions of the Securities as contained on pages 187 to 286 of the Base Prospectus dated 27 September 2016 of UBS AG as filed with SFSA (published on the UBS website, at <http://keyinvest-eu.ubs.com/base-prospectus>).

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 21 June 2017 in the section headed "A. Summary of the Base Prospectus (in the English language)" the following changes shall be made:

a) **In the section headed "Section B – Issuer":**

Element B.4b is completely replaced as follows:

B.4b	A description of any known trends affecting the issuer or the industries in which it operates.	<p>Trend Information</p> <p>As indicated in the UBS fourth quarter 2017 report published on 22 January 2018 (the "Fourth Quarter 2017 Report"), UBS expects the improved investor confidence and the macroeconomic developments observed in 2017, as well as typical seasonality, to continue to benefit UBS's global wealth management businesses. However, low market volatility is likely to persist in the short term, affecting institutional client activity levels in particular. The positive effect of rising US dollar interest rates on net interest margins will be limited by the continuing low and negative interest rates in Switzerland and the eurozone. Geopolitical factors continue to remain a risk. Implementing the recently agreed upon changes to the Basel III capital standards will result in increasing capital requirements and costs. UBS is well positioned to deal with these challenges and to mitigate their impact on overall performance and profitability by staying disciplined on cost whilst investing in its businesses and infrastructure. By continuing to execute its strategy with discipline, UBS stands to benefit from any further improvement in market conditions.</p>
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Element B.5 is completely replaced as follows:

B.5	Description of the group and the issuer's position within the group.	<p>UBS AG is a Swiss bank and the parent company of the UBS AG Group. It is 100% owned by UBS Group AG, which is the holding company of the UBS Group. UBS operates as a group with four business divisions (Global Wealth Management, Personal & Corporate Banking, Asset Management and the Investment Bank) and a Corporate Center.</p> <p>Since 2014, UBS has undertaken a series of measures to improve the resolvability of the Group in response to too big to fail requirements in Switzerland and other countries in which the Group operates.</p> <p>In December 2014, UBS Group AG completed an exchange offer for the shares of UBS AG and became the holding company of the UBS Group. During 2015, UBS Group AG completed a court procedure under the Swiss Stock Exchange and Securities Trading Act resulting in the cancellation of the shares of the remaining minority shareholders of UBS AG. As a result, UBS Group AG owns 100% of the outstanding shares of UBS AG.</p> <p>In June 2015, UBS AG transferred its Personal & Corporate Banking and Wealth Management businesses booked in Switzerland to UBS Switzerland AG, a banking subsidiary of UBS AG in Switzerland. Also in 2015, UBS implemented a more self-sufficient business and operating model for UBS Limited, UBS's investment banking subsidiary in the UK, and established UBS Business Solutions AG as a direct subsidiary of UBS Group AG to act as the Group service company. The purpose of the service company structure is to improve the resolvability of the Group by enabling UBS to maintain operational continuity of critical services should a recovery or resolution event occur.</p>
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		<p>In the second half of 2015, UBS transferred the ownership of the majority of its existing service subsidiaries outside the US to UBS Business Solutions AG. As of 1 January 2017, UBS completed the transfer of the shared service employees in the US to the US service company, UBS Business Solutions US LLC, a subsidiary of UBS AG. UBS transferred from UBS AG to UBS Business Solutions AG the shared services functions in Switzerland and in the UK in the second and in the fourth quarters of 2017, respectively.</p> <p>As of 1 July 2016, UBS Americas Holding LLC was designated as intermediate holding company for UBS's US subsidiaries as required under the enhanced prudential standards regulations pursuant to the Dodd-Frank Act. UBS Americas Holding LLC holds all of UBS's US subsidiaries and is subject to US capital requirements, governance requirements and other prudential regulation.</p> <p>UBS transferred the majority of the operating subsidiaries of Asset Management to UBS Asset Management AG during 2016. Furthermore, UBS merged its Wealth Management subsidiaries in Italy, Luxembourg (including its branches in Austria, Denmark and Sweden), the Netherlands and Spain into UBS Deutschland AG, which was renamed to UBS Europe SE, to establish UBS's new European legal entity which is headquartered in Frankfurt, Germany.</p> <p>UBS continues to consider further changes to the Group's legal structure in response to regulatory requirements and other external developments, including the anticipated exit of the United Kingdom from the European Union. Such changes may include the transfer of operating subsidiaries of UBS AG to become direct subsidiaries of UBS Group AG, further consolidation of operating subsidiaries in the EU 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 ("FINMA") and other regulatory authorities and remain subject to a number of uncertainties that may affect their feasibility, scope or timing.</p>
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Element B.12 is completely replaced as follows:

