



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

Key Financial Information Disclosure Statements
As at 30 June 2019

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 2019

Chief Executive's Declaration

The key financial information disclosure statements as at 30 June 2019 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
19 September 2019

UBS AG HONG KONG BRANCH

STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2019

	Notes	6 months ended 30 Jun 2019 HKD million	6 months ended 30 Jun 2018 HKD million
Interest income		3,103	2,568
Interest expense		1,944	1,492
Net interest income		<u>1,159</u>	<u>1,076</u>
Other operating income	2	7,401	7,712
Total operating income		<u>8,560</u>	<u>8,788</u>
Operating expenses	3	5,393	5,661
Impairment losses and provisions for impaired loans and receivables		(1)	28
Gains less losses from the disposal of property, plant and equipment and investment properties		-	-
Profit before taxation		<u>3,168</u>	<u>3,099</u>
Tax expense		512	524
Profit after taxation		<u><u>2,656</u></u>	<u><u>2,575</u></u>

UBS AG HONG KONG BRANCH

STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	30 Jun 2019 HKD million	31 Dec 2018 HKD million
ASSETS			
Cash and balances with banks (except those included in amount due from overseas offices)		4,736	7,214
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		27,057	49,451
Trade bills		-	-
Certificates of deposit held		5,898	1,790
Securities held for trading purposes		34,793	35,002
Loans and receivables	4	162,899	164,812
Investment securities		-	-
Other investments		6,083	3,384
Property, plant and equipment and investment properties		3,819	2,100
Total assets		<u>245,285</u>	<u>263,753</u>
LIABILITIES			
Deposits and balances from banks (except those included in amount due to overseas offices)		1,152	1,186
Deposits from customers	8	195,492	160,380
Amount due to overseas offices		4,051	59,262
Certificates of deposit issued		5,467	8,534
Issued debt securities		26,561	18,481
Other liabilities		12,493	15,824
Provisions		69	86
Total liabilities		<u>245,285</u>	<u>263,753</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 2019 HKD million	6 months ended 30 Jun 2018 HKD million
Net trading income		
Profit on dealing in foreign currencies	177	155
Profit/(loss) on trading securities	14	(23)
Profit from other trading activities	64	84
	<u>255</u>	<u>216</u>
Net fee and commission income		
Fee and commission income	3,470	4,174
Less: Fee and commission expenses	(732)	(946)
	<u>2,738</u>	<u>3,228</u>
Other income	4,408	4,268
	<u>7,401</u>	<u>7,712</u>

3 Operating expenses

	6 months ended 30 Jun 2019 HKD million	6 months ended 30 Jun 2018 HKD million
Staff costs	3,090	3,229
Rental expenses	298	315
Net service fee to other UBS entities	1,078	1,185
Other operating expenses	927	932
	<u>5,393</u>	<u>5,661</u>

4 Loans and receivables

	5	30 Jun 2019 HKD million	31 Dec 2018 HKD million
Loans and advances to customers		154,837	149,728
Accrued interest and other receivables		8,062	15,084
		<u>162,899</u>	<u>164,812</u>
Less: Collective provisions		-	-
Specific provisions			
- loans and advances to customers		15	15
- fee receivables		53	69
		<u>162,831</u>	<u>164,728</u>

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 2019	
	HKD million	
	Gross loans and advances	Collateral or other security *
Loans and advances for use in Hong Kong		
Industrial, commercial and financial		
Manufacturing	80	100%
Property investment	241	100%
Wholesale and retail trade	10	100%
Financial concerns	2,841	100%
Others	105	100%
	<u>3,277</u>	<u>100%</u>
Individuals		
For the purchase of other residential properties	332	100%
Others	37,266	100%
	<u>37,598</u>	<u>100%</u>
Loans and advances for use outside Hong Kong	113,962	100%
Total loans and advances to customers	<u><u>154,837</u></u>	<u><u>100%</u></u>

