

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

Dated 4 March 2019 to the Base Prospectus of UBS AG, [London] [Jersey] [Branch], dated 12 October 2018,

in relation to Securities.

The Base Prospectus was approved and registered by the Swedish Financial Supervisory Authority ("**SFSA**"). Registration number at the SFSA is 18-17595. This Supplement is a part of the Base Prospectus and shall be read in conjunction with the Base Prospectus and the previous supplement.

Supplement No. 1 was approved by the SFSA on 4 December 2018. The Supplement was published by UBS AG on 4 December 2018. Registration number at the SFSA is 18-21426.

This Supplement No. 2 was approved by the SFSA on 4 March 2019. This Supplement was published by UBS AG on 4 March 2019. Registration number at the SFSA is 19-4295.

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

Publication of the fourth quarter 2018 financial report as per 31 December 2018 of UBS Group AG on 22 January 2019 which also contains information on UBS AG consolidated, the announcement of UBS Group AG and UBS AG on 20 February 2019 to appeal the judgment of the French trial court in cross-border matter which was issued on the same day, and the announcement of upcoming changes to the UBS Board of Directors published on 25 February 2019.

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

Updated information	Updated sections
Information regarding UBS AG has been updated pursuant to the above-mentioned fourth quarter financial report of UBS Group AG	<p>Certain parts in the sections "C. Risk Factors, 1. Issuer specific Risks" and "C. Risk Factors, 2. Security specific Risks".</p> <p>The following subsections in the section "I. Information about UBS AG": "1. General Information on UBS AG", "2. Business Overview, Corporate Center" "2. Business Overview, Recent Developments", "3. Organisational Structure of the Issuer", "4. Trend Information", "7. Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses, Interim Financial Information", "8. Litigation, Regulatory and Similar Matters", "9. Significant Changes in the Financial or Trading Position; Material Adverse Change in Prospects".</p> <p>The section "L. General Information, 7. Documents incorporated by Reference"</p> <p>The information in Elements B.4b, B.5, and B.12 of the Summary.</p>
Information regarding UBS AG has been updated pursuant to the above-mentioned judgment of the French trial court	<p>The following subsections in the section "I. Information about UBS AG": "2. Business Overview, Recent Developments, 2. Accounting, regulatory and legal developments, paragraph "UBS will appeal French court's judgment in cross-border matter" "8. Litigation, Regulatory and Similar Matters, 1. Inquiries regarding cross-border wealth management businesses"</p>
Information regarding UBS AG has been updated pursuant to the above-mentioned announcement regarding upcoming changes in the Board of Directors	"I. Information about UBS AG, 5. Administrative, Management and Supervisory Bodies of UBS AG, Members of the Board of Directors": introductory paragraph
Other updated information:	
Updates in relation to the members of the Board of Directors and the Executive Board	"I. Information about UBS AG, 5. Administrative, Management and Supervisory Bodies of UBS AG, Members of the Board of Directors",

	"1. Information about UBS AG, 5. Administrative, Management and Supervisory Bodies of UBS AG, Members of the Executive Board"
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The attention of the investors is in particular drawn to the following: Investors who have already agreed to purchase or subscribe for the Securities 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 6 March 2019. 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 "C. RISK FACTORS" the following changes are made:

In the section "1. Issuer specific Risks" the paragraph headed "Market conditions and fluctuations may have a detrimental effect on UBS's profitability, capital strength, liquidity and funding position" is completely replaced as follows:

"Market conditions and fluctuations may have a detrimental effect on UBS's profitability, capital strength, liquidity and funding position

Low and negative interest rates in Switzerland and the eurozone have negatively affected UBS's net interest income: A continuing low or negative interest rate environment may further erode interest margins and adversely affect the net interest income generated by the Personal & Corporate Banking and Global Wealth Management businesses. UBS's performance is also affected by the cost of maintaining the high-quality liquid assets ("**HQLA**") required to cover regulatory outflow assumptions embedded in the liquidity coverage ratio ("**LCR**").

The Swiss National Bank permits Swiss banks to make deposits up to a threshold at zero interest. Any reduction in or limitations on the use of this exemption from the otherwise applicable negative interest rates could exacerbate the effect of negative interest rates in Switzerland. Low and negative interest rates may also affect customer behaviour and hence UBS's overall balance sheet structure. Mitigating actions that UBS has taken, or may take in the future, such as the introduction of selective deposit fees or minimum lending rates, have resulted and may further result in the loss of customer deposits, a key source of funding for UBS, net new money outflows and / or a declining market share in UBS's domestic lending business.

UBS's equity and capital are also affected by changes in interest rates. In particular, the calculation of UBS's Swiss pension plan net defined benefit assets and liabilities is sensitive to the discount rate applied. Any further reduction in interest rates may lower the discount rates and result in pension plan deficits due to the long duration of corresponding liabilities. This would lead to a corresponding reduction in UBS's equity and fully applied common equity tier 1 ("**CET1**") capital.

UBS is subject to risk from currency fluctuations: Effective from 1 October 2018, the functional currency of UBS Group AG and UBS AG's Head Office in Switzerland changed from Swiss francs to US dollars and that of UBS AG's London Branch from British pounds to US dollars, in compliance with the requirements of International Accounting Standard (IAS) 21, "*The Effects of Changes in Foreign Exchange Rates*". The presentation currency of UBS Group AG's consolidated financial information, beginning with the Fourth Quarter 2018 Report, has changed from Swiss francs to US dollars to align with the functional currency changes of significant group entities. However, a substantial portion of its assets, liabilities, invested assets, revenues and expenses, equity of foreign operations and risk-weighted assets ("**RWA**") are denominated in Swiss francs, euros, British pounds and in other currencies. Accordingly, changes in exchange rates may adversely affect UBS's profits, balance sheet, including deferred tax assets, and capital, leverage and liquidity ratios.

In order to hedge UBS's CET1 capital ratio, CET1 capital needs to have foreign currency exposure, leading to currency sensitivity of CET1 capital. As a consequence, it is not possible to simultaneously fully hedge both the amount of capital and the capital ratio.

Following these changes, UBS continues to be subject to risk from currency fluctuations."

In the section "1. Issuer specific Risks" in the paragraph headed "Substantial changes in the regulation of UBS's businesses may adversely affect its business and UBS's ability to execute its strategic plans" the fourth paragraph is completely replaced as follows:

"UBS expects increases in its RWA from changes in methodology, add-ons in the calculation of RWA and other changes in 2019. Changes to international capital standards for banks recently adopted by the Basel Committee on Banking Supervision are expected to further increase UBS's RWA when the standards are scheduled to become effective in 2022. UBS also expects that it will incur significant costs to implement the proposed changes."

In the section "1. Issuer specific Risks" the paragraph headed "UK withdrawal from the EU" is completely replaced as follows:

"UK withdrawal from the EU

UBS continues to prepare for the UK withdrawal from the EU in the expectation that the UK will leave the EU at the end of March 2019. UBS's plans are intended to ensure that it can continue to serve its clients (including in the event the UK leaves the EU without a binding withdrawal agreement). As the expected effective date of the UK's exit approaches, it appears increasingly likely that any transition arrangements may be significantly limited in scope and may only be agreed upon close to the exit date, if at all.

UBS expects to complete the previously announced combined UK business transfer and cross-border merger of UBS Limited into UBS Europe SE on 1 March 2019, or shortly thereafter. Clients and other counterparties of UBS Limited who can be serviced by UBS AG's London Branch were generally migrated to UBS AG's London Branch in the fourth quarter of 2018.

The EC has adopted an equivalence decision that will permit UK authorized central counterparties ("CCPs") to continue to provide clearing services in the EU for one year in a no-deal scenario. This would allow UBS to maintain derivatives exposures to UK CCPs in UBS Europe SE after the business transfer and merger. UBS may vary its plans depending on developments and evolving regulatory requirements."

In the section "1. Issuer specific Risks" the paragraph headed "The effect of taxes on UBS's financial results is significantly influenced by tax law changes and reassessments of its deferred tax assets" is completely replaced as follows:

"The effect of taxes on UBS's financial results is significantly influenced by tax law changes and reassessments of its deferred tax assets

UBS's effective tax rate is highly sensitive to its performance, its expectation of future profitability and statutory tax rates. Based on prior years' tax losses, UBS has recognised deferred tax assets ("DTAs") reflecting the probable recoverable level based on future taxable profit as informed by its business plans. If UBS's performance is expected to produce diminished taxable profit in future years, particularly in the US, UBS may be required to write down all or a portion of the currently recognised DTAs through the income statement. This would have the effect of increasing its effective tax rate in the year in which any write-downs are taken. Conversely, if its performance is expected to improve, particularly in the US or the UK, UBS could potentially recognise additional DTAs as a result of that assessment. The effect of doing so would be to significantly reduce UBS's effective tax rate in years in which additional DTAs are recognized and to increase its effective tax rate in future years. UBS's effective tax rate is also sensitive to any future reductions in statutory tax rates, particularly in the US and Switzerland, which would cause the expected future tax benefit from items such as tax loss carry-forwards in the affected locations to diminish in value. This in turn would cause a write-down of the associated DTAs. For example, the reduction in the US federal corporate tax rate to 21% from 35% introduced by the US Tax Cuts and Jobs Act ("TCJA") resulted in a CHF 2.9 billion net write-down in the Group's DTAs in the fourth quarter of 2017. Changes in tax law may materially affect UBS's effective tax rate and in some cases may substantially affect the profitability of certain activities.

UBS generally revalues its DTAs in the second half of the financial year based on a reassessment of future profitability taking into account updated business plan forecasts. UBS considers the performance of its businesses and the accuracy of historical forecasts tax rates and other factors in evaluating the recoverability of UBS's DTAs, including the remaining tax loss carry-forward period and UBS's assessment of expected future taxable profits in the forecast period used for recognizing DTAs. Estimating future profitability is inherently subjective and is particularly sensitive to future economic, market and other conditions, which are difficult to predict. UBS's results in recent periods have demonstrated that changes in the recognition of DTAs can have a very significant effect on its reported results. Any future change in the manner in which UBS remeasures DTAs could impact the effective tax rate, particularly in the year in which the change is made.