B.12	Selected historical key financial information / Material adverse change statement / Significant changes statement.	<p>UBS AG derived the selected consolidated financial information included in the table below for the years ended 31 December 2016, 2015 and 2014, except where indicated, from the Annual Report 2016, which contains the audited consolidated financial statements of UBS AG, as well as additional unaudited consolidated financial information, for the year ended 31 December 2016 and comparative figures for the years ended 31 December 2015 and 2014. The selected consolidated financial information included in the table below for the year ended 31 December 2017 was derived from the Fourth Quarter 2017 Report, which contains UBS AG consolidated financial information (unaudited).</p> <p>The consolidated financial statements for the years ended on 31 December 2016, 31 December 2015 and 31 December 2014 were prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and are stated in Swiss francs ("CHF"). UBS AG has not finalized its Annual Report 2017 and its independent registered public accounting firm has not completed its audit of the consolidated financial statements for the period. Accordingly, the UBS AG financial information contained in Fourth Quarter 2017 Report is subject to completion of year-end procedures, which may result in changes to that information.</p>
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Information for the years ended 31 December 2016, 2015 and 2014 which is indicated as being unaudited in the table below was included in the Annual Report 2016, but has not been audited on the basis that the respective disclosures are not required under IFRS, and therefore are not part of the audited financial statements.

The Group and business divisions are managed on the basis of a key performance indicator framework, which identifies profit and growth financial measures, in the context of sound risk and capital management objectives. When determining variable compensation, both Group and business division key performance indicators are taken into account. UBS AG reviews the key performance indicators framework on a regular basis, considering the company's strategy and the market environment in which the company operates. Key performance indicators are disclosed in UBS AG's quarterly and annual reporting to allow comparison of the company's performance over the reporting periods. The company's key performance indicators are designed to be assessed on an over-the-cycle basis and are subject to seasonal patterns. Please refer to the footnotes to the table below for the definitions of the information contained under the heading "Key performance indicators" and "Additional information - Profitability" in the table below. In addition, the table "Key performance indicators and additional information on profitability – definitions and reason for use" below contains a description and the reason for the use of each key performance indicator, except those disclosed in accordance with applicable legislation, and the additional information on profitability.

	As of or for the year ended	As of or for the year ended		
<i>CHF million, except where indicated</i>	31.12.17	31.12.16	31.12.15	31.12.14
	<i>unaudited</i>	<i>audited, except where indicated</i>		
Results				
Operating income	29,479	28,421	30,605	28,026
Operating expenses	24,339	24,352	25,198	25,557
Operating profit / (loss) before tax	5,140	4,069	5,407	2,469
Net profit / (loss) attributable to shareholders	958	3,207	6,235	3,502
Key performance indicators				
Profitability				
Return on tangible equity (%) ¹	2.2	6.9*	13.5*	8.2*
Cost / income ratio (%) ²	82.2	85.6*	82.0*	90.9*
Growth				
Net profit growth (%) ³	(70.1)	(48.6)*	78.0*	10.4*
Net new money growth for combined wealth management businesses (%) ⁴	2.1	2.1*	2.2*	2.5*
Resources				
Common equity tier 1 capital ratio (fully applied, %) ^{5, 6}	14.1	14.5*	15.4*	14.2*
Common equity tier 1 leverage ratio (fully applied, %) ⁷	3.8	3.7*	3.6*	3.1*
Going concern leverage ratio (fully applied, %) ^{8, 9}	4.2	4.2*	-	-
Additional information				
Profitability				
Return on equity (RoE) (%) ¹⁰	1.8	5.9*	11.7*	7.0*
Return on risk-weighted assets, gross (%) ¹¹	12.8	13.2*	14.3*	12.6*

Return on leverage ratio denominator, gross (%) ¹²	3.4	3.2*	-	-
Resources				
Total assets	916,334	935,353	943,256	1,062,327
Equity attributable to shareholders	50,830	53,662	55,248	52,108
Common equity tier 1 capital (fully applied) ⁶	33,393	32,447	32,042	30,805
Common equity tier 1 capital (phase-in) ⁶	36,186	39,474	41,516	44,090
Risk-weighted assets (fully applied) ⁶	236,606	223,232*	208,186*	217,158*
Common equity tier 1 capital ratio (phase-in, %) ^{5,6}	15.2	17.5*	19.5*	19.9*
Going concern capital ratio (fully applied, %) ⁹	15.7	16.3*	-	-
Going concern capital ratio (phase-in, %) ⁹	19.6	22.6*	-	-
Gone concern loss-absorbing capacity ratio (fully applied, %) ⁹	15.8	13.3*	-	-
Leverage ratio denominator (fully applied) ⁷	887,189	870,942*	898,251*	999,124*
Going concern leverage ratio (phase-in, %) ^{8,9}	5.2	5.8*	-	-
Gone concern leverage ratio (fully applied, %) ⁹	4.2	3.4*	-	-
Other				
Invested assets (CHF billion) ¹³	3,179	2,810*	2,678*	2,723*
Personnel (full-time equivalents)	46,009	56,208*	58,131*	60,155*

* unaudited

¹ Net profit attributable to shareholders before amortization and impairment of goodwill and intangible assets (annualized as applicable) / average equity attributable to shareholders less average goodwill and intangible assets.

² Operating expenses / operating income before credit loss (expense) or recovery.

³ Change in net profit attributable to shareholders from continuing operations between current and comparison periods / net profit attributable to 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.