	31 Dec 2018	
	HKD million	
	Gross loans and advances	Collateral or other security *
Loans and advances for use in Hong Kong		
Industrial, commercial and financial		
Manufacturing	98	100%
Property investment	281	100%
Wholesale and retail trade	30	100%
Financial concerns	5,532	100%
Others	385	100%
	<u>6,326</u>	<u>100%</u>
Individuals		
For the purchase of other residential properties	404	100%
Others	36,684	100%
	<u>37,088</u>	<u>100%</u>
Loans and advances for use outside Hong Kong	106,314	100%
Total loans and advances to customers	<u><u>149,728</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 2019 HKD million	
	Loans and advances to customers	Overdue / Impaired loans and advances to customers
Hong Kong	40,481	15
British Virgin Islands	71,351	-
Others	43,005	-
	<u>154,837</u>	<u>15</u>

	31 Dec 2018 HKD million	
	Loans and advances to customers	Overdue / Impaired loans and advances to customers
Hong Kong	41,067	15
British Virgin Islands	63,885	-
Others	44,776	-
	<u>149,728</u>	<u>15</u>

6 Impaired loans and advances

	30 Jun 2019 HKD million	31 Dec 2018 HKD million
Gross impaired loans and advances to customers (Percentage of total loans and advances to customers)	15 (0.01%)	15 (0.01%)
Covered portion	-	-
Uncovered portion	15	15
Specific provisions	15	15
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 2019 and 31 December 2018.

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 2019 HKD million	31 Dec 2018 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	15 (0.01%)	15 (0.01%)
(% 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>15 (0.01%)</u>	<u>15 (0.01%)</u>
Specific provisions on the overdue and rescheduled loans and advances to customers	15	15
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 2019 and 31 December 2018.

* 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 2019 and 31 December 2018.

8 Deposits from customers

	30 Jun 2019 HKD million	31 Dec 2018 HKD million
Demand deposits and current accounts	55,283	61,057
Savings deposits	1,557	3,137
Time, call and notice deposits	<u>138,652</u>	<u>96,186</u>
	<u>195,492</u>	<u>160,380</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 2019 HKD million						
	Banks	Official sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
International organisations	-	1,460	-	-	-	1,460
Developed countries	32,639	19,297	5,468	395	-	57,799
Switzerland	27,333	10	-	299	-	27,642
Others	5,306	19,287	5,468	96	-	30,157
Offshore centres	555	-	83	113,694	-	114,332
British Virgin Islands	-	-	-	70,871	-	70,871
Others	555	-	83	42,823	-	43,461
Developing Europe	-	-	-	-	-	-
Developing Latin America and Caribbean	-	-	-	51	-	51
Developing Africa and Middle East	-	-	-	499	-	499
Developing Asia Pacific	7,222	151	200	17,336	-	24,909
	<u>40,416</u>	<u>20,908</u>	<u>5,751</u>	<u>131,975</u>	<u>-</u>	<u>199,050</u>

31 Dec 2018 HKD million						
	Banks	Official sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
International organisations	-	1,755	-	-	-	1,755
Developed countries	58,822	21,069	5,189	258	-	85,338
Switzerland	43,057	-	-	206	-	43,263
Others	15,765	21,069	5,189	52	-	42,075
Offshore centres	5	-	579	110,434	-	111,018
British Virgin Islands	-	-	-	63,578	-	63,578
Others	5	-	579	46,856	-	47,440
Developing Europe	-	-	-	-	-	-
Developing Latin America and Caribbean	-	-	-	47	-	47
Developing Africa and Middle East	-	-	-	527	-	527
Developing Asia Pacific	3,480	344	104	17,335	-	21,263
	<u>62,307</u>	<u>23,168</u>	<u>5,872</u>	<u>128,601</u>	<u>-</u>	<u>219,948</u>