UBS's full-year effective tax rate could also change if aggregate tax expenses in respect of profits from branches and subsidiaries without loss coverage differ from what is expected, or in case of changes to the forecast period used for DTA recognition purposes as part of the aforementioned reassessment of future profitability. Moreover, tax laws or the tax authorities in countries where UBS has undertaken legal structure changes may prevent the transfer of tax losses incurred in one legal entity to newly organised or reorganised subsidiaries or affiliates or may impose limitations on the utilisation of tax losses that relate to businesses formerly conducted by the transferor. Were this to occur in situations where there were also limited planning opportunities to utilise the tax losses in the originating entity, the DTAs associated with such tax losses could be written down through the income statement.

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

In the section "1. Issuer specific Risks" in the paragraph headed "Discontinuance of, or changes to, benchmark rates may require adjustments to agreements by UBS, its clients and other market participants, as well as to UBS's systems and processes" the second paragraph is completely replaced as follows:

"In December 2018, FINMA issued guidance on risks related to a potential replacement of the IBORs, outlining legal and valuation risks as well as risks related to operational readiness for supervised institutions. In the third quarter of 2018, the working group on euro risk-free rates recommended ESTER (euro short-term rate) as the replacement for EONIA (Euro OverNight Index Average), which will be prohibited by the EU Benchmark Regulation after 1 January 2020. Futures contracts referenced to the Secured Overnight Financing Rate (SOFR), the recommended successor to US dollar LIBOR, began trading on the Chicago Mercantile Exchange. The Bank of England consulted on the development of Term SONIA (Sterling Overnight Index Average) Reference Rates, which are expected to become available in the second half of 2019. The International Swaps and Derivatives Association, as part of an FCA mandate, consulted on preferred options for LIBOR transition fallbacks for derivatives. The FCA and the Prudential Regulation Authority have written to the CEOs of banks and insurance companies in the UK, including UBS, seeking assurance that senior managers and boards understand the risks associated with the transition away from IBOR and are taking appropriate preparatory action to transition to alternative rates before the end of 2021. In July 2018, the International Swaps and Derivatives Association launched a market-wide consultation on technical issues related to new benchmark fallbacks for derivatives contracts that reference certain IBORs."

In the section "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 as follows:

"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

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

In 2015, UBS AG transferred its Personal & Corporate Banking and Wealth Management businesses booked in Switzerland to the newly established UBS Switzerland AG, a banking subsidiary of UBS AG in Switzerland. In 2016, UBS Americas Holding LLC was designated as the intermediate holding company for UBS's US subsidiaries and UBS merged its Wealth Management subsidiaries in various European countries into UBS Europe SE, UBS's German-headquartered European subsidiary. Additionally, UBS transferred the majority of Asset Management's operating subsidiaries to UBS Asset Management AG.

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

Given the anticipated withdrawal of the UK from the EU, UBS expects to complete the previously announced combined UK business transfer and cross-border merger of UBS Limited into UBS Europe SE on 1 March 2019, or shortly thereafter. Clients and other counterparties of UBS Limited who can be serviced by UBS AG's London Branch were generally migrated to UBS AG's London Branch in the fourth quarter of 2018. UBS may vary its plans depending on developments and evolving regulatory requirements.

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

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

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

"On 31 December 2018, UBS Group's common equity tier 1 ("CET1") capital ratio was 13.1%, the CET1 leverage ratio was 3.81%, the total loss-absorbing capacity ratio was

31.9% on a fully applied basis, and the total loss-absorbing capacity leverage ratio was 9.3% on a fully applied basis.¹ On the same date, invested assets stood at USD 3,101 billion, equity attributable to shareholders was USD 53,309 million and market capitalisation was USD 47,978 million. On the same date, UBS employed 66,888 people². This information has been extracted from the UBS fourth quarter 2018 report published on 22 January 2019 (the "**Fourth Quarter 2018 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 2018, UBS AG consolidated CET1 capital ratio was 13.3%, the CET1 leverage ratio was 3.87%, the total loss-absorbing capacity ratio was 31.4% on a fully applied basis, and the total loss-absorbing capacity leverage ratio was 9.1% on a fully applied basis.¹ On the same date, invested assets stood at USD 3,101 billion and equity attributable to UBS AG shareholders was USD 52,638 million. On the same date, UBS AG Group employed 47,643 people². This information has been extracted from the Fourth Quarter 2018 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."

In the section "2. Business Overview" the paragraph headed "Corporate Center" is completely replaced as follows:

"Corporate Center

Corporate Center provides services to the Group through the reporting units Corporate Center – Services and Group Asset and Liability Management ("Group ALM"). Corporate Center also includes the Non-core and Legacy Portfolio unit. Services consists of the Group Chief Operating Officer area (Group Corporate Services, Group Human Resources, Group Operations, Group Sourcing and Group Technology), Group Finance (excluding Group ALM), Group Legal, Group Risk Control, Group Communications & Branding, Group Regulatory & Governance, and UBS in 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 matching assets and liabilities within the context of the Group's liquidity, funding and capital targets and constraints. 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 manages legacy positions from businesses exited by the Investment Bank, and is overseen by a committee chaired by the Group Chief Risk Officer.

As of 1 January 2019, UBS no longer separately assesses the performance of Non-core and Legacy Portfolio, given its substantially reduced size and resource consumption. In addition, following the aforementioned changes to UBS's methodology for allocating funding costs and expenses from Corporate Center – Services and Corporate Center – Group ALM to the business divisions, the operating loss retained in Corporate Center – Services and Corporate Center – Group ALM will be significantly reduced. As a consequence and in compliance with IFRS 8, *Operating Segments*, beginning with the first quarter 2019 report, UBS will provide results for total Corporate Center only and will not separately report Group ALM and Non-core and Legacy Portfolio. Furthermore, UBS will combine Group Treasury with Group ALM and the net retained operating income from Group Treasury operations, including Group ALM, will be reported as a separate line item within Corporate Center; management's discussion and analysis for Group Treasury performance will be included in the Corporate Center section of UBS's quarterly and annual reporting."

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 2017 and of the Fourth Quarter 2018 Report, as defined herein, for more information.

² Full-time equivalents.

In the section "2. Business Overview" the paragraph 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 2017, 2016 and 2015 from the Annual Report 2017, which contains the audited consolidated financial statements of UBS AG, as well as additional unaudited consolidated financial information, for the year ended 31 December 2017 and comparative figures for the years ended 31 December 2016 and 2015. This information is as published in Swiss francs and does not reflect the change in presentation currency to US dollars and restatement of prior periods that is reflected in the Fourth Quarter 2018 Report. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

Effective from 1 October 2018, the functional currency of UBS Group AG and UBS AG's Head Office in Switzerland changed from Swiss francs to US dollars and that of UBS AG's London Branch from British pounds to US dollars, in compliance with the requirements of International Accounting Standard (IAS) 21, "*The Effects of Changes in Foreign Exchange Rates*". The presentation currency of UBS AG's consolidated financial information, beginning with the Fourth Quarter 2018 Report, also changed from Swiss francs to US dollars to align with the functional currency changes of significant group entities. The selected consolidated financial information in US dollars included in the table below for the year ended 31 December 2018 was derived from the Fourth Quarter 2018 Report, which contains unaudited interim consolidated financial information of UBS AG. The selected consolidated financial information in Swiss Francs included in the table below for the year ended 31 December 2018 was derived from the UBS fourth quarter 2018 select Swiss franc disclosures available at www.ubs.com/investors, which contains information prepared on the basis of US dollars values translated to Swiss francs. In preparing the financial information included in the Fourth Quarter 2018 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 2017, except for the changes described in "*Note 1 Basis of accounting*" in the "*Consolidated financial statements*" sections of UBS AG's first, second and third quarter 2018 reports. UBS AG has not finalized its annual report 2018 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 2018 Report is subject to completion of year-end procedures, which may result in changes to that information.

Information for the years ended 31 December 2017, 2016 and 2015 which is indicated as being unaudited in the table below was included in the Annual Report 2017, 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 2017 (to the extent indicated in the section "L. General Information – 7. Documents incorporated by Reference" of this Base Prospectus) and the Fourth Quarter 2018 Report are incorporated by reference herein.

The section "*Measurement of performance*" of the Annual Report 2017 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. Refer also to the respective footnotes for information on the definition and the reason for the use of these key performance indicators, except those disclosed in accordance with applicable legislation, and of the metrics under the heading "*Additional information - Profitability*" in the table below.

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		
	31.12.18	31.12.18	31.12.17	31.12.16	31.12.15
	<i>unaudited; USD million, except where indicated</i>	<i>unaudited; CHF million, except where indicated</i>	<i>audited, except where indicated; CHF million, except where indicated</i>		
Results					
Operating income	30,642	29,920	29,479	28,421	30,605
Operating expenses	24,802	24,235	24,481	24,352	25,198
Operating profit / (loss) before tax	5,840	5,685	4,998	4,069	5,407
Net profit / (loss) attributable to shareholders	4,488	4,372	845	3,207	6,235
Key performance indicators					
Profitability and growth					
Return on tangible equity (%) ¹	10.1	10.0	2.0*	6.9*	13.5*
Cost / income ratio (%) ²	80.6	80.7	82.7*	85.6*	82.0*
Net profit growth (%) ³	492.3	465.8	(73.7)*	(48.6)*	78.0*
Resources					
Common equity tier 1 capital ratio (%) ^{4,5}	13.3	13.3	14.0*	14.5*	15.4*
Common equity tier 1 leverage ratio (%) ⁶	3.87	3.87	3.7*	3.7*	3.6*
Going concern leverage ratio (%) ^{7,8}	4.7	4.7	4.2*	4.2*	-
Additional information					
Profitability					
Return on equity (%) ⁹	8.7	8.7	1.6*	5.9*	11.7*
Return on risk-weighted assets, gross (%) ¹⁰	12.0	12.0	12.8*	13.2*	14.3*
Return on leverage ratio denominator, gross (%) ¹¹	3.4	3.4	3.4*	3.2*	-
Resources					
Total assets	958,055	941,990	916,363	935,353	943,256
Equity attributable to shareholders	52,638	51,755	50,718	53,662	55,248
Common equity tier 1 capital ⁵	34,990	34,372	33,240	32,447	32,042
Risk-weighted assets ⁵	262,840	258,433	236,606*	223,232*	208,186*
Going concern capital ratio (%) ⁸	16.3	16.3	15.6*	16.3*	-
Total loss-absorbing capacity ratio (%) ⁸	31.4	31.4	31.4*	29.6*	-
Leverage ratio denominator ¹²	904,458	889,304	887,189*	870,942*	898,251*
Total loss-absorbing capacity leverage ratio (%) ⁸	9.1	9.1	8.4*	7.6*	-
Other					
Invested assets (in USD billion or CHF billion in the column heading) ¹³	3,101	3,049	3,179	2,810	2,678
Personnel (full-time equivalents)	47,643	47,643	46,009*	56,208*	58,131*

* 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. This metric provides information on the profitability of the business in relation to tangible equity.

