



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

Key Financial Information Disclosure Statements
As at 30 June 2021

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 2021

Chief Executive's Declaration

The key financial information disclosure statements as at 30 June 2021 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.

A handwritten signature in black ink, appearing to read 'Amy Lo', is positioned above the printed name and title.

Amy Lo
Chief Executive
UBS AG Hong Kong Branch
16 September 2021

UBS AG HONG KONG BRANCH

STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2021

	Notes	6 months ended 30 Jun 2021 HKD million	6 months ended 30 Jun 2020 HKD million
Interest income		1,720	2,391
Interest expense		183	1,016
Net interest income		<u>1,537</u>	<u>1,375</u>
Other operating income	2	10,809	9,259
Total operating income		<u>12,346</u>	<u>10,634</u>
Operating expenses	3	5,961	5,345
Impairment losses and provisions for impaired loans and receivables		(2)	137
Profit before taxation		<u>6,387</u>	<u>5,152</u>
Tax expense		1,065	911
Profit after taxation		<u><u>5,322</u></u>	<u><u>4,241</u></u>

UBS AG HONG KONG BRANCH

STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	30 Jun 2021 HKD million	31 Dec 2020 HKD million
ASSETS			
Cash and balances with banks (except those included in amount due from overseas offices)		6,698	4,981
Amount receivable under reverse repos		13,684	11,983
Amount due from overseas offices		27,423	17,628
Securities held for trading purposes		12,927	16,219
Investment securities		5,931	5,628
Loans and receivables	4	204,053	193,564
Other investments		3,259	3,262
Property, plant and equipment and investment properties		2,973	3,183
Total assets		<u>276,948</u>	<u>256,448</u>
LIABILITIES			
Deposits and balances from banks (except those included in amount due to overseas offices)		2,489	649
Deposits from customers	8	179,861	173,592
Amount due to overseas offices		52,076	35,847
Certificates of deposit issued		2,718	4,497
Issued debt securities		21,812	24,115
Other liabilities		17,332	17,071
Provisions		660	677
Total liabilities		<u>276,948</u>	<u>256,448</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, brokerage and asset management.

2 Other operating income

Notes	6 months ended 30 Jun 2021 HKD million	6 months ended 30 Jun 2020 HKD million
Net trading income		
Profit on dealing in foreign currencies	192	222
(Loss)/profit on trading securities	32	90
Profit from other trading activities	127	116
	<u>351</u>	<u>428</u>
Net fee and commission income		
Fee and commission income	5,758	4,404
Less: Fee and commission expenses	(850)	(743)
	<u>4,908</u>	<u>3,661</u>
Other income	5,550	5,170
	<u>10,809</u>	<u>9,259</u>

3 Operating expenses

	6 months ended 30 Jun 2021 HKD million	6 months ended 30 Jun 2020 HKD million
Staff costs	3,638	3,210
Rental expenses	289	292
Net service fee to other UBS entities	1,402	1,271
Other operating expenses	632	572
	<u>5,961</u>	<u>5,345</u>

4 Loans and receivables

		30 Jun 2021 HKD million	31 Dec 2020 HKD million
Loans and advances to customers	5	190,878	182,069
Accrued interest and other receivables		13,175	11,495
		<u>204,053</u>	<u>193,564</u>
Less: Collective provisions		24	26
Specific provisions			
- loans and advances to customers		635	650
		<u>203,394</u>	<u>192,888</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 2021	
	HKD million	
	Gross loans and advances	Collateral or other security *
Loans and advances for use in Hong Kong		
Industrial, commercial and financial		
Manufacturing	113	34%
Property investment	129	100%
Wholesale and retail trade	5	100%
Financial concerns	4,675	100%
Stockbrokers	1,227	0%
Others	100	100%
	<u>6,249</u>	<u>100%</u>
Individuals		
For the purchase of other residential properties	566	100%
Others	44,459	100%
	<u>45,025</u>	<u>100%</u>
Loans and advances for use outside Hong Kong	139,604	99%
Total loans and advances to customers	<u><u>190,878</u></u>	<u><u>99%</u></u>
	31 Dec 2020	
	HKD million	
	Gross loans and advances	Collateral or other security *
Loans and advances for use in Hong Kong		
Industrial, commercial and financial		
Manufacturing	107	100%
Property investment	143	100%
Wholesale and retail trade	10	100%
Financial concerns	4,788	100%
Stockbrokers	300	100%
Others	114	100%
	<u>5,462</u>	<u>100%</u>
Individuals		
For the purchase of other residential properties	318	100%
Others	39,149	100%
	<u>39,467</u>	<u>100%</u>
Loans and advances for use outside Hong Kong	137,140	100%
Total loans and advances to customers	<u><u>182,069</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.

