

Hong Kong Exchanges and Clearing Limited (“**HKEx**”), The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and Hong Kong Securities Clearing Company Limited (“**HKSCC**”) take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

This document includes particulars given in compliance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Rules**”) and is published for the purpose of giving information with regard to us and obtaining a listing of the CBBCs on the Stock Exchange. We accept full responsibility for the accuracy of the information contained in the Listing Documents (as defined below) and confirm, having made all reasonable enquiries, that to the best of our knowledge and belief there are no other facts the omission of which would make any statement in such Listing Documents misleading.

**Investors are warned that the price of the CBBCs may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. Prospective purchasers should therefore ensure that they understand the nature of the CBBCs and carefully study the risk factors set out in this document and, where necessary, seek professional advice, before they invest in the CBBCs.**

The CBBCs constitute our general unsecured contractual obligations and of no other person and will rank equally among themselves and with all our other unsecured obligations (save for those obligations preferred by law) upon liquidation. If you purchase the CBBCs, you are relying upon our creditworthiness and have no rights under the CBBCs against the Company.

## Supplemental Listing Document for Callable Bull/Bear Contracts (“**CBBCs**”)

issued by



**UBS AG**

*(incorporated with limited liability in Switzerland)*

acting through its **London Branch**

**Sponsor**

**UBS SECURITIES ASIA LIMITED**

### Key terms

CBBCs	
<b>Stock code</b>	62082
<b>Issue size</b>	100,000,000 CBBCs
<b>Style/ Category</b>	European style cash settled. Category R
<b>Type</b>	Bull
<b>Company</b>	China Life Insurance Company Limited
<b>Shares</b>	Existing issued ordinary H shares of RMB 1.00 each
<b>Board Lot</b>	1,000 CBBCs
<b>Issue Price per CBBC</b>	HKD 0.395
<b>Funding Cost as of Launch Date<sup>+</sup></b>	HKD 0.0050
<b>Strike Price</b>	HKD 15.880
<b>Call Price</b>	HKD 16.880
<b>Cash Settlement Amount per Board Lot (if any) payable at expiry</b>	Subject to no occurrence of a Mandatory Call Event (see the section “Overview of CBBCs” in this document for further details), you will receive a Cash Settlement Amount (if positive) calculated as follows for each Board Lot: <hr/> $\frac{\text{Entitlement} \times (\text{Closing Price} - \text{Strike Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$
<b>Closing Price</b>	The closing price of one Share (as derived from the Daily Quotation Sheet of the Stock Exchange) on the Valuation Date, subject to any adjustment (as determined by the Issuer in accordance with the Conditions).
<b>Entitlement</b>	1 Share
<b>Number of CBBC(s) per Entitlement</b>	10 CBBCs
<b>Maximum number of Shares to which the CBBCs relate</b>	10,000,000 Shares
<b>Launch Date</b>	11 May 2012
<b>Issue Date</b>	17 May 2012
<b>Listing date<sup>*</sup></b>	Expected to be 18 May 2012 (“ <b>Dealing Commencement Date</b> ”)
<b>Observation Commencement Date</b>	18 May 2012
<b>Valuation Date</b>	The Trading Day (being a day on which the Stock Exchange is scheduled to open for trading for its regular trading sessions) immediately preceding the Expiry Date.
<b>Expiry Date<sup>*</sup></b>	17 December 2012

<sup>+</sup> The funding cost is calculated in accordance with the following formula:

$$\text{Funding Cost} = \frac{\text{Strike Price} \times \text{funding rate} \times n / 365}{\text{Number of CBBCs per Entitlement}}$$

Where,

- (i) “n” is the number of days remaining to expiration; initially, “n” is the number of days from (and including) the Launch Date to (and including) the trading day immediately preceding the Expiry Date; and
- (ii) the funding rate will fluctuate throughout the term of the CBBCs as further described in the “Risk factor” section in this document. As of the Launch Date, the funding rate was 0.5224%.

\* If such day is not a Business Day in Hong Kong, the immediately succeeding Business Day.

You must read the above together with our base listing document dated 10 April 2012 (as supplemented by any addenda to be issued from time to time), in particular, Part A entitled “Terms and Conditions of Cash Settled Callable Bull/Bear Contracts over Single Equities” set out in Appendix 2 of our base listing document (“**Conditions**”).