² Operating expenses / operating income before credit loss (expense) or recovery. This metric provides information on the efficiency of the business by comparing operating expenses with gross income.

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. This metric provides information on profit growth in comparison with prior period.

⁴ Common equity tier 1 capital / risk-weighted assets.

⁵ Based on the Basel III framework as applicable to Swiss systemically relevant banks ("SRB").

⁶ Common equity tier 1 capital / leverage ratio denominator. From 31 December 2015 onward, the leverage ratio denominator calculation is aligned with the Basel III rules.

⁷ Total going concern capital / leverage ratio denominator.

⁸ Based on the Swiss SRB rules as of 1 January 2020 according to the revised Swiss SRB framework that became effective 1 July 2016. Figures for prior periods are not available.

⁹ Net profit attributable to shareholders (annualized as applicable) / average equity attributable to shareholders. This metric provides information on the profitability of the business in relation to equity.

¹⁰ Operating income before credit loss (annualized as applicable) / average fully applied risk-weighted assets. This metric provides information on the revenues of the business in relation to risk-weighted assets.

¹¹ 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 figure for the period ended on 31 December 2015 is not presented as it is not available on a fully comparable basis. This metric provides information on the revenues of the business in relation to leverage ratio denominator.

¹² From 31 December 2015 onward, the leverage ratio denominator calculation is aligned with the Basel III rules.

¹³ Includes invested assets for Personal & Corporate Banking.

2. Accounting, regulatory and legal developments

UBS will appeal French court's judgment in cross-border matter

The French trial court on 20 February 2019 issued its judgment on the cross-border matter finding UBS AG and UBS (France) SA guilty of illicit solicitation and laundering of the proceeds of tax fraud and assessed a penalty of EUR 3.7 billion and EUR 15 million respectively and civil damages of EUR 800 million. UBS has appealed the verdict and will evaluate whether the written decision requires any additional steps. Under French law, an appeal suspends the judgment of the trial court and leads to a transfer of the case to the Court of Appeals which then retries the case in its entirety.

Changes to UBS's functional and presentation currencies

As a consequence of many legal entity structural changes over recent years – notably the transfer of UBS's Personal & Corporate Banking and Global Wealth Management businesses booked in Switzerland from UBS AG to UBS Switzerland AG and the creation of UBS Business Solutions AG, which houses a significant portion of the employees and associated costs that were previously held in UBS AG's Head Office in Switzerland and UBS AG's London branch – there is now a concentration of US dollar-influenced and -managed business activities in UBS AG's Head Office in Switzerland and UBS AG's London Branch. In addition, from the fourth quarter of 2018, for risk management purposes UBS adopted the US dollar as its risk neutral currency and have adjusted the structural risk positions accordingly. As a result of these changes, effective from 1 October 2018, the functional currency of UBS Group AG and UBS AG's Head Office in Switzerland changed from Swiss francs to US dollars and that of UBS AG's London Branch from British pounds to US dollars, in compliance with the requirements of IAS 21, The Effects of Changes in Foreign Exchange Rates.

The presentation currency of UBS Group AG's consolidated financial information, beginning with this fourth quarter report, has changed from Swiss francs to US dollars to align with the functional currency changes of significant group entities. Prior periods have been restated for this presentation currency change. Assets, liabilities and total equity were converted to US dollars at closing exchange rates prevailing on the respective balance sheet dates, and income and expenses were translated at the respective average rates prevailing for the relevant periods. Additionally, Other income was restated to reflect releases of foreign currency translation ("FCT") gains or losses from Other comprehensive income ("OCI") to the income statement when calculated under US dollars as the presentation currency. The effect of such restatements for the first nine months of 2018 and full year 2017 was not material to these periods. The restatement of FCT balances in OCI will be provided in UBS's annual report 2018, which will be published in March 2019. UBS did not restate its Basel III capital information due to immateriality.

TBTF framework in Switzerland

In November 2018, the Swiss Federal Council adopted a revision of the Capital Adequacy Ordinance (CAO), which featured the following elements: (i) gone concern capital requirements for the three Swiss domestic systemically important banks are set at 40% of the going concern capital requirements already in force; (ii) introduction of a risk-weighting approach for the treatment of systemically important banks' participations in their subsidiaries; (iii) group entities that provide services necessary for the continuation of a bank's business processes, including UBS Business Solutions AG, will now be subject to consolidated supervision by the Swiss Financial Market Supervisory Authority ("**FINMA**").

The Federal Council is expected to initiate a separate consultation in the first half of 2019 regarding potential revisions to the gone concern capital requirements for the two Swiss global systemically important banks, including UBS.

Separately, in December 2018 the Swiss parliament approved changes to the tax treatment of too big to fail ("**TBTF**") instruments issued by the holding companies of Swiss systemically important banks. The related new law aims to eliminate the additional tax burden imposed on systemically important banks as a result of required issuances of TBTF instruments at the holding company level.

Once the change is effective, UBS will issue new loss-absorbing additional tier 1 (AT1) capital instruments and total loss-absorbing capacity ("**TLAC**") eligible senior unsecured debt directly out of UBS Group AG. At that point, UBS Group AG is also expected to assume outstanding capital and debt instruments previously issued by UBS Group Funding (Switzerland) AG as a means to manage the aforementioned tax burden.

NSFR implementation in Switzerland

In November 2018, the Swiss Federal Council announced that it would consider finalization of the net stable funding ratio ("**NSFR**") requirement at the end of 2019. The NSFR requirement as originally proposed in 2017 could result in a significant increase in long-term funding requirements on a legal entity level.

Adjustments to the market risk framework

The Basel Committee has issued final revisions of the market risk framework. The revisions include adjustments to the risk sensitivity of the standardized approach, the calibration of certain elements of the framework and adjustments of the internal models approach. The revised standard comes into effect on 1 January 2022 along with the overall revised Basel III capital framework.

Basel Committee developments on the leverage ratio

The Basel Committee on Banking Supervision ("**BCBS**") consulted on a targeted and limited revision of the leverage ratio's treatment of client cleared derivatives, outlining three options, two of which would recognize initial margin offset and could lead to a reduction of the Group Leverage Ratio Denominator ("**LRD**") compared with Basel III requirements. The BCBS is also consulting on additional leverage ratio disclosure requirements to address leverage ratio window-dressing concerns, with proposed implementation no later than 1 January 2022.

Consultation on ordinance specifying FinSA

In October 2018, the Swiss government initiated a consultation on, among other items, the proposed Financial Services Ordinance ("**FinSO**"), which would specify the details of the Financial Services Act ("**FinSA**"). The act will come into force on 1 January 2020, as would the ordinances.

FinSO, together with FinSA and the Financial Institutions Act (FinIA), would introduce new investor protection rules, including significantly enhanced information and documentation requirements. UBS has begun preparing for implementation of the new rules.

Proposed BEAT regulations issued

In December 2018, the US Department of Treasury issued proposed regulations in connection with the base erosion and anti-abuse tax ("**BEAT**"), which was introduced into law as part of the Tax Cuts and Jobs Act in December 2017. BEAT is calculated on modified taxable income that includes otherwise tax-deductible payments made by a US taxpayer to non-US related parties. BEAT applies in a given year when it is higher than the regular federal corporate tax for that same year. The proposed regulations clarify that payments made by a US entity to a non-US related party are not subject to BEAT provided the income from such payments is either taxable in the hands of the non-US related party as US effectively connected income or the income relates to TLAC instruments. Consistent with its previous guidance, and taking the proposed regulations into account, UBS does not expect to incur material BEAT expenses for the foreseeable future.

EU equivalence for Swiss trading venues

In December 2018, the European Commission ("**EC**") extended its equivalence decision for Swiss trading venues by six months, until the end of June 2019. The EC has stated that any further extension of its equivalence decision will be contingent upon the Federal Council's endorsement of a framework agreement.

If the EC does not extend recognition of Switzerland's trading venues beyond June 2019, the Swiss contingency measure would come into effect, which would introduce a new Swiss standard recognizing non-EU foreign trading venues that admit Swiss shares to trading, but disallowing trading in Swiss shares on EU trading venues. UBS would then be required to significantly alter its trading arrangements, a circumstance for which UBS has appropriately prepared. UBS expects that EU trading venues would comply with the Swiss measure, resulting in a shift of liquidity in shares issued in Switzerland from EU trading venues to Swiss trading venues.

UK withdrawal from the EU

UBS continues to prepare for the UK withdrawal from the EU in the expectation that the UK will leave the EU at the end of March 2019. UBS's plans are intended to ensure that it can continue to serve clients (including in the event the UK leaves the EU without a binding withdrawal agreement). As the expected effective date of the UK's exit approaches, it appears increasingly likely that any transition arrangements may be significantly limited in scope and may only be agreed upon close to the exit date, if at all.

UBS expects to complete the previously announced combined UK business transfer and cross-border merger of UBS Limited into UBS Europe SE on 1 March 2019, or shortly thereafter. Clients and other counterparties of UBS Limited who can be serviced by UBS AG's London Branch were generally migrated to UBS AG's London Branch in the fourth quarter of 2018.

The EC has adopted an equivalence decision that will permit UK authorized central counterparties ("**CCPs**") to continue to provide clearing services in the EU for one year in a no-deal scenario. This would allow UBS to maintain derivatives exposures to UK CCPs in UBS Europe SE after the business transfer and merger. UBS may vary its plans depending on developments and evolving regulatory requirements.

