
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 6-K

**REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 UNDER
THE SECURITIES EXCHANGE ACT OF 1934**

Date: March 15, 2019

UBS Group AG
Commission File Number: 1-36764

UBS AG
Commission File Number: 1-15060

(Registrants' Name)

Bahnhofstrasse 45, Zurich, Switzerland and
Aeschenvorstadt 1, Basel, Switzerland
(Address of principal executive offices)

Indicate by check mark whether the registrants file or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F

Form 40-F

This Form 6-K consists of the UBS Group Funding (Switzerland) AG audited standalone financial statements for the year ended 31 December 2018, which appear immediately following this page.



UBS Group Funding (Switzerland) AG

Standalone financial statements as of 31 December 2018.

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UBS Group Funding (Switzerland) AG standalone financial statements (audited)

Income statement

| | Note | USD million | | CHF million | |
|-------------------------------------|------|--------------------------------|------------|--------------------------------|------------|
| | | For the year ended 31.12.18 | 31.12.17 | For the year ended 31.12.18 | 31.12.17 |
| Financial income | 3 | 1,525 | 508 | 1,503 | 495 |
| Operating income | | 1,525 | 508 | 1,503 | 495 |
| Other operating expenses | 4 | 0 | 0 | 0 | 0 |
| Financial expenses | 5 | 1,517 | 504 | 1,495 | 491 |
| Operating expenses | | 1,517 | 504 | 1,495 | 491 |
| Profit / (loss) before income taxes | | 8 | 4 | 8 | 4 |
| Tax expense / (benefit) | | 2 | 1 | 2 | 1 |
| Net profit / (loss) | | 6 | 3 | 6 | 3 |

UBS Group Funding (Switzerland) AG was incorporated on 14 November 2016. The income statement and corresponding Notes presented for the period ended on 31 December 2017 include income and expenses for the period from 14 November 2016 to 31 December 2017.

Balance sheet

| | Note | USD million | | CHF million | |
|---|------|---------------|---------------|---------------|---------------|
| | | 31.12.18 | 31.12.17 | 31.12.18 | 31.12.17 |
| Assets | | | | | |
| Liquid assets | 6 | 115 | 20 | 113 | 19 |
| Accrued income and prepaid expenses | 7 | 1,017 | 481 | 1,000 | 469 |
| Total current assets | | 1,133 | 501 | 1,114 | 488 |
| Financial assets | 8 | 41,784 | 28,424 | 41,083 | 27,708 |
| Other non-current assets | 9 | 33 | 0 | 33 | 0 |
| Total non-current assets | | 41,817 | 28,424 | 41,116 | 27,708 |
| Total assets | | 42,950 | 28,925 | 42,230 | 28,196 |
| Liabilities | | | | | |
| Other current liabilities | 10 | 42 | 29 | 42 | 29 |
| Accrued expenses and deferred income | 11 | 728 | 197 | 715 | 192 |
| Total short-term liabilities | | 770 | 227 | 757 | 221 |
| Long-term interest-bearing liabilities | 12 | 42,019 | 28,555 | 41,314 | 27,835 |
| Other long-term liabilities | 13 | 145 | 130 | 142 | 127 |
| Total long-term liabilities | | 42,163 | 28,685 | 41,456 | 27,962 |
| Total liabilities | | 42,933 | 28,912 | 42,213 | 28,183 |
| Equity | | | | | |
| Share capital | 14 | 0 | 0 | 0 | 0 |
| General reserves | | 10 | 10 | 10 | 10 |
| <i>of which: statutory capital reserve</i> | | 10 | 10 | 10 | 10 |
| <i>of which: capital contribution reserve</i> | | 10 | 10 | 10 | 10 |
| Net profit / (loss) | | 6 | 3 | 6 | 3 |
| Equity attributable to shareholders | | 16 | 14 | 16 | 13 |
| Total liabilities and equity | | 42,950 | 28,925 | 42,230 | 28,196 |

Reconciliation of equity

A reconciliation of equity for the year ended 31 December 2018 from the former Swiss franc presentation currency to the new US dollar presentation currency is provided in the table below.

| <i>In million</i> | Share capital | General reserves | Net profit / (loss) | Total equity |
|--|---------------|------------------|---------------------|--------------|
| Balance as of 1 January 2018, CHF | 0 | 10 | 3 | 13 |
| Dividend distribution | | | (3) | (3) |
| Net profit / (loss) for the period before conversion, CHF | | | 4 | 4 |
| CHF equity at conversion date 1 October 2018 ¹ | 0 | 10 | 4 | 14 |
| USD equity opening balance at conversion date 1 October 2018 | 0 | 10 | 4 | 14 |
| Net profit / (loss) for the period after conversion, USD | | | 3 | 3 |
| Balance as of 31 December 2018, USD | 0 | 10 | 6 | 16 |

¹ Conversion date rate as of 1 October 2018 represents the closing exchange rate as of 30 September 2018 (CHF / USD 1.02).