## IMPORTANT INFORMATION

**The CBBCs are structured products which involve derivatives. Do not invest in them unless you fully understand and are willing to assume the risks associated with them.**

### What is this document about?

This document is for information purposes only and does not constitute an offer, an advertisement or invitation to the public to subscribe for or to acquire the CBBCs. It is possible that there may have been dealings in the CBBCs since the Launch Date.

### What documents should I read before investing in the CBBCs?

You must read this document together with our base listing document dated 10 April 2012 (as supplemented by any addenda to be issued from time to time) (together, the “**Listing Documents**”). The Listing Documents are accurate as at the date of this document. You should carefully study the risk factors set out in the Listing Documents.

### What are our credit ratings?

Our long term debt ratings are:

Rating agency	Rating as of the Launch Date
Moody's Investors Service, Inc., New York	Aa3
Standard and Poor's Ratings Services, a division of the McGraw-Hill Companies Inc	A
Fitch Ratings Ltd., London	A

Rating agencies usually receive a fee from the issuers that they rate.

When evaluating our creditworthiness, you should not solely rely on our credit ratings because:

- a credit rating is not a recommendation to buy, sell or hold the CBBCs;
- ratings of issuers may involve difficult-to-quantify factors such as market competition, the success or failure of new products and markets and managerial competence; and
- a high credit rating is not necessarily indicative of low risk. Our credit ratings as of the Launch Date are for reference only. Any downgrading of our ratings could result in a reduction in the value of the CBBCs.

### The CBBCs are not rated.

### Are we regulated by any bodies referred to in Rule 15A.13(2) or (3)?

We are a licensed bank regulated by the Hong Kong Monetary Authority. We are also regulated by, among others, the Swiss Financial Market Supervisory Authority and the Financial Services Authority of United Kingdom.

### Are we subject to any litigation?

Save as disclosed in the Listing Documents, we and our subsidiaries are not aware of any litigation or claims of material importance pending or threatened against us or them.

### Authorisation of the CBBCs

The issue of the CBBCs was authorised by our board of directors on 19 September 2001.

### Has our financial position changed since last financial year-end?

There has been no material adverse change in our financial or trading position since 31 December 2011.

### Do I need to pay any transaction cost?

The Stock Exchange charges a trading fee of 0.005 per cent. and the Securities and Futures Commission charges a transaction levy of 0.003 per cent in respect of each transaction effected on the Stock Exchange payable by each of the seller and the buyer and calculated on the value of the consideration for the CBBCs. The levy for the investor compensation fund is currently suspended. You do not need to pay any stamp duty in respect of the CBBCs.

### Where can I inspect the relevant documents?

The following documents are available for inspection during usual business hours on any weekday (Saturdays, Sundays and holidays excepted) until the Expiry Date at the offices of UBS Securities Asia Limited:

- our 2011 annual report for the period ended 31 December 2011 and our first quarter 2012 financial report for the quarterly period ended 31 March 2012;
- consent letter of the Auditors;
- each of the Listing Documents (in separate English and Chinese versions); and
- the instrument executed by us on 10 April 2006.

The Listing Documents are also available on the website of the Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk).

各上市文件亦可於聯交所網站([www.hkex.com.hk](http://www.hkex.com.hk)) 瀏覽。

### Have the auditors consented to the inclusion of their report to the Listing Documents?

Our auditors (“**Auditors**”) have given and have not withdrawn their written consent to the inclusion of their report dated 13 March 2012 and/or the references to their name in our base listing document, in the form and context in which they are included. Their report was not prepared exclusively for incorporation into our base listing document. The Auditors do not have our shares or shares in our subsidiaries, nor do they have the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities or securities of any of its subsidiaries.

### Selling restrictions

The CBBCs have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), and will not be offered, sold, delivered or traded, at any time, indirectly or directly, in the United States or to, or for the account or benefit of, any U.S. person (as defined in the Securities Act).

The offer or transfer of the CBBCs is also subject to the selling restrictions specified in our base listing document.

### How can I get information about UBS AG?

You may visit [www.ubs.com](http://www.ubs.com) to obtain information about us. You must read the section headed "Additional information relating to us" which contains further information relating to us after the date of our base listing document. That section supplements the information set out in our base listing document.

### Capitalised terms and inconsistency

Unless otherwise specified, capitalised terms used in this document have the meanings set out in the Conditions. Terms used in this document apply to the CBBCs described on the cover page.

