



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

Key Financial Information Disclosure Statements
As at 30 June 2020

UBS AG HONG KONG BRANCH

KEY FINANCIAL INFORMATION DISCLOSURE STATEMENTS

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Note: The disclosure statements for the current period and prior periods are available in the following UBS website.

<https://www.ubs.com/global/en/legalinfo2/hongkong/disclosure-statements.html>

UBS AG HONG KONG BRANCH

KEY FINANCIAL INFORMATION DISCLOSURE STATEMENTS

30 June 2020

Chief Executive's Declaration

The key financial information disclosure statements as at 30 June 2020 are set out on pages 2 to 12.

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.

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
18 September 2020

UBS AG HONG KONG BRANCH

STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2020

	Notes	6 months ended 30 Jun 2020 HKD million	6 months ended 30 Jun 2019 HKD million
Interest income		2,391	3,103
Interest expense		1,016	1,944
Net interest income		<u>1,375</u>	<u>1,159</u>
Other operating income	2	9,259	7,401
Total operating income		<u>10,634</u>	<u>8,560</u>
Operating expenses	3	5,345	5,393
Impairment losses and provisions for impaired loans and receivables		137	(1)
Gains less losses from the disposal of property, plant and equipment and investment properties		-	-
Profit before taxation		<u>5,152</u>	<u>3,168</u>
Tax expense		911	512
Profit after taxation		<u><u>4,241</u></u>	<u><u>2,656</u></u>

UBS AG HONG KONG BRANCH

STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	30 Jun 2020 HKD million	31 Dec 2019 HKD million
ASSETS			
Cash and balances with banks (except those included in amount due from overseas offices)		4,209	2,896
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		47,611	25,878
Trade bills		-	-
Certificates of deposit held		3,100	5,197
Securities held for trading purposes		21,233	19,241
Loans and receivables	4	169,441	166,912
Investment securities		-	-
Other investments		3,382	3,383
Property, plant and equipment and investment properties		3,309	3,564
Total assets		<u>252,285</u>	<u>227,071</u>
LIABILITIES			
Deposits and balances from banks (except those included in amount due to overseas offices)		697	1,507
Deposits from customers	8	159,470	167,651
Amount due to overseas offices		43,593	8,191
Certificates of deposit issued		4,495	2,337
Issued debt securities		29,984	33,735
Other liabilities		13,889	13,647
Provisions		157	3
Total liabilities		<u>252,285</u>	<u>227,071</u>

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, brokerage and asset management.

2 Other operating income

Notes	6 months ended 30 Jun 2020 HKD million	6 months ended 30 Jun 2019 HKD million
Net trading income		
Profit on dealing in foreign currencies	222	177
Profit/(loss) on trading securities	90	14
Profit from other trading activities	116	64
	<u>428</u>	<u>255</u>
Net fee and commission income		
Fee and commission income	4,404	3,470
Less: Fee and commission expenses	(743)	(732)
	<u>3,661</u>	<u>2,738</u>
Other income	5,170	4,408
	<u>9,259</u>	<u>7,401</u>

3 Operating expenses

	6 months ended 30 Jun 2020 HKD million	6 months ended 30 Jun 2019 HKD million
Staff costs	3,210	3,090
Rental expenses	292	298
Net service fee to other UBS entities	1,271	1,078
Other operating expenses	572	927
	<u>5,345</u>	<u>5,393</u>

4 Loans and receivables

	30 Jun 2020 HKD million	31 Dec 2019 HKD million
Loans and advances to customers	159,421	158,471
Accrued interest and other receivables	10,020	8,441
	<u>169,441</u>	<u>166,912</u>
Less: Collective provisions	140	3
Specific provisions		
- loans and advances to customers	-	-
- fee receivables	4	-
	<u>169,297</u>	<u>166,909</u>

NOTES TO THE FINANCIAL STATEMENTS

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 percentages of secured loans and advances by industry sectors are based on the categories and definitions used by the Hong Kong Monetary Authority.

	30 Jun 2020	
	HKD million	
	Gross loans and advances	Collateral or other security *
Loans and advances for use in Hong Kong		
Industrial, commercial and financial		
Manufacturing	91	100%
Property investment	165	100%
Recreational activities	-	-
Wholesale and retail trade	4	100%
Financial concerns	3,981	100%
Stockbrokers	200	100%
Information technology	71	100%
Others	90	100%
	<u>4,602</u>	<u>100%</u>
Individuals		
For the purchase of other residential properties	338	100%
Others	36,478	100%
	<u>36,816</u>	<u>100%</u>
Loans and advances for use outside Hong Kong	118,003	100%
Total loans and advances to customers	<u><u>159,421</u></u>	<u><u>100%</u></u>
	31 Dec 2019	
	HKD million	
	Gross loans and advances	Collateral or other security *
Loans and advances for use in Hong Kong		
Industrial, commercial and financial		
Manufacturing	70	100%
Property investment	187	100%
Recreational activities	343	100%
Wholesale and retail trade	2	100%
Financial concerns	3,632	100%
Stockbrokers	-	-
Information technology	1	100%
Others	144	100%
	<u>4,379</u>	<u>100%</u>
Individuals		
For the purchase of other residential properties	312	100%
Others	37,650	100%
	<u>37,962</u>	<u>100%</u>
Loans and advances for use outside Hong Kong	116,130	100%
Total loans and advances to customers	<u><u>158,471</u></u>	<u><u>100%</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. The basis of the country classification is in accordance with the guidance notes from the Hong Kong Monetary Authority.

