



# UBS Group Funding (Switzerland) AG

**Interim financial statements as of 30 June 2017. Income statement for the period from incorporation on 14 November 2016 to 30 June 2017**

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# UBS Group Funding (Switzerland) AG

## Income statement

	For the period ended
<i>CHF million</i>	<b>30.6.17</b>
Financial income	103
Operating income	103
Other operating expenses	0
Financial expenses	102
Operating expenses	102
Profit / (loss) before income taxes	1
Tax expense / (benefit)	0
<b>Net profit / (loss)</b>	<b>0</b>

UBS Group Funding (Switzerland) AG was incorporated on 14 November 2016, thus the income statement presented includes income and expenses for the period from incorporation on 14 November 2016 to 30 June 2017.

## Balance sheet

	30.6.17
<i>CHF million</i>	<b>30.6.17</b>
<b>Assets</b>	
Liquid assets	105
Accrued income and prepaid expenses	344
<b>Total current assets</b>	<b>449</b>
Financial assets	23,820
<b>Total non-current assets</b>	<b>23,820</b>
<b>Total assets</b>	<b>24,269</b>
<b>Liabilities</b>	
Other current liabilities	24
Accrued expenses and deferred income	179
<b>Total short-term liabilities</b>	<b>203</b>
Long-term interest-bearing liabilities	23,932
Other long-term liabilities	124
<b>Total long-term liabilities</b>	<b>24,056</b>
<b>Total liabilities</b>	<b>24,259</b>
<b>Equity</b>	
Share capital	0
General reserves	10
<i>of which: statutory capital reserve</i>	<i>10</i>
<i>of which: capital contribution reserve</i>	<i>10</i>
Net profit / (loss)	0
<b>Equity attributable to shareholders</b>	<b>10</b>
<b>Total liabilities and equity</b>	<b>24,269</b>

## Corporate information

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

### 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 has been established to issue UBS Group AG guaranteed capital market instruments, which meet the requirements for loss-absorbing additional tier one (AT1) capital and/or senior unsecured debt which contributes to the total loss-absorbing capacity (TLAC) of UBS Group AG.

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

## Basis of accounting

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The interim financial statements of UBS Group Funding (Switzerland) AG 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 income statement presented includes income and expenses for the period from the incorporation on 14 November 2016 to 30 June 2017.

In preparing the interim financial statements for UBS Group Funding (Switzerland) AG, the significant accounting and valuation principles as described below have been applied. These interim financial statements are unaudited.

### Financial assets

*Financial assets* include loans granted to UBS AG which substantially mirror the terms of the TLAC-eligible senior unsecured debt instruments. They are measured at nominal value.

### Issuance of TLAC-eligible senior unsecured debt

In March 2017, UBS Group Funding (Switzerland) AG commenced to issue TLAC-eligible senior unsecured debt. The proceeds from the issuances of those instruments were on-lent to UBS AG for funding purposes.

Furthermore, in May 2017 outstanding TLAC-eligible senior unsecured debt issued by UBS Group Funding (Jersey) Limited was transferred to UBS Group Funding (Switzerland) AG by means of an issuer substitution. The issuer substitution was carried out pursuant to the voluntary substitution provisions provided in the terms and conditions of the relevant instruments. Following the transfer, outstanding TLAC-eligible senior unsecured debt continues to be guaranteed by UBS Group AG, and investors' seniority of claims against UBS Group AG remains unchanged.

### Long-term interest bearing liabilities

*Long-term interest bearing liabilities* include 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, are 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 optional redemption date, where applicable.

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**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.

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