If this document is inconsistent with our base listing document, this document prevails.

## OVERVIEW OF CBBCs

### What are callable bull/bear contracts?

Callable bull/bear contracts are a type of structured products that track the performance of an underlying asset. Subject to any early termination triggered by the mandatory call feature described below, it gives you a right to a cash amount at expiry called the Cash Settlement Amount as determined on the Valuation Date by reference to a pre-set price called the Strike Price.

The value of a CBBC with entitlement ratio to the underlying Shares of 1 to 1 tends to move virtually on a ratio of 1 to 1 with the underlying Shares. The trading price of every Board Lot of the CBBCs tends to mirror the movement in the price of the Shares in dollar value.

Similar to derivative warrants, callable bull/bear contracts may provide leveraged return to you (but conversely, it could also magnify your losses).

### How do the CBBCs work?

The CBBCs are issued as callable bull contracts.

Callable bull contracts are designed for investors who have an optimistic view on the Shares.

The CBBCs are “European Style” and, subject to no occurrence of a Mandatory Call Event (see “What is the mandatory call feature?” below), the CBBCs are only exercisable on the Expiry Date by payment of a Cash Settlement Amount (if any) less the Exercise Expenses on the Settlement Date.

The Cash Settlement Amount (if any) payable at expiry represents the difference between the Closing Price and the Strike Price. If on the Expiry Date, the Cash Settlement Amount is zero or a negative amount, you will lose all of your investments in the CBBCs.

The CBBCs will be issued as Category R. See “Category R or Category N?” below for details about your entitlement following the occurrence of a Mandatory Call Event.

### What is the mandatory call feature?

Subject to the limited circumstances set out in the relevant Conditions in which a Mandatory Call Event may be reversed, we must terminate the CBBCs if a Mandatory Call Event occurs during the Observation Period.

The Observation Period commences from the Observation Commencement Date to the Trading Day immediately preceding the Expiry Date (both dates inclusive).

A Mandatory Call Event occurs if the Spot Price is at or below the Call Price on any Trading Day in the Observation Period.

Subject to the limited circumstances set out in the relevant Conditions in which a Mandatory Call Event may be reversed, all Post MCE Trades (as defined in the paragraph headed “Mandatory Call Event” under the section headed “Other Key Terms, Liquidity and Settlement” of this document) will be invalid and will be cancelled and will not be recognised by us or the Stock Exchange.

The time at which a Mandatory Call Event occurs will be determined by reference to the Stock Exchange’s automatic order matching and execution system time at which the Spot Price is at or below the Call Price.

### Category R or Category N?

The CBBCs are Category R as the Call Price is different from the Strike Price. You may receive a cash payment called the Residual Value upon the occurrence of a Mandatory Call Event. The Residual Value payable (if any) is calculated by reference to the difference of the Minimum Trade Price and the Strike Price. If the Residual Value is zero or a negative number, you will lose all of your investment.

See “Residual Value” in the section headed “Other Key Terms, Liquidity and Settlement” for calculation of the Residual Value.

### What are the factors determining the price of the CBBCs?

Throughout the term of the CBBCs, the price of the CBBCs will be influenced by a number of factors, including:

- the Strike Price and the Call Price;
- the likelihood of the occurrence of a Mandatory Call Event;
- the probable range of Residual Value (if any) upon the occurrence of a Mandatory Call Event;
- the time remaining to expiry;
- any change(s) in interim interest rates;
- expected dividend payments or other distribution on the Shares;
- the supply and demand for the CBBCs;
- the probable range of the Cash Settlement Amounts;
- the depth of the market or liquidity of the underlying Shares;
- any related transaction cost; and
- our creditworthiness.

### What is your maximum loss?

Your maximum potential loss in the CBBCs is limited to the purchase price for the CBBCs plus the cost involved in such purchase.

### Can you sell the CBBCs before maturity?

Yes. We have made an application for the listing of, and permission to deal in, the CBBCs on the Stock Exchange. All necessary arrangements have been made to enable the CBBCs to be admitted into the Central Clearing and Settlement System (“CCASS”). Issue of the CBBCs is conditional upon listing being granted. From the Dealing Commencement Date, you may sell or buy the CBBCs on the Stock Exchange.

The Liquidity Provider will make a market in the CBBCs by providing bid and/or sell prices. See the section headed “Liquidity” of this document for further information.