Statement of appropriation of total profit / (loss) carried forward

The Board of Directors proposes that the Annual General Meeting of Shareholders (AGM) on 7 March 2019 approve an ordinary dividend distribution of USD 6 million. Dividends are declared and paid in US dollars. The total amount of the dividends will be capped at CHF 8 million (Cap). To the extent that the CHF dividend calculated based on USD 6 million would exceed the Cap on the day of the AGM, due to the exchange

rate determined by the Board of Directors in its reasonable opinion, the USD amount of the dividend will be reduced on a pro-rata basis so that the total CHF amount does not exceed the Cap.

The Board of Directors proposes that the AGM on 7 March 2019 approve the following appropriation of total profit / (loss) carried forward and dividend distribution.

Proposed appropriation of total profit / (loss) carried forward if the Cap is not triggered

| | USD million For the year ended | CHF million For the year ended |
|--|-----------------------------------|-----------------------------------|
| | 31.12.18 | 31.12.18 |
| Net profit for the period | 6 | 6 |
| Profit / (loss) carried forward | 0 | 0 |
| Total profit / (loss) carried forward available for appropriation | 6 | 6 |

Appropriation of total profit / (loss) carried forward

| | | |
|--|----------|------------------|
| Dividend distribution | (6) | (6) ¹ |
| Profit / (loss) carried forward | 0 | 0 |

¹ Translated at closing exchange rate as of 31 December 2018 (CHF / USD 1.02).

Proposed appropriation of total profit / (loss) carried forward and proposed dividend distribution out of capital contribution reserve if the Cap is triggered

| | USD million For the year ended | CHF million For the year ended |
|---|-----------------------------------|-----------------------------------|
| | 31.12.18 | 31.12.18 |
| Appropriation of total profit / (loss) carried forward | | |
| Dividend distribution | (6) | (6) |
| Profit / (loss) carried forward | 0 | 0 |

Proposed dividend distribution out of capital contribution reserve

| | | |
|--|-----------|----------|
| Total capital contribution reserve before distribution | 10 | 10 |
| Dividend distribution | 0 | (2) |
| Total capital contribution reserve after distribution | 10 | 8 |

The total CHF dividend is capped at CHF 8 million. The USD amount (6 million) will be reduced to CHF 8 million multiplied by the exchange rate determined by the Board of Directors on the day of the AGM.

Note 1 Corporate information

UBS Group Funding (Switzerland) AG is incorporated and domiciled in Switzerland and its registered office is at Bahnhofstrasse 45, CH-8001 Zurich, Switzerland. UBS Group Funding (Switzerland) AG operates under article 620ff. of the Swiss Code of Obligations as an *Aktiengesellschaft* (a corporation limited by shares).

Establishment of UBS Group Funding (Switzerland) AG

UBS Group Funding (Switzerland) AG was incorporated on 14 November 2016 as a wholly owned subsidiary of UBS Group AG. The company was established to issue UBS Group AG guaranteed perpetual capital notes that qualify as Basel III additional tier 1 (AT1) capital and senior unsecured debt that contributes to the total loss-absorbing capacity (TLAC) of UBS.

UBS Group Funding (Switzerland) AG was designated by FINMA as a significant group company according to article 2bis para. 1 lit. b of the Swiss Banking Act.

Issuance of AT1 capital instruments and TLAC-eligible senior unsecured debt

Throughout 2018 and 2017, UBS Group Funding (Switzerland) AG issued TLAC-eligible senior unsecured debt and perpetual AT1 capital notes. The proceeds from the issuances of those instruments were on-lent to UBS AG.

In May 2018, outstanding perpetual capital notes that qualify as Basel III AT1 capital issued by UBS Group AG were transferred to UBS Group Funding (Switzerland) AG at book value with a retrospective effect as of 1 January 2018. In May 2017

outstanding TLAC-eligible senior unsecured debt issued by UBS Group Funding (Jersey) Limited was transferred to UBS Group Funding (Switzerland) AG. Both transfers were carried out by means of an issuer substitution pursuant to the voluntary substitution provisions provided in the terms and conditions of the relevant instruments. Following the transfers, the outstanding perpetual capital notes and TLAC-eligible senior unsecured debt continue to be guaranteed by UBS Group AG, and investors' seniority of claims against UBS Group AG remains unchanged.