Developments related to the transition away from IBORs

In December 2018, FINMA issued guidance on risks related to a potential replacement of the interbank offered rates ("**IBORs**"), outlining legal and valuation risks as well as risks related to operational readiness for supervised institutions. FINMA will discuss risks with supervised institutions and, from January 2019 onwards, will contact those that are particularly

affected, to assess how risks related to a possible replacement of IBORs are identified, mitigated and monitored.

UBS has a substantial number of contracts linked to IBORs. The new risk-free Alternative Reference Rates do not provide a term structure, which will require a change in the contractual terms of products currently indexed on terms other than overnight. UBS has established a cross-divisional, cross-regional governance structure and change program to address the scale and complexity of the transition.

Increase of stake in and consolidation of UBS Securities China

In December 2018, UBS increased its shareholding in UBS Securities Co. Limited ("**UBSS**") from 24.99% to 51% by completing a share purchase from existing shareholders. As a result UBS has consolidated UBSS in its financial statements under International Financial Reporting Standards ("**IFRS**") and for regulatory capital purposes.

Through the acquisition and subsequent consolidation, UBS remeasured its former 24.99% holding at fair value, resulting in a pre-tax loss of USD 270 million recognized in Other income. The remeasurement loss is treated as an adjusting item and recognized within Corporate Center – Services. CET1 capital is not materially affected as the loss is offset by the release of a capital deduction for goodwill related to the former holding.

Worldline's acquisition of SIX Payment Services

On 30 November 2018, SIX and Worldline entered into a strategic partnership in the cards business under which SIX transferred its existing cards business to Worldline and received a 27% stake in Worldline.

In the income statement UBS recognized a gain of USD 460 million based on Worldline's share price at the closing date in proportion to UBS's 17.31% equity ownership in SIX. The gain, of which 78% is reflected in Personal & Corporate Banking and 22% in Global Wealth Management, is treated as an adjusting item. Two thirds of the gain has been recognized in CET1 capital.

IFRS 16, Leases

UBS has adopted IFRS 16, *Leases*, as of 1 January 2019, fundamentally changing how UBS accounts for operating leases when acting as a lessee. Upon adoption, assets and liabilities will increase by approximately USD 3.5 billion, with a corresponding increase in risk-weighted assets ("**RWA**") and LRD. As permitted by IFRS 16, UBS elected not to restate prior period information.

Changes in Corporate Center cost and resource allocation to business divisions

In order to further align Group and divisional performance, UBS is adjusting its methodology for the allocation of Corporate Center – Services funding costs and expenses to the business divisions. At the same time, UBS is updating its funds transfer pricing ("**FTP**") framework to better reflect the sources and usage of funding. Together, these changes will increase the business divisions' adjusted cost / income ratios by approximately 2 percentage points and result in an increase of approximately USD 0.7 billion in Corporate Center operating profit / (loss) before tax, offset by higher expense allocations to the business divisions.

UBS will retain in Corporate Center funding costs for deferred tax assets, costs relating to UBS's legal entity transformation program and other costs not attributable to or representative of the performance of the business divisions.

Alongside the update to allocations and its FTP framework, UBS is increasing the allocation of balance sheet resources from Corporate Center to the business divisions. For 2018, this will result in approximately USD 26 billion of additional RWA and approximately USD 100 billion of additional LRD allocated from Corporate Center to the business divisions, consisting of:

- approximately USD 9 billion additional RWA and LRD associated with property, equipment and software, which will be allocated from Corporate Center – Services to business divisions;
- approximately USD 14 billion of operational risk RWA previously allocated to Corporate Center – Services and Corporate Center –Group ALM; and
- incremental RWA of approximately USD 3 billion and LRD of approximately USD 90 billion moved from Corporate Center – Group ALM to the business divisions, due to an increase in the allocation of high-quality liquid assets ("**HQLA**") to the business divisions, reflecting the HQLA levels UBS expects to maintain, as well as the allocation of certain other assets centrally managed on behalf of the business divisions.

In addition to these changes and upon adoption of IFRS 16, Leases, as of 1 January 2019, UBS intends to additionally allocate approximately USD 3.5 billion of RWA and LRD from Corporate Center to the business divisions. All of these changes are effective as of 1 January 2019.

Refer to the "*Recent developments*" section of the Fourth Quarter 2018 Report, as well as to "*IFRS 9, Financial Instruments*" and "*IFRS 15, Revenue from Contracts with Customers*" in the "*Significant accounting and financial reporting changes in 2018*" section of the Annual Report 2017 for further information on key accounting, regulatory and legal developments."

The section "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 and a Corporate Center.

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

In 2015, UBS AG transferred its Personal & Corporate Banking and Wealth Management businesses booked in Switzerland to the newly established UBS Switzerland AG, a banking subsidiary of UBS AG in Switzerland. In 2016, UBS Americas Holding LLC was designated as the intermediate holding company for UBS's US subsidiaries and UBS merged its Wealth Management subsidiaries in various European countries into UBS Europe SE, UBS's German-headquartered European subsidiary. Additionally, UBS transferred the majority of Asset Management's operating subsidiaries to UBS Asset Management AG.

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

Given the anticipated withdrawal of the UK from the EU, UBS expects to complete the previously announced combined UK business transfer and cross-border merger of UBS Limited into UBS Europe SE on 1 March 2019, or shortly thereafter. Clients and other counterparties of UBS Limited who can be serviced by UBS AG's London Branch were generally migrated to UBS AG's London Branch in the fourth quarter of 2018. UBS may vary its plans depending on developments and evolving regulatory requirements.

In December 2018, UBS increased the shareholding in UBS Securities Co. Limited from 24.99% to 51% by completing a share purchase from existing shareholders. Refer to the

paragraph "*Increase of stake in and consolidation of UBS Securities China*" under the section "2. Business Overview – Recent Developments" above.

UBS continues to consider further changes to the Group's legal structure in response to regulatory requirements and other external developments. Such changes may include further consolidation of operating subsidiaries in the EU, and adjustments to the booking entity or location of products and services. 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 Terms and 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 2017, 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 2017 published on 9 March 2018 ("**Annual Report 2017**").

UBS AG's interests in subsidiaries and other entities as of 31 December 2017, 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 2017.

UBS AG is the parent company of, and conducts a significant portion of its operations through, its 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 "4. Trend Information" is completely replaced as follows:

"4. Trend Information

As indicated in the Fourth Quarter 2018 Report, while global economic activity continues to moderate, the overall outlook for economic growth remains positive, and asset prices have improved from the fourth quarter of 2018. Lack of progress in resolving geopolitical tensions, rising protectionism and trade disputes along with increased volatility, which affected investor sentiment and confidence in the second half of the year and particularly in the fourth quarter of 2018, would affect client activity in the first quarter of 2019. Lower invested assets as a result of market declines in the fourth quarter of 2018 are expected to affect recurring revenues in Global Wealth Management and Asset Management. Further improvements in market levels, as well as improvements in investor sentiment and client activity would contribute to mitigating revenue and profit growth headwinds. UBS remains well positioned to capitalize on global wealth creation, which UBS expects will continue to sustain its strategy and financial performance. UBS will continue to execute its strategy with discipline, while focusing even more on balancing efficiency and investments for growth, to deliver on its capital return objectives and to create sustainable long-term value for its shareholders.

Refer to "Current market climate and industry trends" in the "Operating environment and strategy" section of the Annual Report 2017 and the section "C. Risk Factors – 1. Issuer specific Risks" of this Base Prospectus for more information."

In the section “5. Administrative, Management and Supervisory Bodies of UBS AG” the subsection “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 Jeanette Wong and William C. Dudley for election to the BoD at the next AGM on 2 May 2019. Ann F. Godbehere and Michel Demaré are not standing for re-election.

Member and business address	Title	Term of office	Current principal positions outside UBS AG
Axel A. Weber UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Chairman	2019	Chairman of the Board of Directors of UBS Group AG; board member of the Swiss Bankers Association; Trustees Board member of Avenir Suisse; Advisory Board member of the “Beirat Zukunft Finanzplatz”; board member of the Swiss Finance Council; Chairman of the board of the Institute of International Finance; member of the European Financial Services Round Table; member of the European Banking Group; member of the International Advisory Panel, Monetary Authority of Singapore; member of the Group of Thirty, Washington, D.C.; Chairman of the Board of Trustees of DIW Berlin; Advisory Board member of the Department of Economics, University of Zurich; member of the Trilateral Commission.
Michel Demaré UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Independent Vice Chairman	2019	Independent Vice-Chairman of the Board of Directors of UBS Group AG; board member of Vodafone Group Plc; 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	2019	Senior Independent Director of the Board of Directors of UBS Group AG; Senior Advisor at Oliver Wyman, New York; board member of Chubb Limited; board member of GAVI Alliance; Chairman of the Board of Village Care, New York.
Jeremy Anderson UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2019	Member of the Board of Directors of UBS Group AG; trustee of the UK Productivity Leadership Group; trustee of Kingham Hill Trust; trustee of St. Helen Bishopsgate.
Reto Francioni UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2019	Member of the Board of Directors of UBS Group AG; professor at the University of Basel; board member of Coca-Cola HBC AG (Senior Independent Non-Executive Director); Chairman of the board of Swiss International Air Lines AG; board member of Francioni AG; board member of MedTech Innovation Partners AG.
Ann F. Godbehere UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2019	Member of the Board of Directors of UBS Group AG; board member of Rio Tinto plc (Senior Independent Director and chairman of the audit committee); board member of Rio Tinto Limited (Senior Independent Director and chairman of the audit committee); board member of Royal Dutch Shell plc.
Fred Hu UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2019	Member of the Board of Directors of UBS Group AG; non-executive chairman of the board of Yum China Holdings; board member of Hong Kong Exchanges and Clearing Ltd.; founder and chairman of Primavera Capital Limited; board member of China Asset Management; board member of Minsheng Financial Leasing Co.; trustee of the China Medical Board; Governor of the Chinese International School; co-chairman of the Nature Conservancy’s Asia Pacific Council; director and member of the Executive Committee of China Venture Capital and Private Equity Association Ltd.; Global Advisory Board member of the Council on Foreign Relations.
Julie G. Richardson UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2019	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 UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2019	Member of the Board of Directors of UBS Group AG; partner and board member at Fropiep Legal AG, Zurich; 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	2019	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 Inc.; board member of Teach For All.
Beatrice Weder di Mauro UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2019	Member of the Board of Directors of UBS Group AG; research professor and distinguished fellow at INSEAD in Singapore; Supervisory Board member of Robert Bosch GmbH; board member of Bombardier Inc.; member of the ETH Zurich Foundation Board of Trustees.
Dieter Wemmer UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2019	Member of the Board of Directors of UBS Group AG; board member of Ørsted A/S; member of the Berlin Center of Corporate Governance; senior advisor Texas Pacific Group.