### How can you get information about the Shares?

You may obtain information on the Shares (including the Company’s financial reports) by visiting the Stock Exchange website at [www.hkex.com.hk](http://www.hkex.com.hk) or the Company’s website at:

Company	website
China Life Insurance Company Limited	<a href="http://www.e-chinalife.com">http://www.e-chinalife.com</a>

### How can you get information about the CBBCs after issue?

You may visit the Stock Exchange website at [www.hkex.com.hk/prod/cbbc/intro.htm](http://www.hkex.com.hk/prod/cbbc/intro.htm) to obtain any information on the CBBCs or any notice given by us or the Stock Exchange in relation to the CBBCs.

## OTHER KEY TERMS, LIQUIDITY AND SETTLEMENT

You must read this summary together with our base listing document, in particular, the Conditions.

### Summary of other key terms

#### Mandatory Call Event

A Mandatory Call Event occurs when the Spot Price on any Trading Day during the period commencing from and including the Observation Commencement Date and ending on and including the close of the Trading Day (Hong Kong time) immediately preceding the Expiry Date (“**Observation Period**”) is at or below the Call Price.

“**Spot Price**” means:

- (a) in respect of a continuous trading session of the Stock Exchange, the price per Share concluded by means of automatic order matching on the Stock Exchange as reported in the official real-time dissemination mechanism for the Stock Exchange during such continuous trading session in accordance with the Rules and Regulations of the Exchange (“**Trading Rules**”), excluding direct business (as defined in the Trading Rules); and
- (b) in respect of a pre-opening session or a closing auction session (if applicable) of the Stock Exchange, as the case may be, the final Indicative Equilibrium Price (as defined in the Trading Rules) of the Share (if any) calculated at the end of the pre-order matching period of such pre-opening session or closing auction session (if applicable), as the case may be, in accordance with the Trading Rules, excluding direct business (as defined in the Trading Rules),

subject to such modification and amendment prescribed by the Stock Exchange from time to time.

Subject to the limited circumstances set out in the Conditions in which a Mandatory Call Event may be reversed, upon the occurrence of a Mandatory Call Event, we must terminate the CBBCs, and you may receive a Cash Settlement Amount (if any). If the Cash Settlement Amount is less than or equal to zero, you will lose all your value of investment in the CBBCs.

Subject to such modification and amendment prescribed by the Stock Exchange from time to time, all trades in the CBBCs concluded via auto-matching or manually after the time of the occurrence of a Mandatory Call Event, and in the case where the Mandatory Call Event occurs during a pre-opening session or a closing auction session (if applicable), all auction trades in the CBBCs concluded in such session and all manual trades concluded after the end of the pre-order matching period in such session (“**Post MCE Trades**”), will be invalid and will be cancelled and will not be recognised by us or the Stock Exchange.

#### Cash Settlement Amount upon occurrence of a Mandatory Call Event

You may receive the Residual Value calculated as follows for each Board Lot:

$$\text{Residual Value per Board Lot} = \frac{\text{Entitlement} \times (\text{Minimum Trade Price} - \text{Strike Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

Where:

“**Minimum Trade Price**” means the lowest Spot Price of the Shares during the MCE Valuation Period; and

“**MCE Valuation Period**” means, subject to potential extension (as described in further details in the Conditions), the period commencing from and including the moment upon which the Mandatory Call Event occurs and up to the end of the following trading session on the Stock Exchange.

#### Form of the CBBCs

The CBBCs will be represented by a global certificate in the name of HKSCC Nominees Limited. We will not issue definitive certificates for the CBBCs. You may arrange for your broker to hold the CBBCs in a securities account on your behalf, or if you have a CCASS Investor Participant securities account, you may arrange for the CBBCs to be held in such account. You will have to rely on the records of CCASS and/or the statements you receive from your brokers as evidence of your beneficial interest in the CBBCs.

#### Stock Exchange

The Stock Exchange of Hong Kong Limited

#### Listing of CBBCs

The Stock Exchange has agreed in principle to the listing of the CBBCs. No application has been made to list the CBBCs on any other exchange.

### Liquidity

<b>Liquidity Provider</b>	Stock code: 62082
	Name of Liquidity Provider: UBS Securities Hong Kong Limited
	Address: 52/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong
	Broker ID Number: 9655

The Liquidity Provider is our affiliate and is regulated by the Stock Exchange and the Securities and Futures Commission. It will act as our agent in providing quotes.