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 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. The Swiss Federal Council will announce an effective date for the change after the referendum period closes in April 2019. No referendum has been called at this point. Once effective, new loss-absorbing additional tier 1 capital instruments and total loss-absorbing capacity (TLAC)-eligible senior unsecured debt will be issued directly out of UBS Group AG. It is also expected that UBS Group AG will assume outstanding capital and debt instruments that were previously issued by UBS Group Funding (Switzerland) AG as a means of managing the aforementioned tax burden.

→ **Refer to Note 12 for more information on the main terms and conditions of the perpetual capital notes and TLAC-eligible senior unsecured debt issued**

Note 2 Accounting policies

The UBS Group Funding (Switzerland) AG standalone financial statements are prepared in accordance with the principles of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations).

The functional currency of UBS Group Funding (Switzerland) AG is the US dollar. The significant accounting and valuation principles applied are described below.

Change in functional and presentation currency

As of 1 October 2018 (the conversion date) UBS Group Funding (Switzerland) AG prospectively changed its functional currency from Swiss francs to US dollars.

UBS Group Funding (Switzerland) AG also prospectively changed the presentation currency of its standalone financial statements from Swiss francs to US dollars. The interim Swiss franc financial information of UBS Group Funding (Switzerland) AG as of 30 September 2018, including the balance sheet, year-to-date income statement and all related notes, was translated

into US dollars at the closing rate on 30 September 2018 (the conversion date rate). This conversion had no impact on the income statement or equity.

As the primary presentation currency of the standalone financial statements of UBS Group Funding (Switzerland) AG is US dollars, amounts in Swiss francs are additionally presented for each component of the financial statements. UBS Group Funding (Switzerland) AG applies the modified closing rate method for translating the US dollar amounts into Swiss francs: assets and liabilities are translated at the closing rate, equity positions at historic rates and income and expense items at the weighted average rate for the period. All resulting currency translation effects are recognized separately in *Voluntary earnings reserve*, amounting to CHF 0 million as of 31 December 2018. Under Swiss Code of Obligations, prior period financial statements are not restated. All comparative prior-period information as of and for the year ended 31 December 2017 is translated at the closing rate as of 31 December 2017.

Note 2 Accounting policies (continued)

Foreign currency translation

Transactions denominated in foreign currency are translated into US dollars at the spot exchange rate on the date of the transaction. At the balance sheet date, all assets and liabilities that are denominated in a foreign currency are translated into US dollars using the closing exchange rate. Where the asset mirrors the terms of a corresponding liability or the asset and liability otherwise form an economic hedge relationship, the asset and liability are treated as one unit of account for foreign currency translation purposes, with offsetting unrealized foreign currency translation gains and losses based on the closing exchange rate presented net in the income statement. All currency translation effects are recognized in the income statement.

→ Refer to Note 17 for information on the main currency translation rates used

Financial assets

Financial assets include loans granted to UBS AG that substantially mirror the terms of the AT1 perpetual capital notes and the TLAC eligible senior unsecured debt instruments issued. These loans qualify as Basel III AT1 capital and gone concern loss absorbing capacity, respectively, at the UBS AG consolidated level. They are measured at nominal value.

→ Refer to Note 8 for more information

Long-term interest-bearing liabilities

Long-term interest-bearing liabilities include perpetual capital notes that qualify as Basel III AT1 capital and TLAC-eligible senior unsecured debt instruments. They are measured at nominal value. Any difference to nominal value, e.g., premium, discount or external costs that are directly related to the issue, is deferred as *Accrued income and prepaid expenses* or *Accrued expenses and deferred income* and amortized to *Financial expenses* or *Financial income* over the maturity of the instrument, or until the first call date or optional redemption date, where applicable.

→ Refer to Note 12 for more information

Dispensations in the standalone financial statements

As UBS Group AG, the holding company of UBS Group Funding (Switzerland) AG, prepares consolidated financial statements in accordance with IFRS, UBS Group Funding (Switzerland) AG is exempt from various disclosures in the standalone financial statements. The dispensations include the management report and the statement of cash flows, as well as certain note disclosures.

Income statement notes

Note 3 Financial income

| | USD million | | CHF million | |
|--|--------------------|------------|--------------------|------------|
| | For the year ended | 31.12.17 | For the year ended | 31.12.17 |
| Interest income on liquid assets | 1 | 0 | 1 | 0 |
| Interest income on long-term receivables from UBS AG | 1,524 | 508 | 1,502 | 495 |
| Foreign currency translation gains | 0 | 0 | 0 | 0 |
| Total financial income | 1,525 | 508 | 1,503 | 495 |

Note 4 Other operating expenses

UBS Group Funding (Switzerland) AG had no employees throughout the period from incorporation on 14 November 2016 to 31 December 2018. Other operating expenses mainly consist of paying agency fees, audit fees and capital tax expenses.

