

Company Registration Number: 01931397

UBS UK HOLDING LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended

31 DECEMBER 2016



UBS UK HOLDING LIMITED

Company Registration Number: 01931397

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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UBS UK HOLDING LIMITED

Company Registration Number: 01931397

DIRECTORS AND OFFICERS**BOARD OF DIRECTORS**

Wayne Lawson-Turnbull (Chairman)

Matthew J Cartledge

Craig A Goldband

John Quarmby

SECRETARY

Harriet H L Charles, ACIS

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

5 Broadgate,
London,
United Kingdom,
EC2M 2QS

AUDITORS

Ernst & Young LLP
Registered Auditor
25 Churchill Place
Canary Wharf
London
E14 5EY

UBS UK HOLDING LIMITED

Company Registration Number: 01931397

STRATEGIC REPORT

The Directors present their Strategic Report together with the audited Financial Statements ('Accounts') of UBS UK Holding Limited ("the Company") for the year ended 31 December 2016 ('the year') which have been prepared in accordance with the provisions of the Companies Act 2006.

Principal Activities and Business Review

During the year, the Company continued to carry out investment holding activities, including the provision of funding either in the form of share capital or loans to its subsidiary undertakings.

The Company continues to undertake a trustee role over an account at UBS AG London Branch held for the purposes of receiving insurance proceeds in connection with former client money balances held by three UK subsidiaries of UBS AG. The Company also continues to retain its investments in 1000 shares of Saudi Riyal 10 each fully paid in the issued share capital of UBS Saudi Arabia and in its remaining two subsidiaries, S.G. Securities U.K. Limited (Co No: 292689) and S.G. Warburg & Company Limited (Co No: 1121735) ('SGW&CL').

Principal Risks and Uncertainties

Risks associated with the business continue to be managed according to UBS Group AG guidelines. As a wholly-owned direct subsidiary of UBS AG the Company operates in line with UBS Group AG and UBS AG group policies, including environmental and ethical standards.

Going Concern

For the purposes of the revised guidance to Directors of UK companies issued in 2009 by the UK Financial Reporting Council on Going Concern and Liquidity Risk, the Directors have, on the basis of their assessment of the Company's financial position and of the enquiries made of the direct parent UBS AG and its ultimate parent UBS Group AG, reasonably concluded that the Company will be able to continue in operational existence for the foreseeable future. Accordingly, the Directors shall continue to adopt the going concern basis in the preparation of its financial statements.

Key Performance Indicators

Given the limited scope and nature of the business, and that the Company is a wholly-owned subsidiary of UBS Group AG, through its immediate parent UBS AG, the Directors are of the opinion that key performance indicators or other forms of performance measurement are not necessary in providing an understanding of the development, performance or position of the Company and its business for the purposes of Section 417 of the Companies Act 2006. The parent company maintains an oversight of the Company's performance under the UBS Investment Bank business and governance management structures.

Future Developments

The Directors have no plans or intentions, at this time, to develop further the activities of the Company. Approved by the Board of Directors on 13 June 2017 and signed on their behalf by:



Wayne Lawson-Turnbull

Director

5 Broadgate, London, United Kingdom, EC2M 2QS

REPORT OF THE DIRECTORS

The Directors present their Report together with the audited Financial Statements ('Accounts') of the Company for the year ended 31 December 2016 ('the year') which have been prepared in accordance with the provisions of the Companies Act 2006.

Results and Dividends

The loss, before taxation, of the Company for the year amounted to £324,000 (2015: £394,000). After taxation, the Company retained a loss of £217,000 (2015: profit £43,000).

An interim dividend of £590,000 has been paid to UBS AG for the year (2015: £10,865,000).

The Directors do not intend to recommend the declaration of a final dividend in respect of the year (2015: £nil).

The state of affairs of the Company as at the year-end are otherwise as detailed in the accompanying Balance Sheet.

Directors

The names of the current Directors are shown on page 2.

