



UBS AG
Hong Kong Branch
(Incorporated in Switzerland with Limited Liability)

Key Financial Information Disclosure Statement
As at 30 June 2015

UBS AG HONG KONG BRANCH

KEY FINANCIAL INFORMATION DISCLOSURE STATEMENT

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UBS AG HONG KONG BRANCH

KEY FINANCIAL INFORMATION DISCLOSURE STATEMENT

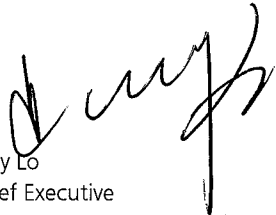
30 June 2015

Chief Executive's Declaration

The key financial information disclosure statement as at 30 June 2015 is set out on pages 2 to 13.

Information is disclosed in accordance with the Banking (Disclosure) Rules and the guidance notes for overseas incorporated authorized institutions issued by the Hong Kong Monetary Authority on 6 August 2015.

This disclosure complies with the Hong Kong Monetary Authority's recommendations and is not false or misleading in any material aspects.



Amy Lo
Chief Executive
UBS AG Hong Kong Branch
30 September 2015

UBS AG HONG KONG BRANCH

STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2015

	Notes	6 months ended 30 Jun 2015 HKD million	6 months ended 30 Jun 2014 HKD million
Interest income		1,181	824
Interest expense		285	194
Net interest income		<u>896</u>	<u>630</u>
Other operating income	2	8,921	6,434
Total operating income		<u>9,817</u>	<u>7,064</u>
Operating expenses	3	5,331	5,042
Impairment losses and provisions for impaired loans and receivables		-	-
Gain less losses from the disposal of property, plant and equipment and investment properties		-	-
Profit before taxation		<u>4,486</u>	<u>2,022</u>
Tax expense		751	225
Profit after taxation		<u><u>3,735</u></u>	<u><u>1,797</u></u>

UBS AG HONG KONG BRANCH

STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Notes	30 Jun 2015 HKD million	31 Dec 2014 HKD million
ASSETS			
Cash and balances with banks (except those included in amount due from overseas offices)		8,682	4,933
Placements with banks with residual maturity of more than 1 month but not more than 12 months (except those included in amount due from overseas offices)		-	-
Amount due from overseas offices		20,688	23,284
Trade bills		-	-
Certificates of deposit held		-	1,144
Securities held for trading purposes		24,232	22,238
Loans and receivables	4	131,575	115,600
Investment securities		-	-
Other investments		2,809	1,399
Property, plant and equipment and investment properties		849	722
Total assets		<u>188,835</u>	<u>169,320</u>
LIABILITIES			
Deposits and balances from banks (except those included in amount due to overseas offices)		2,232	1,567
Deposits from customers	8	112,730	100,582
Amount due to overseas offices		63,394	58,222
Certificates of deposit issued		-	-
Issued debt securities		-	-
Other liabilities		10,472	8,942
Provisions		7	7
Total liabilities		<u>188,835</u>	<u>169,320</u>

UBS AG HONG KONG BRANCH

NOTES TO THE FINANCIAL STATEMENTS

1 Business activities

UBS AG Hong Kong Branch ("the Branch") is a branch of UBS AG, a bank incorporated in Switzerland. The Branch provides a broad range of financial services including wealth management, advisory services, underwriting, financing, market making, brokerage and asset management.

2 Other operating income

Notes	6 months ended 30 Jun 2015 HKD million	6 months ended 30 Jun 2014 HKD million
Net trading income		
Profit on dealing in foreign currencies	81	92
Loss on trading securities	(3)	(17)
(Loss) / profit from other trading activities	(58)	38
	<u>20</u>	<u>113</u>
Net fee and commission income		
Fee and commission income	4,485	3,290
Less: Fee and commission expenses	(1,289)	(1,019)
	<u>3,196</u>	<u>2,271</u>
Other income	<u>5,705</u>	<u>4,050</u>
	<u><u>8,921</u></u>	<u><u>6,434</u></u>

3 Operating expenses

	6 months ended 30 Jun 2015 HKD million	6 months ended 30 Jun 2014 HKD million
Staff costs	3,493	3,279
Rental expenses	246	263
Net service fee to other UBS entities	641	671
Other operating expenses	951	829
	<u>5,331</u>	<u>5,042</u>

4 Loans and receivables

	30 Jun 2015 HKD million	31 Dec 2014 HKD million
Loans and advances to customers	123,671	108,177
Accrued interest and other receivables	7,904	7,423
	<u>131,575</u>	<u>115,600</u>
Less: Collective provisions	-	-
Specific provisions*	-	-
	<u><u>131,575</u></u>	<u><u>115,600</u></u>

* Specific provision of HKD71 million was made for a loan which was fully covered by an intragroup guarantee. Hence the provision was fully offset by the guarantee and it is not reflected as a provision in the statement of financial position.