Note 5 Financial expenses

Financial expenses comprise interest expense on interest-bearing liabilities.

Balance sheet notes

Note 6 Liquid assets

Liquid assets comprise current accounts held at UBS AG.

Note 7 Accrued income and prepaid expenses

| | USD million | | CHF million | |
|--|--------------------|------------|--------------------|------------|
| | For the year ended | | For the year ended | |
| | 31.12.18 | 31.12.17 | 31.12.18 | 31.12.17 |
| Accrued interest income | 625 | 199 | 615 | 194 |
| Prepaid expenses | 392 | 282 | 386 | 275 |
| Total accrued income and prepaid expenses | 1,017 | 481 | 1,000 | 469 |

Note 8 Financial assets

| | USD million | | CHF million | |
|---|--------------------|---------------|--------------------|---------------|
| | For the year ended | | For the year ended | |
| | 31.12.18 | 31.12.17 | 31.12.18 | 31.12.17 |
| Onward lending to UBS AG ¹ | 41,782 | 28,422 | 41,081 | 27,706 |
| Other long-term receivables from UBS AG | 2 | 2 | 2 | 2 |
| Total financial assets | 41,784 | 28,424 | 41,083 | 27,708 |

¹ Long-term receivables from the onward lending of the proceeds from the issuances of TLAC-eligible senior unsecured debt and loss-absorbing additional tier 1 perpetual capital notes to UBS AG.

Note 9 Other non-current assets

Other non-current assets are comprised of incentive fee receivables from UBS Group AG due after 12 months after the balance sheet date.

Note 10 Other current liabilities

Other current liabilities are comprised of guarantee fee payables to UBS Group AG due within 12 months after the balance sheet date.

Note 11 Accrued expenses and deferred income

| | USD million | | CHF million | |
|---|--------------------|------------|--------------------|------------|
| | For the year ended | | For the year ended | |
| | 31.12.18 | 31.12.17 | 31.12.18 | 31.12.17 |
| Accrued interest expense | 678 | 193 | 667 | 188 |
| Other | 49 | 5 | 49 | 4 |
| Total accrued expenses and deferred income | 728 | 197 | 715 | 192 |

Note 12 Long-term interest-bearing liabilities

Long-term interest-bearing liabilities totaled USD 42,019 million (CHF 41,314 million) as of 31 December 2018 (31 December 2017: USD 28,555 million (CHF 27,835 million)), comprising USD 41,782 million (CHF 41,081 million) of debt issued (31 December 2017: USD 28,422 million (CHF 27,706 million)) and USD 237 million (CHF 233 million) of fixed-term

loans (31 December 2017: USD 132 million (CHF 129 million)). In May 2018, outstanding perpetual capital notes that qualify as Basel III AT1 capital issued by UBS Group AG were transferred to UBS Group Funding (Switzerland) AG at book value by means of an issuer substitution with a retrospective effect as of 1 January 2018.