	30 Jun 2020 HKD million	
	Loans and advances to customers	Overdue / Impaired loans and advances to customers
Hong Kong	40,696	-
British Virgin Islands	73,600	-
Others	45,125	-
	<u>159,421</u>	<u>-</u>

	31 Dec 2019 HKD million	
	Loans and advances to customers	Overdue / Impaired loans and advances to customers
Hong Kong	42,667	-
British Virgin Islands	70,032	-
Others	45,772	-
	<u>158,471</u>	<u>-</u>

6 Impaired loans and advances

	30 Jun 2020 HKD million	31 Dec 2019 HKD million
Gross impaired loans and advances to customers (Percentage of total loans and advances to customers)	0 (0%)	0 (0%)
Covered portion	-	-
Uncovered portion	-	-
Specific provisions	-	-
Value of the collateral in respect of such loans and advances to which the specific provisions have been made	-*	-*

* Securities suspended for trading were included as collateral but considered to have zero market value.

There were no impaired advances to banks and other financial institutions as at 30 June 2020 and 31 December 2019.

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.

NOTES TO THE FINANCIAL STATEMENTS

7 Overdue, rescheduled and repossessed assets**a. Overdue and rescheduled loans and advances**

	30 Jun 2020 HKD million	31 Dec 2019 HKD million
Loans and advances to customers overdue for		
- more than 3 months but not more than 6 months	-	-
- more than 6 months but not more than 1 year	-	-
- more than 1 year	-	-
(% to total loans and advances to customers)		
Rescheduled loans and advances to customers excluding those which have been overdue for more than 3 months	-	-
Total overdue and rescheduled loans and advances to customers (% to total loans and advances to customers)	<u>-</u>	<u>-</u>
Specific provisions on the overdue and rescheduled loans and advances to customers	-	-
Fair value of the collateral held in respect of the overdue loans and advances to customers	-*	-*

The Branch did not have any overdue or rescheduled advances to banks as at 30 June 2020 and 31 December 2019.

* Securities suspended for trading were included as collateral but considered to have zero market value.

b. Other overdue and repossessed assets

The Branch did not have any other overdue and repossessed assets as at 30 June 2020 and 31 December 2019.

8 Deposits from customers

	30 Jun 2020 HKD million	31 Dec 2019 HKD million
Demand deposits and current accounts	74,432	52,703
Savings deposits	2,883	772
Time, call and notice deposits	<u>82,155</u>	<u>114,176</u>
	<u>159,470</u>	<u>167,651</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, collaterals 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.

9 International claims (Cont'd)

	30 Jun 2020 HKD million					
	Non-bank private sector					Total
	Banks	Official sector	Non-bank financial institutions	Non-financial private sector	Others	
International organisations	-	194	-	-	-	194
Developed countries	52,151	7,664	883	369	-	61,067
Switzerland	43,329	8	-	302	-	43,639
Others	8,822	7,656	883	67	-	17,428
Offshore centres	2,014	705	2,180	128,969	-	133,868
British Virgin Islands	-	-	-	73,764	-	73,764
Hong Kong	350	-	-	27,793	-	28,143
Others	1,664	705	2,180	27,412	-	31,961
Developing Europe	-	-	-	-	-	-
Developing Latin America and Caribbean	-	-	-	104	-	104
Developing Africa and Middle East	-	-	-	506	-	506
Developing Asia Pacific	3,640	579	4,435	15,861	-	24,515
	<u>57,805</u>	<u>9,142</u>	<u>7,498</u>	<u>145,809</u>	<u>-</u>	<u>220,254</u>

	31 Dec 2019 HKD million					
	Non-bank private sector					Total
	Banks	Official sector	Non-bank financial institutions	Non-financial private sector	Others	
International organisations	-	370	-	-	-	370
Developed countries	30,215	7,585	2,495	390	-	40,685
Switzerland	9,893	2	-	272	-	10,167
Others	20,322	7,583	2,495	118	-	30,518
Offshore centres	1,960	1	82	122,642	-	124,685
British Virgin Islands	-	-	-	70,170	-	70,170
Hong Kong	406	-	11	24,296	-	24,713
Others	1,554	1	71	28,176	-	29,802
Developing Europe	-	-	-	-	-	-
Developing Latin America and Caribbean	-	-	-	93	-	93
Developing Africa and Middle East	-	-	-	537	-	537
Developing Asia Pacific	5,659	634	1,265	17,028	-	24,586
	<u>37,834</u>	<u>8,590</u>	<u>3,842</u>	<u>140,690</u>	<u>-</u>	<u>190,956</u>