5 Analysis of gross amounts of loans and advances to customers**a. Loans and advances to customers - by industry sectors**

The analysis of gross loans and advances to customers and the percentage of secured loans and advances by industry sectors are based on the categories and definitions used by the Hong Kong Monetary Authority.

	30 Jun 2015 HKD million	
	Gross loans and advances	Collateral or other security *
Loans and advances for use in Hong Kong		
Industrial, commercial and financial		
Property investment	643	100%
Financial concerns	5,770	100%
Stockbrokers	528	0%
	<u>6,941</u>	<u>92%</u>
Individuals		
For the purchase of other residential properties	580	100%
Others	27,013	100%
	<u>27,593</u>	<u>100%</u>
Loans and advances for use outside Hong Kong	89,137	100%
	<u>89,137</u>	<u>100%</u>
Total loans and advances to customers	<u><u>123,671</u></u>	<u><u>99%</u></u>

	31 Dec 2014 HKD million	
	Gross loans and advances	Collateral or other security *
Loans and advances for use in Hong Kong		
Industrial, commercial and financial		
Property investment	-	-
Financial concerns	7,923	100%
Stockbrokers	479	0%
	<u>8,402</u>	<u>94%</u>
Individuals		
For the purchase of other residential properties	-	-
Others	22,922	100%
	<u>22,922</u>	<u>100%</u>
Loans and advances for use outside Hong Kong	76,853	100%
	<u>76,853</u>	<u>100%</u>
Total loans and advances to customers	<u><u>108,177</u></u>	<u><u>99%</u></u>

* Where collateral values are greater than gross loans and advances, only the amount of collateral up to the gross loans and advances is included.

5 Analysis of gross amounts of loans and advances to customers (Cont'd)**b. Loans and advances to customers - by geographical areas**

The gross amounts of loans and advances to customers by geographical areas are classified according to the location of the counterparties after taking into account the transfer of risk. In general, risk transfer applies when a loan or advance is guaranteed by a party in a country which is different from that of the counterparty.

	30 Jun 2015	
	HKD million	
	Loans and advances to customers	Overdue / Impaired loans and advances to customers
Hong Kong	34,534	-
British Virgin Islands	54,569	71*
China	13,404	-
Others	21,164	-
	<u>123,671</u>	<u>71</u>

	31 Dec 2014	
	HKD million	
	Loans and advances to customers	Overdue / Impaired loans and advances to customers
Hong Kong	31,224	-
British Virgin Islands	48,568	-
China #	9,408	-
Others	18,977	-
	<u>108,177</u>	<u>-</u>

The country which constitutes less than 10% of the total loans and advances to customers is presented for comparative purpose only.

* Specific provision of HKD71million was made for a loan which was fully covered by an intragroup guarantee. Hence the provision was fully offset by the guarantee and it is not reflected as a provision in the statement of financial position .

6 Impaired loans and advances

	30 Jun 2015	31 Dec 2014
	HKD million	HKD million
Specific provisions to customers	71*	-
Value of the collateral in respect of such loans and advances to which the specific provisions have been made	953	-

* Specific provision of HKD71million was made for a loan which was fully covered by an intragroup guarantee. Hence the provision was fully offset by the guarantee and it is not reflected as a provision in the statement of financial position .

There were no impaired advances to customers, banks and other financial institutions as at 31 December 2014.

Country provision, if required, is booked at head office level. The Bank may establish and maintain Collective Loan Loss Provisions for country risk in case an event (or various events) in one or several countries has been identified that is likely to cause an impairment of assets, while there is not sufficient information as to which counterparties are actually affected, thus preventing the establishment of individual counterparty provisions or allowances in a timely fashion.

7 Overdue, rescheduled and repossessed assets

There were no overdue, rescheduled, or repossessed assets to customers, banks and other financial institutions as at 30 June 2015 and 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS

8 Deposits from customers

	30 Jun 2015 HKD million	31 Dec 2014 HKD million
Demand deposits and current accounts	54,469	47,440
Savings deposits	1,395	1,850
Time, call and notice deposits	56,866	51,292
	<u>112,730</u>	<u>100,582</u>

9 International claims

International claims are classified by the types and the locations of the counterparties after taking into account the transfer of risk. In general, such transfer of risk refers to the reduction of the Branch's exposure to a particular country by an effective transfer of credit risk to a different country with the use of credit risk mitigants which include guarantees, collateral and credit derivatives. The basis of the country and geographical segment classification is in accordance with the guidance notes from the Hong Kong Monetary Authority.