During the year, there have been two resignations from and one appointment to the Board. Ms Eileen M Day resigned as a Director of the Company on 6 September 2016 and Mr Matthew I Burbedge resigned as a Director of the Company on 1 November 2016. Mr Matthew J Cartledge was appointed as a Director of the Company on 2 November 2016.

Since the year, there has been one appointment to the Board. Mr Craig A Goldband was appointed as a Director of the Company on 12 January 2017.

No service contracts have existed between the Company and any of its Directors during the year and no such contracts have come into being since the year.

Directors' Responsibilities

The following statement, which should be read in conjunction with the statement on auditors' responsibilities on page 6, is made by the Directors to explain their responsibilities in relation to the preparation of the financial statements and Directors' Report.

The Directors are responsible for preparing the financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each accounting reference period. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 101 'Reduced Disclosure Framework'. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable and appropriate accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

REPORT OF THE DIRECTORS (CONTINUED)

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of Information to Auditors

Each of the Directors at the date of Board approval of this Report and the Accounts has confirmed that:

- as far as he/she is aware, there was no relevant audit information of which the auditors were unaware; and,
- he/she has taken all the steps they ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the auditors have been made aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

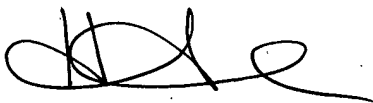
Political Contributions

There were no contributions for political purposes made by the Company during the year (2015: £Nil).

Auditors

Ernst & Young LLP have indicated their willingness to continue in office and, in the event the Company dispenses with the holding of annual general meetings, as permitted by the Companies Act 2006 ('the Act'), shall continue in office in accordance with Section 487 of the Act or, if annual general meetings are continued with, until the conclusion of the next annual general meeting and in which case a resolution of their re-appointment will be proposed.

Approved by the Board of Directors on 13 June 2017 and signed by order of the board:



Harriet H L Charles

Secretary

5 Broadgate, London, United Kingdom, EC2M 2QS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UBS UK HOLDING LIMITED

We have audited the financial statements of UBS UK Holding Limited (the "Company") for the year ended 31 December 2016 which comprise the Income Statement, Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 4 and 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report, Strategic Report, and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 "Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Nicholas Dawes (Senior statutory auditor)
for and on behalf of Ernst & Young LLP,
Statutory Auditor
London
13 June 2017

UBS UK HOLDING LIMITED

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INCOMESTATEMENT**FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 £'000	2015 £'000
Operating expenses		-	-
Operating loss		-	-
Interest receivable and similar income	4	98	155
Interest payable and similar charges	5	(422)	(549)
Loss on ordinary activities before taxation		(324)	(394)
Tax credit	6	107	437
Retained (loss) / profit transferred to reserves		(217)	43

There are no components of other comprehensive income recognised as part of total comprehensive income outside the Income Statement

All of the amounts above are in respect of continuing operations.

The notes on pages 11 to 17 form part of these financial statements.

UBS UK HOLDING LIMITED

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BALANCE SHEET**AS AT 31 DECEMBER 2016**

	Notes	2016 £'000	2015 £'000
Fixed assets			
Investments	8	357	357
Current assets			
Cash at bank and in hand	9	25,291	25,807
		<u>25,291</u>	<u>25,807</u>
Creditors: amounts falling due within one year	10	(20,167)	(148)
Corporation tax	11	-	(107)
Net current assets		<u>5,124</u>	<u>25,552</u>
Total assets less current liabilities		5,481	25,909
Provisions for liabilities and charges	12	-	(19,621)
Net assets		<u>5,481</u>	<u>6,288</u>
Capital and reserves			
Called up share capital	13	5,000	5,000
Profit and loss account		481	1,288
Equity shareholders' funds		<u>5,481</u>	<u>6,288</u>

These financial statements were approved by the Board on 13 June 2017 and are signed on their behalf by