10 Non-bank Mainland exposures

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

	30 Jun 2020 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)	570	-	570	-
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	9,984	228	10,212	-
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	6,542	366	6,908	-
Total	17,096	594	17,690	-
Total assets after provision	<u>252,129</u>			
On-balance sheet exposures as percentage of total assets	6.78%			

	31 Dec 2019 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)	639	-	639	-
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	10,775	200	10,975	-
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	6,588	151	6,739	-
Total	18,002	351	18,353	-
Total assets after provision	<u>227,069</u>			
On-balance sheet exposures as percentage of total assets	7.93%			

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 2020										Total
	CHF	CNY*	EUR*	IDR*	JPY*	MYR*	PHP*	THB*	USD	Others	
Spot assets	4,929	1,606	12,917	192	21,131	62	4	114	138,043	10,172	189,170
Spot liabilities	(874)	(5,948)	(4,442)	(170)	(2,041)	(33)	(5)	(114)	(171,308)	(17,477)	(202,412)
Forward purchases	2,321	18,930	7,653	52	12,612	-	314	914	121,552	44,682	209,030
Forward sales	(6,119)	(14,631)	(16,176)	(52)	(31,644)	-	(314)	(913)	(87,392)	(37,423)	(194,664)
Net options position	-	-	-	-	-	-	-	-	-	-	-
Net long / (short) position	257	(43)	(48)	22	58	29	(1)	1	895	(46)	1,124
Net structural position	-	-	-	-	-	-	-	-	-	-	-

	31 Dec 2019										Total
	CHF	CNY	EUR	IDR	JPY	MYR	PHP	THB	USD	Others	
Spot assets	5,295	1,828	17,419	202	31,112	58	126	98	81,019	10,058	147,215
Spot liabilities	(860)	(5,802)	(4,761)	(169)	(3,740)	(22)	(83)	(54)	(136,387)	(16,754)	(168,632)
Forward purchases	3,370	20,378	21,287	98	17,680	-	2	49	191,505	64,476	318,846
Forward sales	(7,636)	(16,871)	(33,928)	(98)	(44,908)	-	(2)	(49)	(136,027)	(57,764)	(297,283)
Net options position	-	-	-	-	-	-	-	-	-	-	-
Net long / (short) position	169	(467)	17	33	144	36	43	44	110	17	146
Net structural position	-	-	-	-	-	-	-	-	-	-	-

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

* The foreign currency which constitutes less than 10% of the total net position in all foreign currencies is presented for comparative purpose only.

OFF BALANCE SHEET EXPOSURES AND LIQUIDITY INFORMATION

As at 30 June 2020

	30 Jun 2020 HKD million		31 Dec 2019 HKD million		
1 Contingent liabilities and commitments (contractual amounts)					
Direct credit substitutes		8,722		9,060	
Transaction-related contingent items		2,462		2,492	
Other commitments		7,649		-	
2 Derivatives transactions (HKD million)	30 Jun 2020		31 Dec 2019		
	Fair value		Fair value		Total
	Positive	Negative	Positive	Negative	Notional Amount
Exchange rate-related derivative contracts	3,204	2,944	2,986	2,931	521,622
Interest rate derivative contracts	1,068	413	508	193	57,598
Equity derivative contracts	1,073	1,069	433	428	10,908
Precious metals other than gold contracts	13	13	8	8	301

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 information**a. Liquidity Maintenance Ratio**

	3 months ended 30 Jun 2020	3 months ended 30 Jun 2019
Average Liquidity Maintenance Ratio for the financial period	68.0%	80.1%

The average Liquidity Maintenance Ratio for the 3-month period 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.

b. Core Funding Ratio

	3 months ended 30 Jun 2020	3 months ended 30 Jun 2019
Average Core Funding Ratio for the financial period	515.9%	1128.6%

The average Core Funding Ratio for the 3-month period is the simple average of each calendar month's average Core Funding 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.

UBS GROUP AG

CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2020

	30 Jun 2020 USD million	31 Dec 2019 USD million
Total shareholders' equity attributable to UBS shareholders	57,035	54,533
Common equity tier 1 capital ratio	13.3%	13.7%
Other financial information		
Statement of financial position:		
Total assets	1,063,838	972,183
Total liabilities	1,006,630	917,476
Total loans and advances	344,652	326,786
Total customer deposits	474,254	448,284
	6 months ended 30 Jun 2020 USD million	6 months ended 30 Jun 2019 USD million
Statement of comprehensive income:		
Pre-tax profit	3,591	3,305

Notes :

(1) For further details on UBS Group AG financial information, please refer to the UBS Group AG 2019 Annual Report and press release issued on 21 July 2020 for June 2020 half-year results which may be viewed on our website: www.ubs.com.