Notes issued, overview by amount, maturity and coupon

| | 31.12.18 | | | | 31.12.17 | |
|--|--|--------------------------|--------------------------|---------------------------|--|--------------------------|
| | Carrying value in transaction currency | Carrying value in USD | Maturity ^{1, 2} | Coupon ^{1, 2} | Carrying value in transaction currency | Carrying value in USD |
| <i>In million, except where indicated</i> | | | | | | |
| Euro-denominated TLAC-eligible senior unsecured notes | 1,750 | 2,005 | 20.09.21 | 3M EUR LIBOR + 70 bps | 1,750 | 2,100 |
| US dollar-denominated TLAC-eligible senior unsecured notes | 2,000 | 2,000 | 23.05.22 | 3.491% | 2,000 | 2,000 |
| US dollar-denominated TLAC-eligible senior unsecured notes | 1,000 | 1,000 | 23.05.22 | 3M USD LIBOR + 122 bps | 1,000 | 1,000 |
| US dollar-denominated TLAC-eligible senior unsecured notes | 2,000 | 2,000 | 23.03.27 | 4.253% | 2,000 | 2,000 |
| Swiss franc-denominated TLAC-eligible senior unsecured notes | 400 | 407 | 18.05.23 | 0.625% | 400 | 410 |
| Euro-denominated TLAC-eligible senior unsecured notes | 1,250 | 1,432 | 16.11.22 | 1.75% | 1,250 | 1,500 |
| Swiss franc-denominated TLAC-eligible senior unsecured notes | 300 | 305 | 22.02.22 | 0.75% | 300 | 308 |
| Swiss franc-denominated TLAC-eligible senior unsecured notes | 150 | 153 | 23.02.26 | 1.25% | 150 | 154 |
| Euro-denominated TLAC-eligible senior unsecured notes | 750 | 859 | 04.03.24 | 2.125% | 750 | 900 |
| US dollar-denominated TLAC-eligible senior unsecured notes | 1,500 | 1,500 | 24.09.20 | 2.95% | 1,500 | 1,500 |
| US dollar-denominated TLAC-eligible senior unsecured notes | 2,500 | 2,500 | 24.09.25 | 4.125% | 2,500 | 2,500 |
| US dollar-denominated TLAC-eligible senior unsecured notes | 300 | 300 | 24.09.20 | 3M USD LIBOR + 144 bps | 300 | 300 |
| US dollar-denominated TLAC-eligible senior unsecured notes | 2,000 | 2,000 | 15.04.21 | 3% | 2,000 | 2,000 |
| US dollar-denominated TLAC-eligible senior unsecured notes | 1,000 | 1,000 | 14.04.21 | 3M USD LIBOR + 178 bps | 1,000 | 1,000 |
| US dollar-denominated TLAC-eligible senior unsecured notes | 2,000 | 2,000 | 15.04.26 | 4.125% | 2,000 | 2,000 |
| US dollar-denominated TLAC-eligible senior unsecured notes | 2,000 | 2,000 | 01.02.22 | 2.65% | 2,000 | 2,000 |
| US dollar-denominated TLAC-eligible senior unsecured notes | 500 | 500 | 01.02.22 | 3M USD LIBOR + 153 bps | 500 | 500 |
| Euro-denominated TLAC-eligible senior unsecured notes | 1,250 | 1,432 | 01.09.26 | 1.25% | 1,250 | 1,500 |
| Euro-denominated TLAC-eligible senior unsecured notes | 1,250 | 1,432 | 30.11.23 | 1.5% | 1,250 | 1,500 |
| US dollar-denominated TLAC-eligible senior unsecured notes | 1,250 | 1,250 | 15.08.22 | 3M USD LIBOR + 95 bps | 1,250 | 1,250 |
| US dollar-denominated TLAC-eligible senior unsecured notes | 2,000 | 2,000 | 15.08.22 | 2.859% | 2,000 | 2,000 |
| Euro-denominated TLAC-eligible senior unsecured notes | 1,750 | 2,005 | 17.04.24 | 1.25% | | |
| Yen-denominated TLAC-eligible senior unsecured notes | 130,000 | 1,186 | 08.11.23 | 0.719% | | |
| Yen-denominated TLAC-eligible senior unsecured notes | 20,000 | 182 | 09.11.27 | 0.973% | | |
| US dollar-denominated high-trigger loss-absorbing additional tier 1 perpetual capital notes | 2,000 | 2,000 | 31.01.23 | 5% | | |
| Euro-denominated low-trigger loss-absorbing additional tier 1 perpetual capital notes | 1,000 | 1,146 | 19.02.22 | 5.75% | | |
| US dollar-denominated low-trigger loss-absorbing additional tier 1 perpetual capital notes | 1,250 | 1,250 | 19.02.25 | 7% | | |
| US dollar-denominated high-trigger loss-absorbing additional tier 1 perpetual capital notes | 1,250 | 1,250 | 19.02.20 | 7.125% | | |
| US dollar-denominated high-trigger loss-absorbing additional tier 1 perpetual capital notes | 1,575 | 1,575 | 07.08.25 | 6.875% | | |
| US dollar-denominated high-trigger loss-absorbing additional tier 1 perpetual capital notes | 1,500 | 1,500 | 22.03.21 | 6.875% | | |
| US dollar-denominated high-trigger loss-absorbing additional tier 1 perpetual capital notes | 1,100 | 1,100 | 10.08.21 | 7.125% | | |
| Singapore dollar-denominated high-trigger loss-absorbing additional tier 1 perpetual capital notes | 700 | 514 | 28.11.23 | 5.875% | | |
| Total notes issued | | 41,782 | | | | 28,422 |

¹ For the TLAC-eligible senior unsecured notes disclosed maturity refers to the contractual maturity date or, if applicable, to the earlier optional redemption date of the respective issuance. The disclosed coupon rate refers to the contractual coupon rate applied from the issue date up to the contractual maturity date or, if applicable, to the earlier optional redemption date. ² For the loss-absorbing additional tier 1 perpetual capital notes disclosed maturity refers to the first call date and the disclosed coupon rate refers to the contractual fixed coupon rate from the issue date up to, but excluding, the first call date.