⁴ Net new money growth for combined wealth management businesses is calculated as the aggregate of the net new money for the period (annualized as applicable) of the business divisions Wealth Management and Wealth Management Americas / aggregate invested assets at the beginning of the period of the business divisions Wealth Management and Wealth Management Americas. Net new money and invested assets are each derived from the "Wealth Management" and "Wealth Management Americas" sections of the management report contained in the Fourth Quarter 2017 Report, under "UBS business divisions and Corporate Center", and in the Annual Report 2016, under "Financial and operating performance". Net new money growth for combined wealth management businesses is based on adjusted net new money, which excludes the negative effect on net new money in 2015 of CHF 9.9 billion in Wealth Management from UBS's balance sheet and capital optimization program.

⁵ Common equity tier 1 capital / risk-weighted assets.

⁶ Based on the Basel III framework as applicable to Swiss systemically relevant banks.

⁷ Calculated in accordance with Swiss SRB rules. From 31 December 2015 onward, the leverage ratio denominator calculation is aligned with the Basel III rules. Figures for periods prior to 31 December 2015 are calculated in accordance with former Swiss SRB rules and are therefore not fully comparable.

⁸ Total going concern capital / leverage ratio denominator.

⁹ Based on the revised Swiss SRB framework that became effective on 1 July 2016. Figures for prior periods are not available.

¹⁰ Net profit attributable to shareholders (annualized as applicable) / average equity attributable to shareholders.

¹¹ Operating income before credit loss (annualized as applicable) / average fully applied risk-weighted assets. Figures as of 31 December 2015 and 31 December 2014 were derived from the UBS Group 2016 Form 20-F and do not correspond to the figures contained in the UBS Group 2015 Form 20-F, which were calculated based on phase-in risk-weighted assets.

¹² Operating income before credit loss (annualized as applicable) / average fully applied leverage ratio denominator. From 31 December 2015 onward, the leverage ratio denominator calculation is aligned with the Basel III rules. For periods prior to 31 December 2015 the leverage ratio denominator is calculated in accordance with former Swiss SRB rules. Therefore the figures for the periods ended on 31 December 2015 and 31 December 2014 are not presented as they are not available on a fully comparable basis.

¹³ Includes invested assets for Personal & Corporate Banking. The figures as of 31 December 2016, 31 December 2015 and 31 December 2014 reflect a correction of CHF 12 billion, CHF 11 billion and CHF 11 billion, respectively. The corrected figures for invested assets, therefore, are unaudited.

Key performance indicators and additional information on profitability – definitions and reason for use		
Key performance indicator, additional information on profitability	Definition	Reason for use
Return on tangible equity	Net profit attributable to shareholders before amortization and impairment of goodwill and intangible assets (annualized as	This metric is used because it provides information on the profitability of the business in relation to tangible equity.

		applicable) divided by average equity attributable to shareholders less average goodwill and intangible assets	
	Cost / income ratio	Operating expenses divided by operating income before credit loss (expense) or recovery	This metric is used to provide information on the efficiency of the business by comparing operating expenses with gross income.
	Net profit growth	Change in net profit attributable to shareholders from continuing operations between current and comparison periods divided by net profit attributable to shareholders from continuing operations of comparison period	This profitability metric provides information on profit growth in comparison with prior period.
	Net new money growth for combined wealth management business	Net new money for combined wealth management businesses for the period (annualized as applicable) divided by invested assets at the beginning of the period	This growth metric is used to provide information on the wealth management business growth by comparing net new money intakes during the reporting period with invested assets at the beginning of the period.
	Return on equity (RoE) (%)	Net profit attributable to shareholders (annualized as applicable) divided by average equity attributable to shareholders	This metric is used because it provides information on the profitability of the business in relation to equity.
	Return on risk-weighted assets, gross (%)	Operating income before credit loss (annualized as applicable) divided by average fully applied risk-weighted assets	This metric is used because it provides information on the profitability of the business in relation to risk-weighted assets.
	Return on leverage ratio denominator, gross (%)	Operating income before credit loss (annualized as applicable) divided by average fully applied leverage ratio denominator	This metric is used because it provides information on the profitability of the business in relation to leverage ratio denominator.
	Material adverse change statement.	There has been no material adverse change in the prospects of UBS AG or UBS AG Group since 31 December 2016.	
	Significant changes statement.	There has been no significant change in the financial or trading position of UBS AG or UBS AG Group since 31 December 2017, which is the end of the last financial period for which financial information has been published.	

In Element B.15, the first paragraph is replaced completely. Consequently, Element B.15 reads as follows:

B.15	Issuer's principal activities.	<p>UBS AG with its subsidiaries provides financial advice and solutions to private, institutional and corporate clients worldwide, as well as private clients in Switzerland. The operational structure of the Group is comprised of the Corporate Center and the business divisions Global Wealth Management, Personal & Corporate Banking, Asset Management and the Investment Bank. UBS's strategy is centered on its, in its own view, leading wealth management business and its premier universal bank in Switzerland, which are enhanced by Asset Management and the Investment Bank. UBS focuses on businesses that, in its opinion, have a strong competitive position in their targeted markets, are capital efficient, and have an attractive long-term structural growth or profitability outlook.</p> <p>According to article 2 of the articles of association of UBS AG dated 4 May 2016 ("Articles of Association"), the purpose of UBS AG is the operation of a bank. Its scope of operations extends to all types of banking, financial, advisory, trading and service activities in Switzerland and abroad. UBS AG may establish branches and representative offices as well as banks, finance companies and other enterprises of any kind in Switzerland and abroad, hold equity interests in these companies, and conduct their management. UBS AG is authorized to acquire, mortgage and sell real estate and building rights in Switzerland and abroad. UBS AG may borrow and invest money on the capital markets. UBS AG is part of the group of companies controlled by the group parent company UBS Group AG. It may promote the interests of the</p>
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		group parent company or other group companies. It may provide loans, guarantees and other kinds of financing and security for group companies.
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b) In the section headed "Section D – Risks"