10 Non-bank Mainland exposures

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

	30 Jun 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)	94	-	94	-
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	10,851	282	11,133	-
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	6,210	160	6,370	15
Total	17,155	442	17,597	15
Total assets after provision	<u>245,216</u>			
On-balance sheet exposures as percentage of total assets	7.00%			
	31 Dec 2018 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	10,886	194	11,080	-
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	7,459	190	7,649	15
Total	18,345	384	18,729	15
Total assets after provision	<u>263,667</u>			
On-balance sheet exposures as percentage of total assets	6.96%			

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 2019									
	CHF	CNY	EUR	IDR*	JPY*	MYR*	USD	XAU*	Others	Total
Spot assets	4,156	4,683	18,113	73	24,912	49	63,539	4,287	8,869	128,681
Spot liabilities	(925)	(5,092)	(6,140)	(40)	(2,880)	(19)	(136,130)	(4,287)	(16,364)	(171,877)
Forward purchases	2,406	17,022	16,038	23	8,620	-	178,220	1,151	50,066	273,546
Forward sales	(5,435)	(16,744)	(28,158)	(23)	(30,610)	-	(104,962)	(1,151)	(42,555)	(229,638)
Net options position	-	-	-	-	-	-	-	-	-	-
Net long / (short) position	202	(131)	(147)	33	42	30	667	-	16	712
Net structural position	-	-	-	-	-	-	-	-	-	-

	31 Dec 2018									
	CHF	CNY	EUR	IDR	JPY	MYR	USD	XAU	Others	Total
Spot assets	1,581	40,161	15,586	82	29,436	50	52,489	4,187	9,108	152,680
Spot liabilities	(1,312)	(7,165)	(6,435)	(58)	(6,701)	(22)	(171,349)	(4,187)	(14,920)	(212,149)
Forward purchases	1,314	10,287	13,939	22	24,462	386	223,380	1,881	54,225	329,897
Forward sales	(1,830)	(43,529)	(23,074)	(22)	(47,147)	(386)	(104,236)	(1,931)	(48,389)	(270,546)
Net options position	-	-	-	-	-	-	-	-	-	-
Net long / (short) position	(247)	(247)	17	24	50	28	284	(50)	24	(118)
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.

As at 30 June 2019

	30 Jun 2019 HKD million			31 Dec 2018 HKD million		
1 Contingent liabilities and commitments (contractual amounts)						
Direct credit substitutes	9,251			9,318		
Transaction-related contingent items	2,492			2,462		
Other commitments	-			-		
2 Derivatives transactions (HKD million)						
	30 Jun 2019			31 Dec 2018		
	Fair value		Total Notional Amount	Fair value		Total Notional Amount
	Positive	Negative		Positive	Negative	
Exchange rate-related derivative contracts	2,562	3,067	562,157	3,555	4,239	580,926
Interest rate derivative contracts	536	204	58,167	251	314	88,893
Equity derivative contracts	417	417	16,655	449	444	19,164
Precious metals other than gold contracts	5	5	279	7	7	365

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 2019	3 months ended 30 Jun 2018
Average Liquidity Maintenance Ratio for the financial period	80.1%	61.1%

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 2019	3 months ended 30 Jun 2018
Average Core Funding Ratio for the financial period	1128.6%	1270.8%

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 2019

	30 Jun 2019 USD million	31 Dec 2018 USD million
Total shareholders' equity attributable to UBS shareholders	53,180	52,928
Common equity tier 1 capital ratio	13.3%	12.9%
Other financial information		
Statement of financial position:		
Total assets	968,728	958,489
Total liabilities	915,378	905,386
Total loans and advances	322,655	320,352
Total customer deposits	433,017	419,838
	6 months ended 30 Jun 2019 USD million	6 months ended 30 Jun 2018 USD million
Statement of comprehensive income:		
Pre-tax profit	3,305	3,806

Notes :

- (1) For further details on UBS Group AG financial information, please refer to the UBS Group AG 2018 Annual Report and press release issued on 23 July 2019 for June 2019 half-year results which may be viewed on our website: www.ubs.com.