Matthew J Cartledge
Director

The notes on pages 11 to 16 form part of these financial statements

UBS UK HOLDING LIMITED

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STATEMENT OF CHANGES IN EQUITY**AS AT 31 DECEMBER 2016**

	Share Capital	Retained Earnings	Total Equity
	£'000	£'000	£'000
At 1 January 2015	5,000	12,110	17,110
Profit for the financial year		43	43
Dividend paid during the year	-	(10,865)	(10,865)
At 31 December 2015	5,000	1,288	6,288
Loss for the financial year	-	(217)	(217)
Dividend paid during the year		(590)	(590)
At 31 December 2016	5,000	481	5,481

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES

Basis of preparation and change in accounting policy

The financial statements have been prepared under the historical cost convention and in accordance with UK Generally Accepted Accounting Practice ("UK GAAP"), and Financial Reporting Standard 101 ("FRS 101") for all periods presented.

The Company has taken advantage of the following exemptions under FRS 101:

- (a) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1
- (b) the requirements of paragraphs 10(d), 10(f), 16, 38A-38D, 40A-40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- (c) the requirements of IAS 7 Statement of Cash Flows
- (d) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- (e) the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- (f) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

The Company's financial statements for the year ended 31 December 2016 were approved by the Board of Directors on 13 June 2017 and the balance sheet was signed on the Board's behalf by Matthew J Cartledge.

The company's financial statements are presented in sterling, which is also the company's functional currency.

Investment income

Investment income comprises dividends and distributions which are recognised when the right to receive payment is established.

Group Accounts

The Company is exempt from the requirement to prepare consolidated accounts under Section 401 of the Companies Act 2006.

Creditors

Creditors are obligations to pay for services that have been acquired in the ordinary course of business. Creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Creditors are recognised initially at fair value and subsequently measured at amortised cost.

Interest receivable and interest payable

Interest is recognised on an accruals basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES (CONTINUED)

Fixed asset investments

Investments in subsidiaries are included at historical cost, less a provision if, in the opinion of the directors, there has been a permanent diminution in value.

Other fixed asset investments include Equity instruments accounted for as available for sale (AFS) financial assets and carried at fair value with movements recorded in Equity. Where there is not a quoted market price in an active market and whose fair value cannot be reliably measured these instruments are held at cost.

The historical cost of fixed asset investments denominated in currencies, other than sterling, are determined with reference to the exchange rate at the date of purchase.

Determination of fair value

Fair values are obtained from quoted market prices, dealer price quotations, and discounted cash flow models, which incorporate current market and contractual prices for the underlying instrument, time to expiry, yield curves and volatility of the underlying.

Balances with UBS AG

The Company has a banking relationship with UBS AG, the parent undertaking. Transactions include, inter alia, current accounts and deposits. In these financial statements, such balances are treated as bank accounts and not as amounts owed to and by group undertakings.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

Deferred taxation

Deferred tax is recognised in respect of all timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those for which they are included in the financial statements at the rates of tax anticipated to apply when these differences crystallise.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted.

UBS UK HOLDING LIMITED

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NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2016****1. ACCOUNTING POLICIES (CONTINUED)**

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. AUDITORS' REMUNERATION

During the year, fees of £2,691 (2015: £2,697) in connection with the audit of the Company's annual accounts were paid by UBS AG on the Company's behalf. In accordance with their normal practice, no recharge will be made to the Company.

3. STAFF COSTS & DIRECTORS' REMUNERATION

None of the Directors who served during the year received any emoluments for services to the Company (2015: £nil).

The Company has no employees of its own (2015: nil). UBS AG has made, and continues to make, available a number of its employees to be engaged either on a full-time or part-time basis in the performance of certain functions or operations in connection with the Company's continuing business.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2016 £'000	2015 £'000
Interest from parent undertaking	<u>98</u>	<u>155</u>
	<u>98</u>	<u>155</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2016 £'000	2015 £'000
Unwinding of discount on provision	<u>422</u>	<u>549</u>
	<u>422</u>	<u>549</u>

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NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2016****6. TAX ON LOSS ON ORDINARY ACTIVITIES****(a) Analysis of tax credit in the year**

	2016 £'000	2015 £'000
Current tax:		
UK Corporation tax - current tax credit on loss for the year	-	-
Adjustment in respect of previous years – UK Corporation tax	107	437
Total current tax credit	107	437

(b) Factors affecting tax credit for the year.