In the Element [D.3] [D.6], in the subsection "General risks related to the Securities" the risk factor entitled "The Conditions of the Securities do not contain any restrictions on the Issuer's or UBS's ability to restructure its business" is completely replaced as follows:

"The Conditions of the Securities do not contain any restrictions on the Issuer's or UBS's ability to restructure its business

The Conditions of the Securities contain no restrictions on change of control events or structural changes, such as consolidations or mergers or demergers of the Issuer or the sale, assignment, spin-off, contribution, distribution, transfer or other disposal of all or any portion of the Issuer's or its subsidiaries' properties or assets in connection with the announced changes to its legal structure or otherwise and no event of default, requirement to repurchase the Securities or other event will be triggered under the Conditions of the Securities as a result of such changes. There is the risk that such changes, should they occur, would adversely affect the credit rating of the Issuer and/or increase the likelihood of the occurrence of an event of default. Such changes, should they occur, may adversely affect the Issuer's ability to redeem or pay interest on the Securities and/or lead to circumstances in which the Issuer may elect to cancel such interest (if applicable)."

- 3) In relation to the Base Prospectus for Certificates, Notes or Warrants of UBS AG, [London] [Jersey] [Branch] dated 21 June 2017 in the section headed "B. Summary of the Base Prospectus (in the Swedish language)" the following changes shall be made:

a) **In the section headed "Avsnitt B – Emittent":**

Element B.4b is completely replaced as follows:

B.4b	En beskrivning av varje känd trend som påverkar emittenten eller de branscher där emittenten är verksam.	<p>Information om trender</p> <p>Som beskrivs i UBS rapport för det fjärde kvartalet 2017, publicerad den 22 januari 2018 ("Rapport för Fjärde Kvartalet 2017"), har UBS förväntningar på att investerarnas ökade förtroende och de makroekonomiska utvecklingar som observerats under 2017, samt normala säsongsbundna faktorer, ska fortsätta ge fördelar åt UBS globala verksamheter Wealth Management. Den låga marknadsvolatiliteten kvarstår dock troligen på kort sikt, vilket särskilt påverkar institutionella kunders aktivitetsnivåer. Den positiva effekten av stigande ränta på USA-dollar på nettoräntemarginalerna begränsas av fortsatt låga och negativa räntesatser i Schweiz och euroområdet. Geopolitiska faktorer utgör även fortsatt en risk. Implementering av de nyligen beslutade ändringarna av kapitalstandarderna Basel III kommer att leda till ökade kapitalkrav och kostnader. UBS är väl positionerat för att anta dessa utmaningar och dämpa deras inverkan på övergripande resultat och lönsamhet genom att iaktta kostnadsdisciplin samtidigt som man investerar i sina verksamheter och sin infrastruktur. Genom att fortsätta att genomföra sin strategi på ett disciplinerat sätt har UBS möjlighet att dra fördel av eventuella ytterligare förbättringar av marknadsvillkoren.</p>
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Element B.5 is completely replaced as follows:

B.5	Beskrivning av koncernen och emittentens plats inom koncernen.	<p>UBS AG är en schweizisk bank och moderbolaget till UBS AG-koncernen. Det ägs till 100 % av UBS Group AG, som är holdingbolaget för UBS-koncernen. UBS bedrivs som en koncern med fyra affärsdivisioner (Global Wealth Management, Personal & Corporate Banking, Asset Management och Investment Bank) samt ett Corporate Center.</p> <p>Sedan 2014 har UBS vidtagit en rad åtgärder för att förbättra Koncernens förmåga till avveckling för att möta kraven i Schweiz och andra länder där Koncernen är verksam, avseende företag som anses för stora för att tillåtas fallera.</p> <p>I december 2014 avslutade UBS Group AG ett utbyteserbjudande för aktierna i UBS AG och etablerade UBS Group AG som holdingbolag för UBS Group. Under 2015 genomförde UBS Group AG ett domstolsförfarande enligt lagen för den schweiziska börsen (the Swiss Stock Exchange and Securities Trading Act) som resulterade i ett ogiltigförklarande av aktierna som ägdes av de kvarvarande minoritetsaktieägarna i UBS AG. Som ett resultat äger UBS Group AG nu 100 % av de utestående aktierna i UBS AG.</p> <p>I juni 2015 överförde UBS AG sin verksamhet inom Personal & Corporate Banking och Wealth Management, som bokförs i Schweiz, till UBS Switzerland AG, ett bankdotterföretag till UBS AG i Schweiz. År 2015 avslutade UBS även genomförandet av en mer självförsörjande affärs- och verksamhetsmodell för UBS Limited, dess investeringsdotterföretag i Storbritannien, och etablerade UBS Business Solutions AG som ett direkt dotterföretag till UBS Group AG, för att agera som koncernens serviceföretag. Syftet med serviceföretagsstrukturen är att förbättra Koncernens förmåga till avveckling genom att möjliggöra för UBS att bibehålla operationell kontinuitet av kritiska tjänster om en</p>
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		<p>rekonstruktions- eller awecklingshändelse skulle inträffa.</p> <p>Under den andra halvan av 2015, överförde UBS ägande för majoriteten av dess nuvarande servicedotterbolag utanför USA till UBS Business Solutions AG. Per den 1 januari 2017 har UBS genomfört överföringen av medarbetare inom delade tjänster i USA till det amerikanska serviceföretaget UBS Business Solutions US LLC, ett dotterbolag till UBS AG. UBS överförde delade tjänstefunktioner i Schweiz och Storbritannien från UBS AG till UBS Business Solutions AG under det andra respektive fjärde kvartalet 2017.</p> <p>Per den 1 juli 2016 utsågs UBS Americas Holding LLC till mellanliggande holdingbolag för dess dotterföretag i USA, vilket krävs i de utökade reglerna rörande stabilitetstillsyn i enlighet med Dodd-Frank Act. UBS Americas Holding LLC äger alla UBS dotterföretag i USA, och lyder under amerikansk rätt avseende kapitalkrav, krav på företagsstyrning och annan stabilitetsreglering.</p> <p>UBS överförde majoriteten av de rörelsedrivande dotterföretagen inom Asset Management AG under år 2016. Vidare slogs UBS dotterbolag för förmögenhetsförvaltning i Italien, Luxemburg (inklusive dess filialer i Österrike, Danmark och Sverige), Nederländerna och Spanien ihop till UBS Deutschland AG, som döptes om till UBS Europe SE, för att etablera UBS nya europeiska juridiska enhet, med huvudkontor i Frankfurt, Tyskland.</p> <p>UBS fortsätter att överväga ytterligare förändringar beträffande Koncernens juridiska struktur för att möta regulatoriska krav och andra externa utvecklingar, inklusive Storbritanniens förväntade utträde ur den Europeiska Unionen. Sådana förändringar kan inkludera överföringen av rörelsedrivande dotterföretag till UBS AG till att bli direkta dotterföretag till UBS Group AG, ytterligare konsolidering av rörelsedrivande dotterföretag i EU och justeringar beträffande bokförande enhet eller placeringen av produkter och tjänster. Dessa strukturella förändringar har diskuterats löpande med schweiziska tillsynsmyndigheten för finansmarknaden FINMA ("FINMA") och andra tillsynsmyndigheter och förblir föremål för ett antal osäkerheter som kan påverka deras genomförbarhet, omfattning eller tidsplan.</p>
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Element B.12 is completely replaced as follows:

B.12	<p>Utvald historisk finansiell nyckelinformation / Uttalande om väsentliga negativa förändringar / Uttalande om väsentliga förändringar.</p>	<p>UBS AG erhöll utvald konsoliderad finansiell information, inkluderad i tabellen nedan för åren som slutade 31 december 2016, 2015 och 2014, förutom där det anges från Årsredovisningen för 2016, vilken innehåller de reviderade konsoliderade finansiella räkenskaperna för UBS AG, liksom ytterligare oreviderad konsoliderad finansiell information, för året som slutade den 31 december 2016 och jämförelsesiffror för åren som slutade den 31 december 2015 och 2014. Den utvalda konsoliderade finansiella informationen i tabellen nedan för året som slutade den 31 december 2017 härleddes från Rapporten för Fjärde Kvartalet 2017, som innehåller UBS AG:s konsoliderade finansiella information (oreviderad).</p> <p>De konsoliderade finansiella räkenskaperna, för åren som slutade 31 december 2016, 31 december 2015 och 31 december 2014, har tagits fram i enlighet med International Financial Reporting Standards ("IFRS"), utfärdade av International Accounting Standards Board ("IASB"), och anges i schweiziska franc ("CHF"). UBS AG har inte slutfört sin årsrapport för 2017 och dess oberoende registrerade revisionsbyrå har inte slutfört sin granskning av de konsoliderade finansiella räkenskaperna för perioden. Därmed är den finansiella informationen från UBS AG som finns i Rapporten för Fjärde Kvartalet 2017 föremål för årsslutsprocesser som kan resultera i ändringar av den informationen.</p> <p>Information för åren som slutade 31 december 2016, 2015 och 2014 vilken</p>
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	<p>indikeras som oreviderad i tabellen nedan, inkluderades i Årsredovisningen för 2016 men har inte reviderats på grund av att de respektive beskrivningarna inte krävs enligt IFRS och därför inte utgör del av de reviderade finansiella räkenskaperna.</p> <p>Koncernen och affärsdivisionerna hanteras med utgångspunkt i viktiga nyckeltal, vilka identifierar finansiella indikatorer för vinst och tillväxt, inom ramen för sunda risk- och kapitalhanteringsmål. Vid fastställandet av variabeln kompensation tas både Koncernens och affärsdivisionens viktiga resultatindikatorer med i beräkningen. UBS AG granskar regelbundet nyckeltalen, och beaktar företagets strategi och marknadsmiljö i vilket företaget är verksamt. Viktiga nyckeltal ingår i UBS AG:s kvartalsmässiga och årliga rapportering för att tillåta jämförelse av företagets resultat över rapporteringsperioderna. Företagets viktiga nyckeltal har utformats för att utvärderas över bestämda cykler och följer vissa säsongsmönster. Se fotnoterna till tabellen nedan för definitioner av informationen under rubrikerna "Nyckeltal" och "Ytterligare information – Lönsamhet" i tabellen nedan. Dessutom innehåller tabellen "Nyckeltal och ytterligare information om lönsamhet – definitioner och skäl till användning" nedan en beskrivning av varje nyckeltal och skälet till varför det används, förutom dem som ingår i enlighet med tillämplig lagstiftning, samt ytterligare information om lönsamhet.</p>
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	Per eller för året som slutade	Per eller för året som slutade		
CHF miljoner, förutom där indikerat	31.12.2017	31.12.16	31.12.15	31.12.14
	Oreviderat	Reviderat, förutom där indikerat		
Resultat				
Rörelseintäkter	29 479	28 421	30 605	28 026
Rörelsekostnader	24 339	24 352	25 198	25 557
Rörelsevinst / (förlust) före skatt	5 140	4 069	5 407	2 469
Nettovinst / (förlust) hänförlig till UBS AG aktieägare	958	3 207	6 235	3 502
Viktiga resultatindikatorer				
Lönsamhet				
Avkastning på synligt eget kapital (%) ¹	2,2	6,9*	13,5*	8,2*
Kostnads / intäktsrelation (%) ²	82,2	85,6*	82,0*	90,9*
Tillväxt				
Nettovinsttillväxt (%) ³	(70,1)	(48,6)*	78,0*	10,4*
Nettotillväxt av nya medel för kombinerade verksamheter inom Wealth Managements-verksamheten (%) ⁴	2,1	2,1*	2,2*	2,5*
Resurser				
Primärkapitalrelation (Common equity tier 1 capital ratio) (fullt tillämpad, %) ^{5,6}	14,1	14,5*	15,4*	14,2*
Primärkapital (Common equity tier 1 capital) (infasad, %) ⁷	3,8	3,7*	3,6*	3,1*
Hantering av bruttosoliditet (fullt tillämpad, %) ^{8,9}	4,2	4,2*	-	-
Ytterligare information				
Lönsamhet				
Avkastning på eget kapital (RoE) (%) ¹⁰	1,8	5,9*	11,7*	7,0*
Avkastning på riskvägda tillgångar, brutto (%) ¹¹	12,8	13,2*	14,3*	12,6*
Avkastning på hävstångsrelationsnämnan, brutto (%) ¹²	3,4	3,2*	-	-

Resurser				
Totala tillgångar	916 334	935 353	943 256	1 062 327
Eget kapital hänförligt till aktieägare	50 830	53 662	55 248	52 108
Primärkapital (Common equity tier 1 capital) (fullt tillämpad) ⁶	33 393	32 447	32 042	30 805
Primärkapital (Common equity tier 1 capital) (infasad) ⁶	36 186	39 474	41 516	44 090
Riskvägda tillgångar (fullt tillämpad) ⁶	236 606	223 232*	208 186*	217 158*
Primärkapitalrelation (Common equity tier 1 capital ratio) (infasad, %) ^{5, 6}	15,2	17,5*	19,5*	19,9*
Kapitalrelation enligt going concern (fullt tillämpad, %) ⁹	15,7	16,3*	-	-
Kapitalrelation enligt "going concern" (infasad, %) ⁹	19,6	22,6*	-	-
Kapitalrelation enligt koncernförlust (fullt tillämpad, %) ⁹	15,8	13,3*	-	-
Hävstångsrelationsnämndare (fullt tillämpad) ⁷	887 189	870 942*	898 251*	999 124*
Hävstångsrelation enligt "going concern" (infasad, %) ^{8, 9}	5,2	5,8*	-	-
Kapitalrelation enligt going concern (fullt tillämpad, %) ⁹	4,2	3,4*	-	-
Övrigt				
Investerade tillgångar (CHF miljarder) ¹³	3 179	2 810*	2 678*	2 723*
Anställda (motsvarande heltidstjänster)	46 009	56 208*	58 131*	60 155*

* oreviderat

¹ Nettovinst hänförlig till aktieägare före nedskrivningar och reserveringar av goodwill och immateriella tillgångar (på årsbasis där tillämpligt) / genomsnittligt eget kapital hänförligt till aktieägare minskat med genomsnittlig goodwill och immateriella tillgångar.

² Rörelseutgifter/rörelseintäkter före kreditförlust (utgift) eller återvinning.

³ Förändring i nettovinst hänförlig till aktieägare från fortsatt bedrivna verksamheter mellan innevarande och jämförelseperioder/nettovinst hänförlig till aktieägare från fortsatt bedrivna verksamheter under jämförelseperiod. Ej meningsfullt och ej inkluderat om antingen rapporteringsperioden eller jämförelseperioden är en förlustperiod.