	30 Jun 2015 HKD million					
	Banks	Official sector	Non-bank private sector			Total
			Non-bank financial institutions	Non-financial private sector	Others	
International organisations	-	3,637	-	-	-	3,637
Developed countries	34,361	11,887	-	3,256	-	49,504
Switzerland	27,968	-	-	477	-	28,445
Others	6,393	11,887	-	2,779	-	21,059
Offshore centres	2	-	-	89,344	-	89,346
British Virgin Islands	-	-	-	54,309	-	54,309
Hong Kong	-	-	-	19,827	-	19,827
Others	2	-	-	15,208	-	15,210
Developing Europe	-	-	-	-	-	-
Developing Latin America and Caribbean	-	-	-	648	-	648
Developing Africa and Middle East	-	-	-	354	-	354
Developing Asia Pacific	1,582	-	-	18,071	-	19,653
China*	959	-	-	13,439	-	14,398
Others	623	-	-	4,632	-	5,255
	<u>35,945</u>	<u>15,524</u>	<u>-</u>	<u>111,673</u>	<u>-</u>	<u>163,142</u>

* The country which constitutes less than 10% of the total international claims is presented for comparative purpose only.

9 International claims (Cont'd)**Cross-border claims**

Cross-border claims are classified by the types and the locations of the counterparties after taking into account the transfer of risk. In general, such transfer of risk takes place if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are against an overseas branch of a bank whose head office is located in another country. Claims arising between head office, branches and subsidiaries and claims on a counterparty in Hong Kong (except to the extent that such claims are guaranteed by a person outside Hong Kong) are excluded.

	31 Dec 2014			Total
	HKD million			
	Banks	Public Sector Entities	Others	
International organisations	2,246	-	-	2,246
Asia Pacific excluding Hong Kong	2,932	162	19,111	22,205
China	2,133	7	9,414	11,554
Others	799	155	9,697	10,651
North and South America	1,464	-	7,408	8,872
Middle East and Africa	-	-	148	148
Europe	6,312	10,861	52,036	69,209
British Virgin Islands	-	-	48,591	48,591
Others	6,312	10,861	3,445	20,618
	<u>12,954</u>	<u>11,023</u>	<u>78,703</u>	<u>102,680</u>

Due to the adoption of different reporting basis in accordance with the guidance notes from the Hong Kong Monetary Authority, comparatives for the year ended 31 December 2014 are not directly comparable.

10 Non-bank Mainland exposures

The total direct non-bank Mainland exposures and the specific provision were as follow:

	30 Jun 2015 HKD million			
	<u>On-balance sheet exposures</u>	<u>Off-balance sheet exposures</u>	<u>Total</u>	<u>Specific provision</u>
Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	-	-	-	-
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	11,551	98	11,649	-
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	4,745	22	4,767	-
Total	16,296	120	16,416	-
Total assets after provision	<u>188,828</u>			
On-balance sheet exposures as percentage of total assets	8.63%			

	31 Dec 2014 HKD million			
	<u>On-balance sheet exposures</u>	<u>Off-balance sheet exposures</u>	<u>Total</u>	<u>Specific provision</u>
Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	7	-	7	-
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	8,236	71	8,307	-
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	2,693	27	2,720	-
Total	10,936	98	11,034	-
Total assets after provision	<u>169,313</u>			
On-balance sheet exposures as percentage of total assets	6.46%			

11 Currency Risk
(HKD million)

The net position in a particular foreign currency is disclosed if the net position (in absolute terms) constitutes 10% or more of the total net position in all foreign currencies.

	30 Jun 2015			
	USD	CHF	Others	Total
Spot assets	79,658	2,475	63,287	145,420
Spot liabilities	(76,413)	(2,060)	(65,694)	(144,167)
Forward purchases	103,740	1,956	118,555	224,251
Forward sales	(106,250)	(1,956)	(116,046)	(224,252)
Net options position	-	-	-	-
Net long / (short) position	735	415	102	1,252
Net structural position	-	-	-	-

	31 Dec 2014			
	USD	CHF	Others	Total
Spot assets	77,241	2,034	54,734	134,009
Spot liabilities	(75,839)	(1,687)	(58,174)	(135,700)
Forward purchases	105,563	2,783	111,542	219,888
Forward sales	(106,538)	(2,783)	(108,120)	(217,441)
Net options position	-	-	-	-
Net long / (short) position	427	347	(18)	756
Net structural position	-	-	-	-

The above represent the Hong Kong dollar equivalent values of the individual currencies.