”

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

“Members of the Executive Board

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; board member of UBS Switzerland 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 Global Apprenticeship Network; member of the Institut International D’Etudes Bancaires, member of the Said 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 Switzerland AG; chairman of the Foundation Board – International Financial Risk Institute.
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; 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.
Robert Karofsky UBS AG, 1285 Avenue Of The Americas, New York, NY 10019, USA	Co-President Investment Bank	Member of the Group Executive Board and co-President Investment Bank of UBS Group AG; president and board member of UBS Securities LLC; trustee of the UBS Americas Inc. Political Action Committee.
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; board member of UBS Business Solutions 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.
Edmund Koh UBS AG, One Raffles	President UBS Asia Pacific	Member of the Group Executive Board of UBS Group AG and President UBS Asia Pacific; member of the Wealth Management Institute at Nanyang Technological University Singapore; member of the Ministry of Finance’s Committee on the Future Economy Sub-Committees; member of the Board of Next50 Limited; trustee of the Cultural Matching Fund; member of the Board of Medico

Quay North Tower, Singapore 048583		Suites (S) Pte Ltd; member of the Board of Medico Republic (S) Pte Ltd.
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 at UBS Group AG; member of the Supervisory Board of UBS Europe SE; Chairman of the Foundation Board of the UBS Pension Fund; 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; CEO and board member of UBS Americas Holding LLC; board member of the American Swiss Foundation; member of the Board of Consultants for the College of Nursing at Villanova University.
Piero Novelli UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Co-President Investment Bank	Member of the Group Executive Board and co-President Investment Bank at UBS Group AG.
Markus Ronner UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Chief Compliance and Governance Officer	Member of the Group Executive Board and Group Chief Compliance and Governance Officer at UBS Group AG.

“

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

“Interim Financial Information

Reference is also made to (i) the UBS Group AG first quarter 2018 report published on 23 April 2018 (“**UBS Group First Quarter 2018 Report**”) and the UBS AG first quarter 2018 report, published on 27 April 2018 (“**UBS AG First Quarter 2018 Report**”), which contain information on the financial condition and results of operations, including the interim financial statements, of UBS Group AG consolidated and UBS AG consolidated, respectively, as of and for the period ended 31 March 2018; to (ii) the UBS Group AG second quarter 2018 report published on 24 July 2018 (“**UBS Group Second Quarter 2018 Report**”) and the UBS AG second quarter 2018 report, published on 27 July 2018 (“**UBS AG Second Quarter 2018 Report**”), which contain information on the financial condition and results of operations, including the interim financial statements, of UBS Group AG consolidated and UBS AG consolidated, respectively, as of and for the period ended 30 June 2018; to (iii) the UBS Group AG third quarter 2018 report published on 25 October 2018 (“**UBS Group Third Quarter 2018 Report**”) and the UBS AG third quarter 2018 report, published on 31 October 2018 (“**UBS AG Third Quarter 2018 Report**”), which contain information on the financial condition and results of operations, including the interim financial statements, of UBS Group AG consolidated and UBS AG consolidated, respectively, as of and for the period ended 30 September 2018; and to (iv) the Fourth Quarter 2018 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 2018.

The interim consolidated financial statements UBS Group AG and UBS AG, contained in the first, second and third quarter 2018 financial reports of UBS Group AG and UBS AG, respectively, and the interim consolidated financial information contained in the Fourth Quarter 2018 Report are not audited. UBS Group has not finalized its annual report 2018 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 2018 Report is subject to completion of year-end procedures, which may result in changes to that information.”

The section “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. Developments relating to a matter that occur after the relevant reporting period, but prior to the issuance of financial statements, which affect management’s assessment of the provision for such matter, because, for example, the developments provide evidence of conditions that existed at the end of the reporting period, are adjusting events after the reporting period under IAS 10 and must be recognized in the financial statements for the reporting period.

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

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

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

The aggregate amount provisioned for litigation, regulatory and similar matters as a class is disclosed in the “*Provisions*” table in the “*Provisions and contingent liabilities*” section of the Fourth Quarter 2018 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 2018 Report.

Provisions for litigation, regulatory and similar matters by business division and Corporate Center unit¹

<i>USD million</i>	Global Wealth Manag- e- ment	Personal & Corporate Banking	Asset Manage- ment	Investme nt Bank	CC – Services	CC – Group ALM	CC – Non- core and Legacy Portfolio	UBS
Balance as of 31 December 2017	569	81	1	354	246	0	1,256	2,508
Balance as of 30 September 2018	551	76	0	277	249	0	1,202	2,356
Increase in provisions recognized in the income statement	158	0	0	4	0	0	4	166
Release of provisions recognized in the income statement	(14)	0	0	0	0	0	0	(14)
Provisions used in conformity with designated purpose	(52)	0	0	(1)	0	0	(4)	(57)
Foreign currency translation / unwind of discount	(2)	0	0	(1)	0	0	(1)	(5)
Balance as of 31 December 2018	640	76	0	279	248	0	1,202	2,445

¹ Provisions, if any, for the matters described in this section are recorded in Global Wealth Management (item 3 and 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 section are allocated between Global Wealth Management and Personal & Corporate Banking, and provisions, if any, for the matters described in this section in item 5 are allocated between the Investment Bank, Corporate Center – Services and Corporate Center – Non-core and Legacy Portfolio.

1. Inquiries regarding cross-border wealth management businesses

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

based on data received from the German authorities, who seized certain data related to UBS clients booked in Switzerland during their investigations and have apparently shared this data with other European countries. UBS expects additional countries to file similar requests. The Swiss Federal Administrative Court ruled in 2016 that, in the administrative assistance proceedings related to a French bulk request, UBS has the right to appeal all final FTA client data disclosure orders. On 30 July 2018, the Swiss Federal Administrative Court granted UBS's appeal by holding the French administrative assistance request inadmissible. The FTA filed a final appeal with the Swiss Federal Supreme Court.

Since 2013, UBS (France) S.A., UBS AG and certain former employees have been under investigation in France for alleged complicity in having illicitly solicited clients on French territory, 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 March 2017, the investigating judges issued a 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. The trial on these charges in the court of first instance took place from 8 October 2018 until 15 November 2018. During the trial, the prosecutors and the French State requested penalties and civil monetary damages in connection with the money laundering charges aggregating EUR 5.3 billion. On 20 February 2019 the court announced a verdict finding UBS AG guilty of illicitly soliciting clients on French territory and laundering of proceeds of tax fraud, and UBS France S.A. of aiding and abetting unlawful solicitation and laundering the proceeds of tax fraud. The court imposed fines aggregating EUR 3.7 billion on UBS AG and EUR 15 million on UBS France S.A. and awarded EUR 800 million of civil damages to the French state. UBS has appealed the decision and believes that the amounts awarded were not supported by the evidence presented or the law, and that there are strong legal defenses to the relevant charges. Under French law, the judgment is suspended while the appeal is pending. The first level court of appeal will retry the case *de novo* as to both the law and the facts. A subsequent appeal to the *Cour de Cassation*, France's highest court, is possible with respect to questions of law.

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, of banking and financial solicitation by unauthorized persons, and of serious tax fraud. In 2018, tax authorities and a prosecutor's office in Italy asserted UBS is potentially liable for taxes and penalties as a result of its activities in Italy from 2012 to 2017.

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 2018 reflected provisions with respect to matters described in this item 1. 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 totalled approximately USD 19 billion in original principal balance.

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

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

Mortgage-related regulatory matters: Since 2014, the US Attorney's Office for the Eastern District of New York has sought information from UBS pursuant to the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("**FIRREA**"), related to UBS's RMBS business from 2005 through 2007. On 8 November 2018, the DOJ filed a civil complaint in the District court for the Eastern District of New York ("**EDNY**"). The complaint seeks unspecified civil monetary penalties under FIRREA related to UBS's issuance, underwriting and sale of 40 residential mortgage backed securities transactions in 2006 and 2007.

UBS's balance sheet at 31 December 2018 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 the Swiss Financial Market Supervisory Authority ("**FINMA**") and the Luxembourg Commission de Surveillance du Secteur Financier ("**CSSF**"). Those inquiries concerned two third-party funds established under Luxembourg law, substantially all assets of which were with BMIS, as well as certain funds established in offshore jurisdictions with either direct or indirect exposure to BMIS. These funds 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.

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 2.9 billion, of which claims with aggregate claimed damages of USD 1.9 billion have been resolved through settlements, arbitration or withdrawal of the claim. The claims have been filed by clients in Puerto Rico who own the funds or Puerto Rico municipal bonds and / or who used their UBS account assets as collateral for UBS non-purpose loans; customer complaint and arbitration allegations include fraud, misrepresentation and unsuitability of the funds and of the loans.

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

In 2014 and 2015, UBS entered into settlements with the Office of the Commissioner of Financial Institutions for the Commonwealth of Puerto Rico ("**OCFI**"), the SEC and the Financial Industry Regulatory Authority ("**FINRA**") in relation to their examinations of UBS's operations. 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 2015, and continuing through 2017, certain agencies and public corporations of the Commonwealth of Puerto Rico ("**Commonwealth**") defaulted on certain interest payments on Puerto Rico bonds. In 2016, US federal legislation created an oversight board with power to oversee Puerto Rico's finances and to restructure its debt. The oversight board has imposed a stay on the exercise of creditors' rights. In 2017, the oversight board placed certain of the bonds into a bankruptcy-like proceeding under the supervision of a Federal District Judge. These events, further defaults, 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 2018 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: Beginning in 2013 numerous authorities commenced investigations concerning possible manipulation of foreign exchange markets and precious metals prices. In 2014 and 2015, UBS reached settlements with the UK Financial Conduct Authority ("**FCA**") and the US Commodity Futures Trading Commission ("**CFTC**") in connection with their foreign exchange investigations, FINMA issued an order concluding its formal proceedings relating to UBS's foreign exchange and precious metals businesses, and the Board of Governors of the Federal Reserve System ("**Federal Reserve Board**") and the Connecticut Department of Banking issued a Cease and Desist Order and assessed monetary penalties against UBS AG. In 2015, the DOJ's Criminal Division ("**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 measures. 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. Investigations relating to foreign exchange and precious metals matters by certain authorities remain ongoing notwithstanding these resolutions.