Note 12 Long-term interest-bearing liabilities (continued)

| Notes issued, overview by amount, maturity and coupon | 31.12.18 | | | | 31.12.17 | |
|--|--|--------------------------|--------------------------|---------------------------|--|--------------------------|
| | Carrying value in transaction currency | Carrying value in CHF | Maturity ^{1, 2} | Coupon ^{1, 2} | Carrying value in transaction currency | Carrying value in CHF |
| <i>In million, except where indicated</i> | | | | | | |
| Euro-denominated TLAC-eligible senior unsecured notes | 1,750 | 1,971 | 20.09.21 | 3M EUR LIBOR + 70 bps | 1,750 | 2,047 |
| US dollar-denominated TLAC-eligible senior unsecured notes | 2,000 | 1,966 | 23.05.22 | 3.491% | 2,000 | 1,950 |
| US dollar-denominated TLAC-eligible senior unsecured notes | 1,000 | 983 | 23.05.22 | 3M USD LIBOR + 122 bps | 1,000 | 975 |
| US dollar-denominated TLAC-eligible senior unsecured notes | 2,000 | 1,966 | 23.03.27 | 4.253% | 2,000 | 1,950 |
| Swiss franc-denominated TLAC-eligible senior unsecured notes | 400 | 400 | 18.05.23 | 0.625% | 400 | 400 |
| Euro-denominated TLAC-eligible senior unsecured notes | 1,250 | 1,408 | 16.11.22 | 1.75% | 1,250 | 1,462 |
| Swiss franc-denominated TLAC-eligible senior unsecured notes | 300 | 300 | 22.02.22 | 0.75% | 300 | 300 |
| Swiss franc-denominated TLAC-eligible senior unsecured notes | 150 | 150 | 23.02.26 | 1.25% | 150 | 150 |
| Euro-denominated TLAC-eligible senior unsecured notes | 750 | 845 | 04.03.24 | 2.125% | 750 | 877 |
| US dollar-denominated TLAC-eligible senior unsecured notes | 1,500 | 1,475 | 24.09.20 | 2.95% | 1,500 | 1,462 |
| US dollar-denominated TLAC-eligible senior unsecured notes | 2,500 | 2,458 | 24.09.25 | 4.125% | 2,500 | 2,437 |
| US dollar-denominated TLAC-eligible senior unsecured notes | 300 | 295 | 24.09.20 | 3M USD LIBOR + 144 bps | 300 | 292 |
| US dollar-denominated TLAC-eligible senior unsecured notes | 2,000 | 1,966 | 15.04.21 | 3% | 2,000 | 1,950 |
| US dollar-denominated TLAC-eligible senior unsecured notes | 1,000 | 983 | 14.04.21 | 3M USD LIBOR + 178 bps | 1,000 | 975 |
| US dollar-denominated TLAC-eligible senior unsecured notes | 2,000 | 1,966 | 15.04.26 | 4.125% | 2,000 | 1,950 |
| US dollar-denominated TLAC-eligible senior unsecured notes | 2,000 | 1,966 | 01.02.22 | 2.65% | 2,000 | 1,950 |
| US dollar-denominated TLAC-eligible senior unsecured notes | 500 | 492 | 01.02.22 | 3M USD LIBOR + 153 bps | 500 | 487 |
| Euro-denominated TLAC-eligible senior unsecured notes | 1,250 | 1,408 | 01.09.26 | 1.25% | 1,250 | 1,462 |
| Euro-denominated TLAC-eligible senior unsecured notes | 1,250 | 1,408 | 30.11.23 | 1.5% | 1,250 | 1,462 |
| US dollar-denominated TLAC-eligible senior unsecured notes | 1,250 | 1,229 | 15.08.22 | 3M USD LIBOR + 95 bps | 1,250 | 1,218 |
| US dollar-denominated TLAC-eligible senior unsecured notes | 2,000 | 1,966 | 15.08.22 | 2.859% | 2,000 | 1,950 |
| Euro-denominated TLAC-eligible senior unsecured notes | 1,750 | 1,971 | 17.04.24 | 1.25% | | |
| Yen-denominated TLAC-eligible senior unsecured notes | 130,000 | 1,166 | 08.11.23 | 0.719% | | |
| Yen-denominated TLAC-eligible senior unsecured notes | 20,000 | 179 | 09.11.27 | 0.973% | | |
| US dollar-denominated high-trigger loss-absorbing additional tier 1 perpetual capital notes | 2,000 | 1,966 | 31.01.23 | 5% | | |
| Euro-denominated low-trigger loss-absorbing additional tier 1 perpetual capital notes | 1,000 | 1,126 | 19.02.22 | 5.75% | | |
| US dollar-denominated low-trigger loss-absorbing additional tier 1 perpetual capital notes | 1,250 | 1,229 | 19.02.25 | 7% | | |
| US dollar-denominated high-trigger loss-absorbing additional tier 1 perpetual capital notes | 1,250 | 1,229 | 19.02.20 | 7.125% | | |
| US dollar-denominated high-trigger loss-absorbing additional tier 1 perpetual capital notes | 1,575 | 1,549 | 07.08.25 | 6.875% | | |
| US dollar-denominated high-trigger loss-absorbing additional tier 1 perpetual capital notes | 1,500 | 1,475 | 22.03.21 | 6.875% | | |
| US dollar-denominated high-trigger loss-absorbing additional tier 1 perpetual capital notes | 1,100 | 1,082 | 10.08.21 | 7.125% | | |
| Singapore dollar-denominated high-trigger loss-absorbing additional tier 1 perpetual capital notes | 700 | 505 | 28.11.23 | 5.875% | | |
| Total notes issued | | 41,081 | | | | 27,706 |