The tax credit for the year differs from the standard rate of corporation tax in the UK of 20% (2015: 20.25%). The differences are explained below:

	2016 £'000	2015 £'000
Loss on ordinary activities before tax	(324)	(394)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015: 20.25%)	(65)	(80)
<u>Effects of:</u>		
Utilisation of tax losses	(19)	(31)
Other expenses not recognised for tax purposes	84	111
Adjustments in respect of prior years	(107)	(437)
Total tax credit for the year	(107)	(437)

7. DIVIDENDS ON EQUITY SHARES

	2016 £000	2015 £000
Equity dividends on Ordinary shares : £590,000 paid to UBS AG in November 2016 at a rate of £0.118p per share		
Interim Dividend paid	590	10,865

UBS UK HOLDING LIMITED

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NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2016****8. INVESTMENTS**

Fixed asset investments	<i>Shares in subsidiary undertakings £'000</i>	<i>AFS Financial Assets £'000</i>	<i>Total £'000</i>
Cost:			
At 1 January 2016	682,824	2	682,826
Additions	-	-	-
At 31 December 2016	<u>682,824</u>	<u>2</u>	<u>682,826</u>
Amounts provided:			
As at 1 January 2016	682,469	-	682,469
Impairment/Disposal	-	-	-
As at 31 December 2016	<u>682,469</u>	<u>-</u>	<u>682,469</u>
Net book value at 31 December 2016	<u>355</u>	<u>2</u>	<u>357</u>
Net book value at 31 December 2015	<u>355</u>	<u>2</u>	<u>357</u>

Subsidiary undertakings of the Company

	<i>Country of incorporation or registration</i>	<i>Holding</i>	<i>Percentage holding</i>	<i>Principal activity</i>
S.G. Securities U.K. Limited	England	Ordinary shares	100	Investment Holding
S.G. Warburg & Company Limited	England	Ordinary shares	100	Investment Holding

UBS Saudi Arabia

The Company continues to retain its interests in 1,000 shares of Saudi Arabian Riyal 10 each fully paid in the issued share capital of UBS Saudi Arabia.

9. CASH AT BANK AND IN HAND

	2016 £'000	2015 £'000
Cash at bank	<u>25,291</u>	<u>25,807</u>

10. CREDITORS: Amounts falling due within one year

	2016 £'000	2015 £'000
Amounts owed to parent undertaking	20,043	-
Amounts owed to subsidiary undertakings	102	103
Other creditors	<u>22</u>	<u>45</u>
	<u>20,167</u>	<u>148</u>

UBS UK HOLDING LIMITED

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016
11. CORPORATION TAX

	2016	2015
	£'000	£'000
Corporation tax creditor	-	107
	<u>-</u>	<u>107</u>

12. PROVISIONS FOR LIABILITIES AND CHARGES

	Total
	£000
At 1 January 2016	19,621
Unwinding of discount	422
Release of provision	<u>(20,043)</u>
At 31 December 2016	<u>-</u>

The company previously sold a subsidiary, which included a lease agreement for the renting of premises, to a third party. As part of the sale agreement the company became liable to make a payment upon termination of this lease. This event was triggered in September 2016. The Company had previously made a provision for the discounted value of the expected obligation. This provision was fully utilised during the year and the amount payable equalled the amount provided for. The liability has been settled by the parent undertaking on the Company's behalf, and a creditor for the amount owing to its parent has been recognised.

13. SHARE CAPITAL**Issued, allotted and fully paid:**

	2016	2015
	£'000	£'000
5,000,000 ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>

14. ULTIMATE PARENT COMPANY

The Company's immediate parent undertaking is UBS AG, a company incorporated in Switzerland. The group into which the Company is consolidated and the ultimate parent undertaking and controlling party is UBS Group AG, a company incorporated in Switzerland. This is the largest Group Company preparing consolidated financial statements which include the Company's financial statements.

Copies of the financial statements can be obtained from

https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting/2016.html