⁴ Nettotillväxt för nya medel för kombinerade Wealth Managements-verksamheter beräknas som sammanlagda nya medel för perioden (på årsbasis där tillämpligt) för divisionerna Wealth Management och Wealth Management Americas / sammanlagda investerade tillgångar vid början av perioden för divisionerna Wealth Management och Wealth Management Americas. Netto nya medel och investerade tillgångar hämtas var och en från avsnittet "Wealth Management" och "Wealth Management Americas" i rapporten som ingår i Rapporten för Fjärde Kvartalet 2017 under avsnittet om UBS verksamhetsdivisioner och företagscenter, samt i Årsredovisningen för 2016 under avsnittet "Ekonomiska resultat och verksamhetsresultat". Nettotillväxt för nya medel för de kombinerade Wealth Management-verksamheterna baseras på justerat netto av nya pengar, vilket exkluderar den negativa effekten på netto av nya pengar 2015 på CHF 9,9 miljarder inom Wealth Management från UBS:s program avseende balansräknings- och kapitaloptimering.

⁵ Primärkapital (Common equity tier 1 capital) /riskvägda tillgångar.

⁶ Baserat på Basel III-regelverket så som detta tillämpas på schweiziska systemviktiga banker (SRB).

⁷ Beräknad i enlighet med schweiziska SRB-regler. Från och med 31 december 2015 är beräkningen av hävstångsrelationsnämndaren fullt lierad med Basel III-reglerna. Siffror för perioder före 31 december 2015 har beräknats i enlighet med tidigare schweiziska SRB-regler och är därför inte fullt jämförbara.

⁸ Total kapital/hävstångsdenominator enligt going concern.

⁹ Baserat på de reviderade schweiziska SRB-regler som började tillämpas från den 1 juli 2016. Siffror för tidigare perioder är inte tillgängliga.

¹⁰ Nettovinst hänförlig till aktieägares profit (på årsbasis där tillämpligt)/genomsnittligt eget kapital hänförligt till aktieägare.

¹¹ Operativ inkomst före kreditförlust (på årsbasis där tillämpligt)/genomsnittliga fullt tillämpade riskvägda tillgångar. Siffror för 31 december 2015 och 31 december 2014, hämtades från UBS-koncernen 2016 formulär 20-F och motsvarar inte siffrorna som finns i UBS-koncernens 2015 formulär 20-F, som beräknades på basis av infasade riskvägda tillgångar.

¹² Operativ inkomst före kreditförlust (på årsbasis där tillämpligt)/genomsnittligt fullt tillämpad hävstångsrelationsnämndare. Från och med 31 december 2015 är beräkningen av hävstångsrelationsnämndaren fullt lierad med Basel III-reglerna. För perioder innan 31 december 2015 är hävstångsrelationsnämndaren beräknad i enlighet med tidigare schweiziska SRB-regler. Därför presenteras inte siffrorna för perioder som avslutats 31 december 2015 och 31 december 2014 då de inte är tillgängliga på en fullt jämförbar basis.

¹³ Inkluderar investerade tillgångar inom Personal & Corporate Banking. Siffrorna per den 31 december 2016, 31 december 2015 och 31 december 2014 avspeglar korrekationer på 12 miljarder CHF, 11 miljarder CHF resp. 11 miljarder CHF. Korrigerade siffror för investerade tillgångar är därför oreviderade.

Nyckeltal och ytterligare information om lönsamhet – definition och skäl för användning		
Nyckeltal, ytterligare information om lönsamhet	Definition	Skäl för användning
Avkastning på synligt eget kapital	Nettovinst hänförlig till aktieägare före nedskrivningar och reserveringar av goodwill	Detta mått används eftersom det tillhandahåller information om verksamhetens lönsamhet i förhållande till materiellt kapital.

	och immateriella tillgångar (på årsbasis där tillämpligt) delat med genomsnittligt eget kapital hänförligt till aktieägare minskat med genomsnittlig goodwill och immateriella tillgångar	
Kostnads / intäktsrelation	Rörelseutgifter delat med rörelseintäkter före kreditförlust (utgift) eller återvinning	Detta mått används för att tillhandahålla information om företagets effektivitet genom att jämföra rörelseutgifter med bruttointäkt.
Nettovinsttillväxt	Förändring i nettovinst hänförlig till aktieägare från fortsatt bedrivna verksamheter mellan innevarande och jämförelseperioder delat med nettovinst hänförlig till aktieägare från fortsatt bedrivna verksamheter under jämförelseperiod	Detta lönsamhetsmått tillhandahåller information om vinsttillväxt i relation till tidigare period.
Nettotillväxt nya medel för kombinerade verksamheter inom förmögenhetsförvaltning	Netto av nya pengar för kombinerad hälsoförvaltning för perioden (årsbasis om möjligt) delat på investerade tillgångar i början av perioden.	Detta tillväxtmått används för att tillhandahålla information om tillväxt av förmögenhetsförvaltning genom att jämföra netto nya pengainflöden under rapporteringsperioden med investerade tillgångar i periodens början.
Avkastning på eget kapital (RoE) (%)	Nettovinst hänförlig till aktieägares profit (på årsbasis där tillämpligt) delat med genomsnittligt eget kapital hänförligt till aktieägare	Detta mått används eftersom det tillhandahåller information om verksamhetens lönsamhet i förhållande till kapital.
Avkastning på riskvägda tillgångar, brutto (%)	Rörelseintäkter före kreditförlust (på årsbasis där tillämpligt) delat med genomsnittliga fullt tillämpade riskvägda tillgångar	Detta mått används eftersom det tillhandahåller information om verksamhetens lönsamhet i förhållande till riskvägda tillgångar.
Avkastning på hävstångsrelationsnämna, brutto (%)	Rörelseintäkter före kreditförlust (på årsbasis där tillämpligt) delat med genomsnittligt fullt tillämpad hävstångsrelationsnämna	Detta mått används eftersom det tillhandahåller information om verksamhetens lönsamhet i förhållande till hävstångsrelationsnämnan.
	Uttalande om väsentliga negativa förändringar.	Det har inte inträffat någon väsentlig negativ förändring i framtidsutsikterna för UBS AG eller UBS AG-koncernen sedan den 31 december 2016.
	Uttalande om väsentliga förändringar.	Det har inte inträffat någon väsentlig förändring i den finansiella positionen eller handelspositionen för UBS AG eller UBS AG-koncernen sedan den 31 december 2017, vilket är slutet på den senaste finansiella perioden för vilken finansiell information har publicerats.