NOTES TO THE FINANCIAL STATEMENTS

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 2021	
	HKD million	
	Loans and advances to customers	Overdue / Impaired loans and advances to customers
Hong Kong	51,923	-
British Virgin Islands	88,654	-
Others	50,301	1,978
	<u>190,878</u>	<u>1,978</u>

	31 Dec 2020	
	HKD million	
	Loans and advances to customers	Overdue / Impaired loans and advances to customers
Hong Kong	45,613	-
British Virgin Islands	85,560	-
Others	50,896	2,042
	<u>182,069</u>	<u>2,042</u>

6 Impaired loans and advances

	30 Jun 2021	31 Dec 2020
	HKD million	HKD million
Gross impaired loans and advances to customers (Percentage of total loans and advances to customers)	1,978 (1.04%)	2,042 (1.12%)
Covered portion	1,343	2,042
Uncovered portion	635	-
Specific provisions	635	650
Value of the collateral in respect of such loans and advances to which the specific provisions have been made	1,343*	2,042*

* 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 2021 and 31 December 2020.

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 2021 HKD million	31 Dec 2020 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	1,978	-
Total overdue and rescheduled loans and advances to customers (% to total loans and advances to customers)	<u>1,978 (1.04%)</u>	<u>-</u>
Specific provisions on the overdue and rescheduled loans and advances to customers	635	-
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 2021 and 31 December 2020.

* 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 2021 and 31 December 2020.

8 Deposits from customers

	30 Jun 2021 HKD million	31 Dec 2020 HKD million
Demand deposits and current accounts	108,365	91,289
Savings deposits	2,939	2,297
Time, call and notice deposits	<u>68,557</u>	<u>80,006</u>
	<u>179,861</u>	<u>173,592</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 2021 HKD million					
	Non-bank private sector					Total
	Banks	Official sector	Non-bank financial institutions	Non-financial private sector	Others	Total
International organisations	-	101	-	-	-	101
Developed countries	46,331	2,043	705	449	-	49,528
Switzerland	30,342	5	-	195	-	30,542
Others	15,989	2,038	705	254	-	18,986
Offshore centres	1,074	5,305	2,901	151,629	-	160,909
British Virgin Islands	-	-	-	88,661	-	88,661
Hong Kong	-	-	806	33,406	-	34,212
Others	1,074	5,305	2,095	29,562	-	38,036
Developing Europe	-	-	-	-	-	-
Developing Latin America and Caribbean	-	-	-	150	-	150
Developing Africa and Middle East	-	-	-	493	-	493
Developing Asia Pacific	1,522	228	3,990	20,085	-	25,825
	48,927	7,677	7,596	172,806	-	237,006

	31 Dec 2020 HKD million					
	Non-bank private sector					Total
	Banks	Official sector	Non-bank financial institutions	Non-financial private sector	Others	Total
International organisations	-	294	-	-	-	294
Developed countries	31,766	6,566	139	560	-	39,031
Switzerland	19,005	14	-	192	-	19,211
Others	12,761	6,552	139	368	-	19,820
Offshore centres	1,738	2,646	3,110	145,672	-	153,166
British Virgin Islands	-	-	-	85,690	-	85,690
Hong Kong	-	-	2	32,042	-	32,044
Others	1,738	2,646	3,108	27,940	-	35,432
Developing Europe	-	-	-	-	-	-
Developing Latin America and Caribbean	-	-	-	100	-	100
Developing Africa and Middle East	-	-	-	510	-	510
Developing Asia Pacific	1,673	427	4,323	20,652	-	27,075
	35,177	9,933	7,572	167,494	-	220,176