**Quotes** You can request a quote by calling the Liquidity Provider at:

telephone number: + 852 2971 6628.

The Liquidity Provider will respond within ten minutes and the quote will be displayed on the Stock Exchange's designated stock page for the CBBCs.

**Maximum spread between bid and offer prices** 25

**Factors for determining the bid and offer prices** The Liquidity Provider will consider factors, including, without limitation, the Call Price, the Strike Price, the prevailing market price of the Shares, the price volatility of the Shares, prevailing interest rates, the dividend yield of the Shares, the time left to the expiry of the CBBCs, the expected life of the CBBCs and the funding cost.

**Minimum quantity for which liquidity will be provided** 10 Board Lots

**Circumstances under which the Liquidity Provider may not be able to, and shall not be obliged to, provide liquidity**

- (i) upon the occurrence of a Mandatory Call Event;
- (ii) during the first five minutes of each morning trading session or the first five minutes after trading commences for the first time on any trading day;
- (iii) during a pre-opening session or a closing auction session (if applicable), or any other circumstances as may be prescribed by the Stock Exchange from time to time;
- (iv) when the CBBCs are suspended from trading for any reason;
- (v) when there are no CBBCs available for market making, in which event, only a bid price will be available. CBBCs held by us or any of our affiliates in a fiduciary or agency capacity are not CBBCs available for market making;
- (vi) on the Expiry Date;
- (vii) if there are operational and technical problems beyond the control of the Liquidity Provider hindering the ability of the Liquidity Provider to provide liquidity;
- (viii) if the stock market experiences exceptional price movement and volatility;
- (ix) if a market disruption event occurs;
- (x) when the ability of the Liquidity Provider acting on our behalf to source a hedge or unwind an existing hedge is materially affected by the prevailing market condition; and
- (xi) if the theoretical value of the CBBCs is less than HKD 0.01. If the Liquidity Provider chooses to provide liquidity under this circumstance, both bid and ask prices will be made available.

## Settlement

**Settlement date upon a transfer** The CBBCs may only be transferred in a Board Lot (or integral multiples thereof) in accordance with the CCASS Rules. Where a transfer of CBBCs takes place on the Stock Exchange, settlement must currently be made not later than two trading days.

Hong Kong stamp duty is not chargeable upon the transfer of CBBCs whether pursuant to dealings on the Stock Exchange or otherwise.

**Early termination and exercise** Trading in the CBBCs will be suspended immediately upon a Mandatory Call Event and, subject to the limited circumstances set out in the Conditions in which a Mandatory Call Event may be reversed, all the Post MCE Trades will be invalid and will be cancelled and will not be recognised by us or the Stock Exchange.

Subject to early termination upon the occurrence of a Mandatory Call Event, the CBBCs will be automatically exercised on the Expiry Date in integral multiples of the Board Lot if the Cash Settlement Amount is positive; otherwise, you will lose all of your investment. We will deliver the Cash Settlement Amount (if any) net of any Exercise Expenses to HKSCC Nominees Limited, which will then distribute the received Cash Settlement Amount to the securities account of your broker or to your CCASS Investor Participant securities account (as the case may be).

**Exercise Expenses**

You are responsible for any Exercise Expenses. Exercise Expenses mean any charges or expenses including any taxes or duties which are incurred in respect of the exercise of the CBBCs. If the Cash Settlement Amount is equal to or less than the Exercise Expenses, no amount is payable. We are irrevocably authorised by the holder of the CBBCs to deduct all Exercise Expenses from the Cash Settlement Amount.

**Settlement Date**

The third CCASS Settlement Day after the MCE Valuation Period or the Valuation Date, as the case may be.

## RISK FACTORS

You must read these risk factors together with the “Risk Factors” set out in our base listing document.

### **You may lose all your investment in the CBBCs**

The price of the CBBCs may fall in value as rapidly as it may rise and you should be prepared to sustain a significant or total loss of the purchase price of the CBBCs. In particular, if the Cash Settlement Amount payable at expiry or the Residual Value payable upon the occurrence of a Mandatory Call Event is less than or equal to zero, you will lose all of your investment in the CBBCs.