In Element B.15, the first paragraph is replaced completely. Consequently, Element B.15 reads as follows:

B.15	Emittentens huvudsakliga verksamhet.	UBS AG och dess dotterbolag tillhandahåller finansiell rådgivning och lösningar till privata, institutionella och företagskunder i hela världen, likväl som till privata kunder i Schweiz. Koncernens struktur består av Corporate Center och divisionerna Global Wealth Management, Personal & Corporate Banking, Asset Management och Investment Bank. UBS:s strategi centreras på sin, enligt dem, ledande verksamhet inom förmögenhetsförvaltning och universella premierbank i Schweiz som utökas av Asset Management och Investment Bank. UBS fokuserar på företag som, enligt dem, har en stark konkurrensposition på sin marknad, är kapitaleffektiva och har en attraktiv långsiktig struktur tillväxt eller lönsamhetsprognos.
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		<p>Enligt Artikel 2 i Bolagsordningen för UBS AG, daterad den 4 maj 2016 ("Bolagsordningen") är verksamhetsföremålet för UBS AG att bedriva bankverksamhet. Dess verksamhet sträcker sig över alla typer av banktjänster, finansiella tjänster, rådgivningstjänster och handelsaktiviteter i Schweiz och utomlands. UBS AG 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, inteckna och sälja fast egendom och byggrätter i Schweiz och utomlands. UBS AG kan låna och investera på penning- och kapitalmarknader. UBS AG ingår i den företagskoncern som styrs av moderföretaget UBS Group AG. Det kan verka till fördel för koncernens moderföretag eller andra koncernföretag. Det kan tillhandahålla lån, garantier och andra former av finansiering och säkerheter för koncernföretagen.</p>
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b) In the section headed "Avsnitt D – Risker"

In the Element [D.3] [D.6], in the subsection "General risks related to the Securities" the risk factor entitled "The Conditions of the Securities do not contain any restrictions on the Issuer's or UBS's ability to restructure its business" is completely replaced as follows:

"Villkoren för Värdepapperen innehåller inte några begränsningar för Emittentens eller UBS förmåga att omorganisera sin verksamhet"

Villkoren för Värdepapperen innehåller inte några begränsningar avseende förändrad ägarkontroll eller strukturella förändringar, såsom sammanslagningar eller fusioner eller avyttranden avseende Emittenten, eller försäljning, överlåtelse, avknoppning, tillskjutande, utdelning, överföring eller annan disposition avseende all eller någon del av Emittentens eller dess dotterföretags egendomar eller tillgångar i samband med de tillkännagivna ändringarna avseende dess juridiska struktur eller något annat, och aktiverar ingen uppsägningsgrundande händelse, skyldighet att återköpa Värdepapperen eller någon annan händelse under Villkoren för Värdepapperen till följd av sådana ändringar. Det finns en risk att sådana förändringar, om de inträffar, skulle ha en negativ inverkan på kreditvärdighetsbetygen för Emittenten och/eller öka sannolikheten för att en uppsägningsgrundande händelse inträffar. Om sådana förändringar skulle inträffa kunde de ha en negativ inverkan på Emittentens förmåga att inlösa eller betala ränta på Värdepapperen och/eller leda till omständigheter under vilka Emittenten kunde välja att annullera sådan ränta (om tillämpligt)."

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The Base Prospectus for Certificates, Notes or Warrants of UBS AG, [London] [Jersey] [Branch] dated 21 June 2017 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 (<http://keyinvest-eu.ubs.com/base-prospectus>, or any successor address notified by the Issuer to the Securityholders for this purpose by way of publication on (www.ubs.com/keyinvest).

In addition, the annual reports and quarterly result materials of UBS Group AG and UBS AG are published on UBS's website, at (<http://ubs.com/investors> or a successor address notified by the Issuer to the Securityholders for this purpose by way of publication on (www.ubs.com).

Zurich, 27 February 2018

UBS AG