As at 30 June 2015

	30 Jun 2015 HKD million		31 Dec 2014 HKD million	
1 Contingent liabilities and commitments (contractual amounts)				
Direct credit substitutes		5,359		4,905
2 Derivatives transactions (HKD million)				
	30 Jun 2015		31 Dec 2014	
	Fair value		Fair value	
	Positive	Negative	Positive	Negative
		Total Notional Amount		Total Notional Amount
Exchange rate-related derivative contracts (excluding forward foreign exchange contracts arising from swap deposit arrangements)	3,052	3,065	3,135	3,201
Interest rate derivative contracts	229	191	293	284
Equity derivative contracts	477	477	729	729
Precious metals other than gold contracts	10	10	24	24

At branch level, the above exposures do not take into account the effects of bilateral netting agreements. Such netting is effected at UBS Group AG consolidated level.

3 Liquidity ratio

	6 months ended 30 Jun 2015
Average liquidity maintenance ratio for the financial period	49.8%

The average liquidity maintenance ratio for the 6 months ended is the simple average of each calendar month's average liquidity maintenance ratio, which is computed as required by the Hong Kong Monetary Authority for its regulatory purposes, and is in accordance with the Hong Kong Banking Ordinance.

Pursuant to the Banking (Liquidity) Rules, liquidity maintenance ratio was adopted at the beginning of 2015. It is not directly comparable to the liquidity ratio for the 6 months ended 30 June 2014.

	6 months ended 30 Jun 2014
Average liquidity ratio for the financial period	81.4%

As at 30 June 2015

3 Liquidity ratio (Cont'd)

Our liquidity risk management aims to maintain a sound liquidity position to meet all our liabilities when due and to provide adequate time and financial flexibility to respond to a firm-specific liquidity crisis in a generally stressed market environment, without incurring unacceptable losses or risking sustained damage to our various businesses. Complementing this, our funding risk management aims for the optimal liability structure to finance our businesses reliably and cost-efficiently while ensuring access to a diversified portfolio of funding sources.

Our liquidity and funding strategy is proposed by Group Treasury, approved by the Hong Kong Asset and Liability Management ("ALCO") and overseen by the Hong Kong Management and Risk Committee. Group Treasury monitors and oversees the implementation and execution of our liquidity and funding strategy and ensures adherence to our liquidity and funding policies. Group Asset & Liability Management ("ALM"), which was part of Group Treasury prior to 2015, is mandated to manage the funding risks of the bank and ensure the bank's general access to funding under a centralized funding management framework. Group Treasury's fundamental approach to liquidity and funding risk management is defined globally and then applied in Hong Kong in a manner that considers the specific nature of our local business activities.

We manage our liquidity and funding risk with the overall objective of optimizing the value of our business franchise across a broad range of market conditions and in consideration of current and future regulatory requirements. We employ a number of measures to monitor our liquidity and funding positions under normal and stressed conditions. In particular, we use stress scenario to apply behavioural adjustments to our balance sheet and calibrate the results from these internal stress models with external measures, primarily the liquidity maintenance ratio.

UBS GROUP AG

CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2015

	30 Jun 2015 CHF million	31 Dec 2014 CHF million
Total shareholders' equity attributable to UBS shareholders	50,211	50,608
Common equity tier 1 capital ratio (phase-in) (Note 1)	18.2%	19.4%
Common equity tier 1 capital ratio (fully applied) (Note 1)	14.4%	13.4%
Total capital ratio (phase-in) (Note 1)	25.0%	25.5%
Total capital ratio (fully applied) (Note 1)	21.2%	18.9%
Other financial information		
Statement of financial position:		
Total assets	950,168	1,062,478
Total liabilities	896,915	1,008,110
Total loans and advances	313,852	315,757
Total customer deposits	377,054	410,207
	6 months ended 30 Jun 2015 CHF million	6 months ended 30 Jun 2014 CHF million
Statement of comprehensive income:		
Pre-tax profit	4,467	2,611

Notes :

(1) Calculation based on the Basel III framework as applicable for Swiss systemically relevant banks (SRB).

(2) For further details on UBS Group AG financial information, please refer to the UBS Group AG 2014 Annual Report and press release issued on 31 July 2015 for June 2015 half-year results which may be viewed on our website: www.ubs.com.