### **Mandatory Call Event is irrevocable**

A Mandatory Call Event is irrevocable unless it is triggered as a result of any of the following events:

- (i) report of system malfunction or other technical errors of HKEx (such as the setting up of wrong Call Price and other parameters) by the Stock Exchange to us; or
- (ii) report of manifest errors caused by the relevant third party price source where applicable by us to the Stock Exchange,

and we agree with the Stock Exchange that such Mandatory Call Event is to be revoked provided that such mutual agreement must be reached no later than 30 minutes before the commencement of trading (including the pre-opening session) (Hong Kong time) on the Trading Day of the Stock Exchange immediately following the day on which the Mandatory Call Event occurs or such other time frame as prescribed by the Stock Exchange from time to time.

In such case, the Mandatory Call Event so triggered will be reversed and all trades cancelled (if any) will be reinstated and the trading of the CBBCs will resume.

### **Delay in Mandatory Call Event notification**

We will notify the market as soon as practicable after the CBBCs have been called. You should be aware that there may be a delay in the announcement of a Mandatory Call Event due to technical errors, system failures and other factors that are beyond the control of the Stock Exchange and us.

### **Non-Recognition of Post MCE Trades**

The Stock Exchange and its recognised exchange controller, HKEx, will not incur any liability (whether based on contract, tort, (including, without limitation, negligences), or any other legal or equitable grounds and without regard to the circumstances giving rise to any purported claim except in the case of wilful misconduct on the part of the Stock Exchange and/or HKEx) for, any direct, consequential, special, indirect, economic, punitive, exemplary or any other loss or damage suffered or incurred by us or any other party arising from or in connection with the Mandatory Call Event or the suspension of trading (“**Trading Suspension**”) or the non-recognition of trades after a Mandatory Call Event (“**Non-Recognition of Post MCE Trades**”), including without limitation, any delay, failure, mistake or error in the Trading Suspension or Non-Recognition of Post MCE Trades.

We and our affiliates shall not have any responsibility for any losses suffered as a result of the Trading Suspension and/or Non-Recognition of Post MCE Trades in connection with the occurrence of a Mandatory Call Event, notwithstanding that such Trading Suspension or Non-Recognition of Post MCE Trades may have occurred as a result of an error in the observation of the event.

### **Fluctuation in the Funding Cost**

The Issue Price of the CBBCs is set by reference to the difference between the initial reference spot price of the Shares and the Strike Price, plus the applicable Funding Cost. The initial Funding Cost

applicable to the CBBCs is specified on the cover page. It will fluctuate throughout the life of the CBBCs as the funding rate changes from time to time. The funding rate is a rate determined by us based on one or more of the following factors, including but not limited to the Strike Price, the prevailing interest rate, the expected life of the CBBCs, any expected notional dividends of the Shares and the margin financing provided by us.

### **The CBBCs can be volatile**

Although the price of the CBBCs tends to follow closely with the price of the Shares, in some situations, the price of the CBBCs may not track the price of the Shares. You should carefully consider, among other things, the factors set out in the section headed “Overview of CBBCs” in this document before dealing in the CBBCs.

**You should note that when the Spot Price of the Shares is close to the Call Price, the trading price of the CBBCs will be more volatile which may not be comparable and may be disproportionate with the change in the price of the Shares.**

### **Our hedging activities**

Our trading and/or hedging activities or our related parties related to the CBBCs and/or other financial instruments issued by us from time to time may have an impact on the price of the Shares and may trigger a Mandatory Call Event.

In particular, when the price of the Shares is close to the Call Price, our unwinding activities in relation to the Shares may cause a fall or rise (as the case may be) in the price of the Shares leading to a Mandatory Call Event as a result of such unwinding activities.

Before the occurrence of a Mandatory Call Event, we or our related party can unwind our hedging transactions relating to the CBBCs in proportion to the amount of the CBBCs we repurchase from the market from time to time. Upon the occurrence of a Mandatory Call Event, we or our related party can unwind any hedging transactions relating to the CBBCs. Such unwinding activities after the occurrence of a Mandatory Call Event may affect the price of the Shares and consequently the Residual Value for the CBBCs.

### **Adjustment related risk**

The occurrence of certain events (including, without limitation, a rights issue, bonus issue or cash distribution by the Company, a subdivision or consolidation of the Shares and a restructuring event of the Company) may entitle us to adjust the Conditions. However, we are not obliged to adjust the Conditions for every event that affects the Shares. Any adjustment or decision not to make any adjustment may adversely affect the value of the CBBCs. See Condition 6 for details about such adjustments.