¹ For the TLAC-eligible senior unsecured notes disclosed maturity refers to the contractual maturity date or, if applicable, to the earlier optional redemption date of the respective issuance. The disclosed coupon rate refers to the contractual coupon rate applied from the issue date up to the contractual maturity date or, if applicable, to the earlier optional redemption date. ² For the loss-absorbing additional tier 1 perpetual capital notes disclosed maturity refers to the first call date and the disclosed coupon rate refers to the contractual fixed coupon rate from the issue date up to, but excluding, the first call date.

Note 13 Other long-term liabilities

Other long-term liabilities are comprised of guarantee fee payables to UBS Group AG due after 12 months after the balance sheet date.

Note 14 Share capital

As of 31 December 2018 and 31 December 2017, the issued share capital consisted of 1,000,000 registered shares at a par value of CHF 0.10 each.

Note 15 Contingent liabilities

UBS Group Funding (Switzerland) AG is jointly and severally liable for the combined value added tax (VAT) liability of UBS entities that belong to the VAT group of UBS in Switzerland.

Additional information

Note 16 Related parties

| <i>USD million</i> | 31.12.18 | | 31.12.17 | |
|-------------------------------------|------------------|----------------|------------------|----------------|
| | Amounts due from | Amounts due to | Amounts due from | Amounts due to |
| Qualified shareholders ¹ | 45 | 187 | | 159 |
| Affiliated entities ² | 42,524 | 239 | 28,643 | 133 |
| External auditors | | 0 | | 0 |

¹ Qualified shareholder of UBS Group Funding (Switzerland) AG is UBS Group AG. ² Affiliated entities of UBS Group Funding (Switzerland) AG include UBS AG, which is a direct subsidiary of UBS Group AG.

| <i>CHF million</i> | 31.12.18 | | 31.12.17 | |
|-------------------------------------|------------------|----------------|------------------|----------------|
| | Amounts due from | Amounts due to | Amounts due from | Amounts due to |
| Qualified shareholders ¹ | 44 | 184 | | 155 |
| Affiliated entities ² | 41,811 | 235 | 27,921 | 130 |
| External auditors | | 0 | | 0 |

¹ Qualified shareholder of UBS Group Funding (Switzerland) AG is UBS Group AG. ² Affiliated entities of UBS Group Funding (Switzerland) AG include UBS AG, which is a direct subsidiary of UBS Group AG.

Note 17 Currency translation rates

The following table shows the currency rates used to translate the transactions in foreign currencies into US dollars in 2018 and into Swiss francs in 2017.

| | Against USD | | Against CHF | |
|---------|-----------------------|--------------------|-----------------------|--------------------|
| | Closing exchange rate | Average rate | Closing exchange rate | Average rate |
| | As of | For the year ended | As of | For the year ended |
| | 31.12.18 | 31.12.18 | 31.12.17 | 31.12.17 |
| 1 CHF | 1.02 | 1.02 | 1.00 | 1.00 |
| 1 EUR | 1.15 | 1.18 | 1.17 | 1.12 |
| 100 JPY | 0.91 | 0.91 | | |
| 1 SGD | 0.73 | 0.74 | | |
| 1 USD | 1.00 | 1.00 | 0.97 | 0.98 |



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To the General Meeting of
UBS Group Funding (Switzerland) AG, Zurich

Basle, 7 March 2019

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of UBS Group Funding (Switzerland) AG, which comprise the balance sheet, income statement and notes, for the year ended 31 December 2018.



Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.



Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements for the year ended 31 December 2018 comply with Swiss law and the company's articles of incorporation.



Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibility* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Changes to functional and presentation currencies

| | |
|---------------------------|--|
| Risk | <p>Effective 1 October 2018, the functional currency of UBS Group AG and UBS AG's Head Office in Switzerland has changed from Swiss francs to US dollars.</p> <p>Given UBS Group Funding (Switzerland) AG is a finance subsidiary without its own autonomous operating activities, in combination with the existing issuer substitution and keep-well agreements, the functional currency of the entity is aligned to UBS Group AG's and UBS AG's financial statements. As a consequence, the functional and presentation currency of UBS Group Funding (Switzerland) AG changed accordingly from Swiss francs to US dollars as of 1 October 2018.</p> <p>In accordance with Art. 958d para. 3 Swiss Code of Obligation, the financial statements are also presented in Swiss francs and additional disclosures were provided regarding foreign currency translation in note 2.</p> <p>We focused on the functional currency change because of the judgement involved in the determination of a change in functional currency and the effect of changing the functional and presentation to the financial statements as a whole.</p> |
| Our audit response | <p>We considered the change of functional and presentation currencies and developed an audit plan where we, amongst other things:</p> <ul style="list-style-type: none"> ▶ Involved accounting specialists to review that the prospective application of the change in presentation currency of UBS Group Funding (Switzerland) AG is in accordance with the Swiss Code of Obligations. ▶ Evaluated the implication of the change, recalculated the impact of foreign currency translations and further assessed the completeness and accuracy of the data used in the calculation for retrospective presentation in US dollars and Swiss francs. ▶ Reviewed that the changes in functional and presentation currencies were disclosed in accordance with the Swiss Code of Obligations (refer to note 2). <p>Our audit procedures did not lead to any reservations concerning the recognition, measurement and presentation of the change in functional and presentation currencies.</p> |

First-time recognition of transferred Additional Tier 1 (AT1) capital instruments

| | |
|-------------|--|
| Risk | <p>As of 25 May 2018, USD 16,675 billion and additional EUR 1 billion nominal value of AT1 capital instruments previously issued by UBS Group AG and the related on-lend loans to UBS Group entities were transferred to UBS Group Funding (Switzerland) AG following the terms of an "Issuer Substitution Agreement".</p> <p>Failure to appropriately set up, transfer and record these instruments could expose the entity to, amongst other things, significant financial reporting, legal, economic and taxation risks that may ultimately require</p> |
|-------------|--|

the entity to rely on the support of its parent, UBS Group AG, for its going concern.

Our audit response

We considered the initial recognition of the AT1 capital instruments and developed an audit plan where we, amongst other things:

- ▶ Obtained and reviewed significant contracts to determine whether the key features had been accounted for appropriately and compared the terms between the external instruments and resulting on-lend contracts;
- ▶ Involved tax specialists to assess the transfer pricing agreements in place and review the significant correspondence with the tax authorities;
- ▶ Involved accounting specialists to review that the significant accounting policies are in accordance with the Swiss Code of Obligations
- ▶ We reviewed key terms of the "Issuer Substitution Agreement" and related "On-lend Agreements", recalculated the amortized cost values of the external issuances and resulting on-lend contracts, together with the related accruals, deferrals and liabilities that were taken over after the transfer.

Our audit procedures did not lead to any reservations concerning the contractual set-up as well as the recognition, measurement and presentation of the transferred AT1 instruments.



Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of the total profit carried forward complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd



Jan Marxfeld
Licensed audit expert
(Auditor in charge)



Loren Bayley
Certified Public Accountant (CPA)

Enclosures

- ▶ Financial statements (balance sheet, income statement and notes)
- ▶ Proposal regarding the total profit carried forward

Notice to investors | This document and the information contained herein are provided solely for information purposes, and are not to be construed as solicitation of an offer to buy or sell any securities or other financial instruments in Switzerland, the United States or any other jurisdiction. No investment decision relating to securities of or relating to UBS Group AG, UBS AG or their affiliates should be made on the basis of this document. Refer to UBS's Annual Report 2018 for additional information. This report is available at www.ubs.com/investors.

Rounding | Numbers presented throughout this report may not add up precisely to the totals provided in the tables and text. Starting in 2018, percentages, percent changes, and adjusted results are calculated on the basis of unrounded figures. Information on absolute changes between reporting periods, which is provided in text and that can be derived from figures displayed in the tables, is calculated on a rounded basis.

Tables | Within tables, blank fields generally indicate that the field is not applicable or not meaningful, or that information is not available as of the relevant date or for the relevant period. Zero values generally indicate that the respective figure is zero on an actual or rounded basis. Percentage changes are presented as a mathematical calculation of the change between periods.

UBS Group AG
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned, thereunto duly authorized.

UBS Group AG

By: /s/ Todd Tuckner
Name: Todd Tuckner
Title: Group Controller and
Chief Accounting Officer

By: /s/ David Kelly
Name: David Kelly
Title: Managing Director

UBS AG

By: /s/ Todd Tuckner
Name: Todd Tuckner
Title: Group Controller and
Chief Accounting Officer

By: /s/ David Kelly
Name: David Kelly
Title: Managing Director

Date: March 15, 2019