10 Non-bank Mainland exposures

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

	30 Jun 2021 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)	182	-	182	-
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	11,629	218	11,847	-
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	7,681	540	8,221	-
Total	19,492	758	20,250	-
Total assets after provision	<u>276,288</u>			
On-balance sheet exposures as percentage of total assets	7.05%			
	31 Dec 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)	372	-	372	-
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	11,191	313	11,504	-
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	7,003	469	7,472	-
Total	18,566	782	19,348	-
Total assets after provision	<u>255,771</u>			
On-balance sheet exposures as percentage of total assets	7.26%			

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 2021					Total
	CHF*	JPY*	PHP	USD	Others	
Spot assets	3,372	20,772	1,455	142,027	30,482	198,108
Spot liabilities	(1,150)	(3,329)	(1,294)	(176,085)	(31,597)	(213,455)
Forward purchases	2,896	7,845	76	157,087	115,143	283,047
Forward sales	(5,062)	(25,291)	(76)	(122,570)	(114,024)	(267,023)
Net options position	-	-	-	-	-	-
Net long / (short) position	56	(3)	161	459	4	677
Net structural position	-	-	-	-	-	-

	31 Dec 2020					Total
	CHF	JPY	PHP	USD	Others	
Spot assets	4,084	22,717	60	128,935	28,911	184,707
Spot liabilities	(1,135)	(2,427)	(12)	(172,355)	(28,597)	(204,526)
Forward purchases	3,417	26,599	86	180,195	109,844	320,141
Forward sales	(6,324)	(46,837)	(86)	(136,601)	(110,115)	(299,963)
Net options position	-	-	-	-	-	-
Net long / (short) position	42	52	48	174	43	359
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.

UBS AG HONG KONG BRANCH

OFF BALANCE SHEET EXPOSURES AND LIQUIDITY INFORMATION

As at 30 June 2021

	30 Jun 2021 HKD million			31 Dec 2020 HKD million		
1 Contingent liabilities and commitments (contractual amounts)						
Direct credit substitutes				10,137		
Transaction-related contingent items				2,462		
Other commitments				1,128		
2 Derivatives transactions (HKD million)						
	30 Jun 2021			31 Dec 2020		
	Fair value		Total	Fair value		Total
	Positive	Negative	Notional Amount	Positive	Negative	Notional Amount
Exchange rate-related derivative contracts	3,628	3,227	423,372	4,327	4,634	497,962
Interest rate derivative contracts	650	256	46,269	870	291	44,714
Equity derivative contracts	967	962	9,577	744	740	5,883
Precious metals other than gold contracts	13	13	1,305	22	22	610

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 2021	3 months ended 30 Jun 2020
Average Liquidity Maintenance Ratio for the financial period	64.4%	68.0%

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 2021	3 months ended 30 Jun 2020
Average Core Funding Ratio for the financial period	518.5%	515.9%

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 2021

	30 Jun 2021 USD million	31 Dec 2020 USD million
Total shareholders' equity attributable to UBS shareholders	58,765	59,445
Common equity tier 1 capital ratio	14.5%	13.8%
Other financial information		
Statement of financial position:		
Total assets	1,086,519	1,125,765
Total liabilities	1,027,469	1,066,000
Total loans and advances	390,126	379,528
Total customer deposits	513,290	524,605
	6 months ended 30 Jun 2021 USD million	6 months ended 30 Jun 2020 USD million
Statement of comprehensive income:		
Pre-tax profit	4,891	3,591

Notes :

(1) For further details on UBS Group AG financial information, please refer to the UBS Group AG 2020 Annual Report and press release issued on 20 July 2021 for June 2021 half-year results which may be viewed on our website: www.ubs.com.