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

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

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

In 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 March 2018, the court dismissed the consolidated complaint. In October 2018, the court granted plaintiffs' motion seeking leave to file an amended complaint.

Putative class actions were also filed against UBS and 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 asserted claims under the antitrust laws and the Commodity Exchange Act ("**CEA**"), and other claims. In July 2018, the court in New York granted UBS's motions to dismiss amended complaints in the putative class actions relating to gold and silver. In 2017, the court granted UBS's motion to dismiss the platinum and palladium action. Plaintiffs in the platinum and palladium action subsequently 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 UK Financial Services Authority ("**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 measures with respect to benchmark interest rate submissions. In December 2018 UBS entered into a settlement agreement with the New York and other state attorneys general under which it will pay USD 68 million to resolve claims by the attorneys general related to LIBOR. 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.

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

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

Other benchmark class actions in the US: In 2014, the court in one of the Euroyen TIBOR lawsuits dismissed certain of the plaintiff's claims, including a federal antitrust claim, for lack of standing. In 2015, this court dismissed the plaintiff's federal racketeering claims on the same basis and affirmed its previous dismissal of the plaintiff's antitrust claims against UBS. In 2017, this court also dismissed the other Yen LIBOR / Euroyen TIBOR action in its entirety on standing grounds, as did the court in the CHF LIBOR action. Also in 2017, the courts in the EURIBOR lawsuit dismissed the cases as to UBS and certain other foreign defendants for lack of personal jurisdiction. In October 2018, the court in the SIBOR / SOR action dismissed all but one of plaintiffs' claims against UBS. Plaintiffs in the CHF LIBOR and SIBOR / SOR actions have filed amended complaints following the dismissals, which UBS and other defendants have moved to dismiss. In November 2018, the court in the BBSW lawsuit dismissed the case as to UBS and certain other foreign defendants for lack of personal jurisdiction. Following that dismissal, plaintiffs in the BBSW action moved in January 2019 to file an amended complaint seeking to re-name UBS and certain other banks as defendants. UBS and other defendants also moved to dismiss the GBP LIBOR action in December 2016, but that motion was denied as to UBS in December 2018. UBS is moving for reconsideration of that decision in January 2019.

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

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 orders referred to above, UBS's balance sheet at 31 December 2018 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 2018 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. The SFC has previously indicated that it intended to take enforcement action against UBS and certain employees in relation to certain of these offerings. In March 2018, the SFC issued a decision notice in relation to one of the offerings under investigation. The notice provides for a fine of HKD 119 million and a suspension of UBS Securities Hong Kong Limited's ability to act as a sponsor for Hong Kong listed initial public offerings for 18 months. UBS has appealed the decision.

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 "*Provisions and contingent liabilities*" section of UBS Group AG unaudited consolidated financial information included in the Fourth Quarter 2018 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.

Wealth management cross-border TEFRA inquiries: In 2015, UBS received inquiries from the US Attorney's Office for the Eastern District of New York ("**USAO EDNY**") and from the SEC, which were 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 cooperated with the authorities in these investigations. In 2018, UBS was informed by the USAO EDNY and the SEC that they have closed their investigations and that they will not take any action.

Other mortgage-related regulatory matters: In addition to the topics discussed in item (2) - Claims related to sales of residential mortgage-backed securities and mortgages above, UBS 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 March 2018, UBS and the NYAG reached an agreement to resolve the NYAG's investigation, whereby UBS will pay USD 41 million and provide consumer relief in a stated amount of USD 189 million calculated as set forth in the settlement agreement.

BMIS customers' claims in the US: 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 described in item (3) - Madoff above, 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. In February 2018, the United States Court of Appeals for the Second Circuit ("**Second Circuit**") affirmed the dismissal of the plaintiff's claim.

CFTC precious metals investigations: Within the context of the investigations by authorities described in item (5) - Foreign exchange-related regulatory matters above, referring to UBS's foreign exchange business, which includes its precious metals and related structured products businesses, UBS reached a settlement in January 2018 with the CFTC in connection with the CFTC's precious metals investigations. As part of that settlement, UBS paid a USD 15 million civil monetary penalty.

ERISA class action: 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 exchange transactional services or authorized or

permitted the execution of any foreign currency exchange transactional services involving such plan's assets. The complaint asserts claims under ERISA. In July 2018, the Second Circuit affirmed the dismissal of the case with prejudice.

ISDAFIX class action: In 2017, UBS agreed to pay USD 14 million to resolve putative class actions filed in federal court in New York and New Jersey against UBS and other financial institutions on behalf of parties who entered into interest rate derivative transactions linked to ISDAFIX. The final settlement was approved in June 2018."

In the section "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 2018, which is the end of the last financial period for which financial information has been published."

In the section "L. GENERAL INFORMATION" in the subsection "7. Documents incorporated by Reference" a new paragraph (i) is inserted and the numbering of the successive paragraphs is adjusted accordingly. Consequently, the subsection 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 to the extent indicated below, 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 2017 (other than the section "(1) Operating environment and strategy - Risk factors" on pages 45 to 56 (including)), 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 "Statutory auditor's report on the audit of the consolidated financial statements" and the "Report of Independent Registered Public Accounting Firm"), (6) Standalone financial statements, (7) Significant regulated subsidiary and sub-group information, (8) Additional regulatory information, and the Appendix; (published on the UBS website, at https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting/2017.html);
- (b) The UBS AG standalone financial statements and regulatory information for the year ended 31 December 2017 (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 2016 (other than the section "(1) Operating environment and strategy - Risk factors" on pages 44 to 55 (including)), comprising the introductory section, as well as the sections (1) Operating environment and strategy (other than the section "Risk factors" on pages 44 to 55 (including)), (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);

- (d) 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);
- (e) the annual report of UBS Group AG and UBS AG as of 31 December 2015 (other than the section "(1) Operating environment and strategy - Risk factors" on pages 59 to 74 (including)), comprising the introductory section, as well as the sections (1) Operating environment and strategy (other than the section "Risk factors" on pages 59 to 74 (including)), (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);
- (f) the UBS Group First Quarter 2018 Report and the UBS AG First Quarter 2018 Report (published on the UBS website, at https://www.ubs.com/global/en/about_ubs/investor_relations/quarterly_reporting/2018.html);
- (g) the UBS Group Second Quarter 2018 Report and the UBS AG Second Quarter 2018 Report (published on the UBS website, at https://www.ubs.com/global/en/about_ubs/investor_relations/quarterly_reporting/2018.html);
- (h) the UBS Group Third Quarter 2018 Report and the UBS AG Third Quarter 2018 Report (published on the UBS website, at https://www.ubs.com/global/en/about_ubs/investor_relations/quarterly_reporting/2018.html);
- (i) the Fourth Quarter 2018 Report (published on the UBS website, at https://www.ubs.com/global/en/about_ubs/investor_relations/quarterly_reporting/2018.html);
- (j) 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/legal-documents>);
- (k) 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/legal-documents>);
- (l) 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/legal-documents>);
- (m) 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/legal-documents>);
- (n) the Conditions of the Securities as contained on pages 147 to 246 of the Base Prospectus dated 21 June 2017 of UBS AG as filed with SFSA (published on the UBS website, at <http://keyinvest-eu.ubs.com/legal-documents>), and

- (o) the Conditions of the Securities as contained on pages 149 to 252 of the Base Prospectus dated 1 March 2018 of UBS AG as filed with SFSA (published on the UBS website, at <http://keyinvest-eu.ubs.com/legal-documents>).

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 Securities of UBS AG, [London] [Jersey] [Branch] dated 12 October 2018 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 Fourth Quarter 2018 Report, while global economic activity continues to moderate, the overall outlook for economic growth remains positive, and asset prices have improved from the fourth quarter of 2018. Lack of progress in resolving geopolitical tensions, rising protectionism and trade disputes along with increased volatility, which affected investor sentiment and confidence in the second half of the year and particularly in the fourth quarter of 2018, would affect client activity in the first quarter of 2019. Lower invested assets as a result of market declines in the fourth quarter of 2018 are expected to affect recurring revenues in Global Wealth Management and Asset Management. Further improvements in market levels, as well as improvements in investor sentiment and client activity would contribute to mitigating revenue and profit growth headwinds. UBS remains well positioned to capitalize on global wealth creation, which UBS expects will continue to sustain its strategy and financial performance. UBS will continue to execute its strategy with discipline, while focusing even more on balancing efficiency and investments for growth, to deliver on its capital return objectives and to create sustainable long-term value for its shareholders.</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 and a Corporate Center.</p> <p>In 2014, UBS began adapting its legal entity structure to improve the resolvability of the Group in response to too big to fail requirements in Switzerland and recovery and resolution regulation in other countries in which the Group operates. In December 2014, UBS Group AG became the holding company of the Group.</p> <p>In 2015, UBS AG transferred its Personal & Corporate Banking and Wealth Management businesses booked in Switzerland to the newly established UBS Switzerland AG, a banking subsidiary of UBS AG in Switzerland. In 2016, UBS Americas Holding LLC was designated as the intermediate holding company for UBS's US subsidiaries and UBS merged its Wealth Management subsidiaries in various European countries into UBS Europe SE, UBS's German-headquartered European subsidiary. Additionally, UBS transferred the majority of Asset Management's operating subsidiaries to UBS Asset Management AG.</p> <p>UBS Business Solutions AG, a wholly owned subsidiary of UBS Group AG, was established in 2015 and acts as the Group service company. In 2017, UBS's shared services functions in Switzerland and the UK were transferred from UBS AG to UBS Business Solutions AG. UBS also completed the transfer of shared services functions in the US to its US service company, UBS Business Solutions US LLC, a wholly owned subsidiary of UBS Americas Holding LLC.</p>
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		<p>Given the anticipated withdrawal of the UK from the EU, UBS expects to complete the previously announced combined UK business transfer and cross-border merger of UBS Limited into UBS Europe SE on 1 March 2019, or shortly thereafter. Clients and other counterparties of UBS Limited who can be serviced by UBS AG's London Branch were generally migrated to UBS AG's London Branch in the fourth quarter of 2018. UBS may vary its plans depending on developments and evolving regulatory requirements.</p> <p>In December 2018, UBS increased the shareholding in UBS Securities Co. Limited from 24.99% to 51% by completing a share purchase from existing shareholders.</p> <p>UBS continues to consider further changes to the Group's legal structure in response to regulatory requirements and other external developments. Such changes may include further consolidation of operating subsidiaries in the EU, and adjustments to the booking entity or location of products and services.</p>
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Element B.12 is completely replaced as follows:

<p>B.12</p>	<p>Selected historical key financial information / Material adverse change statement / Significant changes statement.</p>	<p>UBS AG derived the selected consolidated financial information included in the table below for the years ended 31 December 2017, 2016 and 2015 from the Annual Report 2017, which contains the audited consolidated financial statements of UBS AG, as well as additional unaudited consolidated financial information, for the year ended 31 December 2017 and comparative figures for the years ended 31 December 2016 and 2015. This information is as published in Swiss francs and does not reflect the change in presentation currency to US dollars and restatement of prior periods that is reflected in the Fourth Quarter 2018 Report. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").</p> <p>Effective from 1 October 2018, the functional currency of UBS Group AG and UBS AG's Head Office in Switzerland changed from Swiss francs to US dollars and that of UBS AG's London Branch from British pounds to US dollars, in compliance with the requirements of International Accounting Standard (IAS) 21, "<i>The Effects of Changes in Foreign Exchange Rates</i>". The presentation currency of UBS AG's consolidated financial information, beginning with the Fourth Quarter 2018 Report, also changed from Swiss francs to US dollars to align with the functional currency changes of significant group entities. The selected consolidated financial information in US dollars included in the table below for the year ended 31 December 2018 was derived from the Fourth Quarter 2018 Report, which contains unaudited interim consolidated financial information of UBS AG. The selected consolidated financial information in Swiss Francs included in the table below for the year ended 31 December 2018 was derived from the UBS fourth quarter 2018 select Swiss franc disclosures available at www.ubs.com/investors, which contains information prepared on the basis of US dollars values translated to Swiss francs. UBS AG has not finalized its annual report 2018 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 2018 Report is subject to completion of year-end procedures, which may result in changes to that information.</p> <p>Information for the years ended 31 December 2017, 2016 and 2015 which is indicated as being unaudited in the table below was included in the Annual Report 2017, but has not been audited on the basis that the respective disclosures are not required under IFRS, and therefore are not part</p>
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of the audited financial statements.

For information on the definition and the reason for the use of the metrics under the heading "Key performance indicators", except those disclosed in accordance with applicable legislation, and "Additional information - Profitability" in the table below, please refer to the respective footnotes.

	As of or for the year ended		As of or for the year ended		
	31.12.18	31.12.18	31.12.17	31.12.16	31.12.15
	<i>unaudited; USD million, except where indicated</i>	<i>unaudited; CHF million, except where indicated</i>	<i>audited, except where indicated; CHF million, except where indicated</i>		
Results					
Operating income	30,642	29,920	29,479	28,421	30,605
Operating expenses	24,802	24,235	24,481	24,352	25,198
Operating profit / (loss) before tax	5,840	5,685	4,998	4,069	5,407
Net profit / (loss) attributable to shareholders	4,488	4,372	845	3,207	6,235
Key performance indicators					
Profitability and growth					
Return on tangible equity (%) ¹	10.1	10.0	2.0*	6.9*	13.5*
Cost / income ratio (%) ²	80.6	80.7	82.7*	85.6*	82.0*
Net profit growth (%) ³	492.3	465.8	(73.7)*	(48.6)*	78.0*
Resources					
Common equity tier 1 capital ratio (%) ^{4,5}	13.3	13.3	14.0*	14.5*	15.4*
Common equity tier 1 leverage ratio (%) ⁶	3.87	3.87	3.7*	3.7*	3.6*
Going concern leverage ratio (%) ^{7,8}	4.7	4.7	4.2*	4.2*	-
Additional information					
Profitability					
Return on equity (%) ⁹	8.7	8.7	1.6*	5.9*	11.7*
Return on risk-weighted assets, gross (%) ¹⁰	12.0	12.0	12.8*	13.2*	14.3*
Return on leverage ratio denominator, gross (%) ¹¹	3.4	3.4	3.4*	3.2*	-
Resources					
Total assets	958,055	941,990	916,363	935,353	943,256
Equity attributable to shareholders	52,638	51,755	50,718	53,662	55,248
Common equity tier 1 capital ⁵	34,990	34,372	33,240	32,447	32,042
Risk-weighted assets ⁵	262,840	258,433	236,606*	223,232*	208,186*
Going concern capital ratio (%) ⁸	16.3	16.3	15.6*	16.3*	-
Total loss-absorbing capacity ratio (%) ⁸	31.4	31.4	31.4*	29.6*	-
Leverage ratio denominator ¹²	904,458	889,304	887,189*	870,942*	898,251*
Total loss-absorbing capacity leverage ratio (%) ⁸	9.1	9.1	8.4*	7.6*	-
Other					
Invested assets (in USD billion or CHF billion in the column heading) ¹³	3,101	3,049	3,179	2,810	2,678
Personnel (full-time equivalents)	47,643	47,643	46,009*	56,208*	58,131*

* 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. This metric provides information on the

profitability of the business in relation to tangible equity.

² Operating expenses / operating income before credit loss (expense) or recovery. This metric provides information on the efficiency of the business by comparing operating expenses with gross income.

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. This metric provides information on profit growth in comparison with prior period.

⁴ Common equity tier 1 capital / risk-weighted assets.

⁵ Based on the Basel III framework as applicable to Swiss systemically relevant banks ("SRB").

⁶ Common equity tier 1 capital / leverage ratio denominator. From 31 December 2015 onward, the leverage ratio denominator calculation is aligned with the Basel III rules.

⁷ Total going concern capital / leverage ratio denominator.

⁸ Based on the Swiss SRB rules as of 1 January 2020 according to the revised Swiss SRB framework that became effective 1 July 2016. Figures for prior periods are not available.

⁹ Net profit attributable to shareholders (annualized as applicable) / average equity attributable to shareholders. This metric provides information on the profitability of the business in relation to equity.

¹⁰ Operating income before credit loss (annualized as applicable) / average fully applied risk-weighted assets. This metric provides information on the revenues of the business in relation to risk-weighted assets.

¹¹ 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 figure for the period ended on 31 December 2015 is not presented as it is not available on a fully comparable basis. This metric provides information on the revenues of the business in relation to leverage ratio denominator.

¹² From 31 December 2015 onward, the leverage ratio denominator calculation is aligned with the Basel III rules.

¹³ Includes invested assets for Personal & Corporate Banking.

	Material adverse change statement.	There has been no material adverse change in the prospects of UBS AG or UBS AG Group since 31 December 2017.
	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 2018, which is the end of the last financial period for which financial information has been published.

- 3) In relation to the Base Prospectus for Securities of UBS AG, [London] [Jersey] [Branch] dated 12 October 2018 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:

<p>B.4b</p>	<p>En beskrivning av varje känd trend som påverkar emittenten eller de branscher där emittenten är verksam.</p>	<p>Information om trender</p> <p>Som angivits i Rapporten för Fjärde Kvartalet 2018 är de övergripande utsikterna för ekonomisk tillväxt fortsatt positiva, även om den globala ekonomiska aktiviteten fortsätter att mattas av, och dessutom har priserna på tillgångar förbättrats från fjärde kvartalet 2018. Brist på framsteg när det gäller att lösa geopolitiska spänningar, ökande protektionism och handelskonflikter tillsammans med ökad volatilitet, vilket påverkat investerarnas risksentiment och tillförsikt under andra halvåret och särskilt under fjärde kvartalet 2018, bör påverka kundverksamheten under första kvartalet 2019. Lägre investerade tillgångar, som en följd av marknadsnedgångar under fjärde kvartalet 2018, förväntas påverka återkommande intäkter i Global Wealth Management och Asset Management. Ytterligare förbättringar avseende marknadsnivåer samt förbättringar av investerarnas förtroende och kundaktiviteter kan bidra till att mildra motvinden när det gäller intäktsströmmar och vinsttillväxt. UBS är fortsatt väl positionerat för att dra nytta av globalt välståndsskapande, något UBS förväntar sig en fortsättning på för att upprätthålla strategin och de finansiella resultaten. UBS kommer disciplinerat fortsätta att genomföra sin strategi, samtidigt med en ökad satsning på att balansera effektivitet och investeringar för tillväxt, leverera kapitalavkastningsmål och skapa ett hållbart långsiktigt värde för aktieägarna.</p>
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Element B.5 is completely replaced as follows:

<p>B.5</p>	<p>Beskrivning av koncernen och emittentens plats inom koncernen.</p>	<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 samt ett Corporate Center.</p> <p>Under 2014 började UBS att anpassa sin juridiska enhetsstruktur för att förbättra Koncernens förmåga till avveckling för att möta kraven i Schweiz och rekonstruktions- och avvecklingsplaner av andra länder där Koncernen är verksam, avseende företag som anses för stora för att tillåtas fallera. I december 2014 blev UBS Group AG Koncernens holdingbolag.</p> <p>Under 2015 överförde UBS AG sin verksamhet inom Personal & Corporate Banking och Wealth Management, som bokförs i Schweiz, till det nyligen etablerade UBS Switzerland AG, ett bankdotterföretag till UBS AG i Schweiz. Under 2016 utsågs UBS Americas Holding LLC till det mellanliggande holdingbolaget för UBS:s dotterbolag i USA, och UBS slog ihop sina Wealth Management-dotterbolag i olika europeiska länder till UBS Europe SE, UBS europeiska dotterbolag med säte i Tyskland. Dessutom överförde UBS majoriteten av de rörelsedrivande dotterbolagen inom Asset Management till UBS Asset Management AG.</p> <p>UBS Business Solutions AG, ett helägt dotterföretag till UBS Group AG, etablerades 2015 och agerar som Koncernens serviceföretag. Under 2017 överfördes UBS delade servicefunktioner i Schweiz och Storbritannien från UBS AG till UBS Business Solutions AG. UBS slutförde också överföringen av delade tjänstefunktioner i USA till sitt amerikanska serviceföretag, UBS Business</p>
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		<p>Solutions US LLC, ett helägt dotterbolag till UBS Americas Holding LLC.</p> <p>Med tanke på Storbritanniens förväntade utträde ur EU, avser UBS att slutföra den tidigare meddelade kombinerade brittiska företagsöverlåtelsen och den gränsöverskridande fusionen av UBS Limited till UBS Europe SE den 1 mars 2019 eller kort därefter. Kunder och andra motparter till UBS Limited, som kan betjänas av UBS AG:s kontor i London, migrerades generellt till UBS AG:s kontor i London under fjärde kvartalet 2018. UBS kan komma att modifiera sina planer beroende på utvecklingen och framväxande regelverkskrav.</p> <p>I december 2018 ökade UBS aktieinnehavet i UBS Securities Co. Limited från 24,99 % till 51 % genom genomförandet av ett aktieköp från befintliga aktieägare.</p> <p>UBS fortsätter att överväga ytterligare förändringar beträffande Koncernens juridiska struktur för att möta regulatoriska krav och andra externa utvecklingar. Sådana förändringar kan inkludera ytterligare konsolidering av rörelsedrivande dotterföretag i EU och justeringar beträffande bokförande enhet eller placeringen av produkter och tjänster.</p>
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Element B.12 is completely replaced as follows:

<p>B.12</p>	<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 2017, 2016 och 2015 från Årsredovisningen för 2017, vilken innehåller de reviderade konsoliderade finansiella räkenskaperna för UBS AG, liksom ytterligare oreviderad konsoliderad finansiell information, för året som slutade den 31 december 2017 och jämförelsesiffror för åren som slutade den 31 december 2016 och 2015. Denna information är som offentliggjorts i schweiziska franc och återspeglar inte förändringen i presentationsvaluta till amerikanska dollar och omräkning av tidigare perioder som återspeglas i Rapporten för Fjärde Kvartalet 2018. De konsoliderade finansiella räkenskaperna har tagits fram i enlighet med International Financial Reporting Standards ("IFRS"), utfärdade av International Accounting Standards Board ("IASB").</p> <p>Med ikraftträdande den 1 oktober 2018 ändrades den funktionella valutan i UBS Group AG och UBS AG:s huvudkontor i Schweiz från schweiziska franc till amerikanska dollar och valutan för UBS AG:s London-filial från brittiska pund till amerikanska dollar i enlighet med kraven i International Accounting Standard (IAS) 21, "The Effects of Changes in Foreign Exchange Rates". Presentationsvalutan för UBS AG:s konsoliderade finansiella information, med start med Rapporten för Fjärde Kvartalet 2018, har också ändrats från schweiziska franc till amerikanska dollar som en anpassning till de funktionella valutaförändringarna inom betydande koncernenheter. Den valda konsoliderade finansiella informationen i amerikanska dollar som ingår i tabellen nedan för det år som slutade den 31 december 2018 härrörde från Rapporten för Fjärde Kvartalet 2018, som innehåller oreviderad interimskonsoliderad finansiell information från UBS AG. Den valda konsoliderade finansiella informationen i schweiziska franc som ingår i tabellen nedan för året som slutade den 31 december 2018 härrörde från UBS utvalda information för schweiziska franc för fjärde kvartalet 2018, som finns tillgängligt på www.ubs.com/investors, och som innehåller information som utarbetats på grundval av amerikanska dollar överfört till schweiziska franc. UBS AG har inte slutfört sin årsredovisning för 2018 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 2018 föremål för årsslutsprocesser som kan resultera i ändringar av den informationen.</p>
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		<p>Information för åren som slutade 31 december 2017, 2016 och 2015 vilken indikeras som oreviderad i tabellen nedan, inkluderades i Årsredovisningen för 2017 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>För information angående definitioner och orsaken till användandet av mått under rubriken "<i>Viktiga resultatindikatorer</i>", utom de som visas enligt tillämplig lag, och "<i>Ytterligare information - Lönsamhet</i>" i tabellen nedan, var vänlig referera till respektive fotnoter.</p>
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	Per eller för året som slutade		Per eller för året som slutade		
	31.12.18	31.12.18	31.12.17	31.12.16	31.12.15
	<i>Oreviderat; USD miljoner, förutom där indikerat</i>	<i>Oreviderat; CHF miljoner, förutom där indikerat</i>	<i>Reviderat, förutom där indikerat; CHF miljoner, förutom där indikerat</i>		
Resultat					
Rörelseintäkter	30 642	29 920	29 479	28 421	30 605
Rörelsekostnader	24 802	24 235	24 481	24 352	25 198
Rörelsevinst / (förlust) före skatt	5 840	5 685	4 998	4 069	5 407
Nettovinst / (förlust) hänförlig till aktieägare	4 488	4 372	845	3 207	6 235
Viktiga resultatindikatorer					
Lönsamhet och tillväxt					
Avkastning på synligt eget kapital (%) ¹	10,1	10,0	2,0*	6,9*	13,5*
Kostnads / intäktsrelation (%) ²	80,6	80,7	82,7*	85,6*	82,0*
Nettovinsttillväxt (%) ³	492,3	465,8	(73,7)*	(48,6)*	78,0*
Resurser					
Primärkapitalrelation (Common equity tier 1 capital ratio) (%) ^{4,5}	13,3	13,3	14,0*	14,5*	15,4*
Hävstångsrelation för primärkapital (%) ⁶	3,87	3,87	3,7*	3,7*	3,6*
Hävstångsrelation enligt "going concern" (%) ^{7,8}	4,7	4,7	4,2*	4,2*	-
Ytterligare information					
Lönsamhet					
Avkastning på eget kapital (%) ⁹	8,7	8,7	1,6*	5,9*	11,7*
Avkastning på riskvägda tillgångar, brutto (%) ¹⁰	12,0	12,0	12,8*	13,2*	14,3*
Avkastning på hävstångsrelationsnämnnare, brutto (%) ¹¹	3,4	3,4	3,4*	3,2*	-
Resurser					
Totala tillgångar	958 055	941 990	916 363	935 353	943 256
Eget kapital hänförligt till aktieägare	52 638	51 755	50 718	53 662	55 248
Primärkapital (Common equity tier 1 capital) ⁵	34 990	34 372	33 240	32 447	32 042
Riskvägda tillgångar ⁵	262 840	258 433	236 606*	223 232*	208 186*
Kapitalrelation enligt going concern (%) ⁸	16,3	16,3	15,6*	16,3*	-
Total förlustabsorberingskvot (%) ⁸	31,4	31,4	31,4*	29,6*	-
Hävstångsrelationsnämnnare ¹²	904 458	889 304	887 189*	870 942*	898 251*
Total förlustabsorberingskapacitetskvot på hävstången (%) ⁸	9,1	9,1	8,4*	7,6*	-
Övrigt					
Investerade tillgångar (i miljarder US-dollar eller miljarder CHF i kolumnrubriken) ¹³	3 101	3 049	3 179	2 810	2 678
Anställda (motsvarande heltidstjänster)	47 643	47 643	46 009*	56 208*	58 131*

* 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. Detta mått tillhandahåller information om verksamhetens lönsamhet i förhållande till materiellt kapital.

² Rörelseutgifter/rörelseintäkter före kreditförlust (utgift) eller återvinning. Detta mått tillhandahåller information om företagets effektivitet genom att jämföra rörelsekostnader med bruttointäkt.

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. Detta mått tillhandahåller information om vinsttillväxt i förhållande till tidigare period.

<p>⁴ Primärkapital (Common equity tier 1 capital) /riskvägda tillgångar. ⁵ Baserat på Basel III-regelverket så som detta tillämpas på schweiziska systemviktiga banker ("SRB"). ⁶ Primärkapital (Common equity tier 1 capital) / hävstångsrelationsnämnnare. Från och med 31 december 2015 är beräkningen av hävstångsrelationsnämnnaren fullt lierad med Basel III-reglerna. ⁷ Total kapital enligt going concern/hävstångsrelationsnämnnare. ⁸ Baserat på de schweiziska SRB-reglerna per den 1 januari 2020, enligt de reviderade schweiziska SRB-reglerna som trädde ikraft den 1 juli 2016. Siffror för tidigare perioder är inte tillgängliga. ⁹ Nettovinst hänförlig till aktieägares profit (på årsbasis där tillämpligt)/genomsnittligt eget kapital hänförligt till aktieägare. Detta mått tillhandahåller information om verksamhetens lönsamhet i förhållande till kapital. ¹⁰ Operativ inkomst före kreditförlust (på årsbasis där tillämpligt)/genomsnittliga fullt tillämpade riskvägda tillgångar. Detta mått tillhandahåller information om företagets intäkter i förhållande till riskvägda tillgångar. ¹¹ Operativ inkomst före kreditförlust (på årsbasis där tillämpligt)/genomsnittlig fullt tillämpad hävstångsrelationsnämnnare. Från och med 31 december 2015 är beräkningen av hävstångsrelationsnämnnaren fullt lierad med Basel III-reglerna. För perioder innan 31 december 2015 är hävstångsrelationsnämnnaren beräknad i enlighet med tidigare schweiziska SRB-regler. Därför presenteras inte siffran för perioden som avslutats 31 december 2015, då den inte är tillgänglig på en fullt jämförbar basis. Detta mått tillhandahåller information om företagets intäkter i förhållande till hävstångsrelationsnämnnaren. ¹² Från och med 31 december 2015 är beräkningen av hävstångsrelationsnämnnaren fullt lierad med Basel III-reglerna. ¹³ Inkluderar investerade tillgångar inom Personal & Corporate Banking.</p>		
	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 2017.
	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 2018, vilket är slutet på den senaste finansiella perioden för vilken finansiell information har publicerats.

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Zurich, 4 March 2019

UBS AG