### **Possible limited secondary market**

The Liquidity Provider may be the only market participant for the CBBCs and therefore the secondary market for the CBBCs may be limited. The more limited the secondary market, the more difficult it may be for you to realise the value in the CBBCs prior to expiry.

## **ADDITIONAL INFORMATION RELATING TO US**

### **First Quarter 2012 Report**

We released our first quarter 2012 report for the quarterly period ended on 31 March 2012 on 2 May 2012. You may visit our website at [http://www.ubs.com/global/en/about\\_ubs/investor\\_relations/quarterly\\_reporting/2012.html](http://www.ubs.com/global/en/about_ubs/investor_relations/quarterly_reporting/2012.html) to access our first quarter 2012 report.

The information set out under this paragraph has been extracted without adjustment from our first quarter 2012 report. Page references under this paragraph refer to pages in such report.

# Interim consolidated financial statements (unaudited)

## Income statement

CHF million, except per share data	Note	For the quarter ended			% change from	
		31.3.12	31.12.11	31.3.11	4Q11	1Q11
Interest income	3	4,130	4,139	4,578	0	(10)
Interest expense	3	(2,539)	(2,395)	(2,796)	6	(9)
Net interest income	3	1,591	1,745	1,781	(9)	(11)
Credit loss (expense)/recovery		37	(14)	3		
Net interest income after credit loss expense		1,628	1,731	1,784	(6)	(9)
Net fee and commission income	4	3,843	3,560	4,240	8	(9)
Net trading income	3	961	443	2,203	117	(56)
Other income	5	93	128	117	(27)	(21)
Total operating income		6,525	5,862	8,344	11	(22)
Personnel expenses	6	3,643	3,501	4,407	4	(17)
General and administrative expenses	7	1,398	1,652	1,488	(15)	(6)
Depreciation of property and equipment		158	198	191	(20)	(17)
Amortization of intangible assets		23	29	24	(21)	(4)
Total operating expenses		5,221	5,381	6,110	(3)	(15)
Operating profit before tax		1,304	481	2,235	171	(42)
Tax expense/(benefit)	9	476	160	426	198	12
Net profit		828	321	1,809	158	(54)
Net profit attributable to non-controlling interests		1	2	2	(50)	(50)
<b>Net profit attributable to UBS shareholders</b>		<b>827</b>	<b>319</b>	<b>1,807</b>	<b>159</b>	<b>(54)</b>
<b>Earnings per share (CHF)</b>						
Basic earnings per share	8	0.22	0.09	0.48	144	(54)
Diluted earnings per share	8	0.22	0.08	0.47	175	(53)

## Statement of comprehensive income

CHF million	For the quarter ended				
		31.3.12		31.12.11	31.3.11
	Total	UBS share- holders	Non-controlling interests	Total	Total
<b>Net profit</b>	<b>828</b>	<b>827</b>	<b>1</b>	<b>321</b>	<b>1,809</b>
<b>Other comprehensive income</b>					
<b>Foreign currency translation</b>					
Foreign currency translation movements, before tax	(873)	(797)	(76)	784	(76)
Foreign exchange amounts reclassified to the income statement from equity	7	7		(3)	(2)
Income tax relating to foreign currency translation movements	68	68		(105)	0
Subtotal foreign currency translation movements, net of tax <sup>1</sup>	(798)	(722)	(76)	676	(78)
<b>Financial investments available-for-sale</b>					
Net unrealized gains / (losses) on financial investments available-for-sale, before tax	35	35		17	(118)
Impairment charges reclassified to the income statement from equity	29	29		3	4
Realized gains reclassified to the income statement from equity	(60)	(60)		(62)	(44)
Realized losses reclassified to the income statement from equity	6	6		2	18
Income tax relating to net unrealized gains / (losses) on financial investments available-for-sale	(2)	(2)		(3)	20
Subtotal net unrealized gains / (losses) on financial investments available-for-sale, net of tax <sup>1</sup>	8	8		(43)	(121)
<b>Cash flow hedges</b>					
Effective portion of changes in fair value of derivative instruments designated as cash flow hedges, before tax	(5)	(5)		670	(510)
Net (gains) / losses reclassified to the income statement from equity	(256)	(256)		(307)	(297)
Income tax effects relating to cash flow hedges	53	53		(78)	168
Subtotal changes in fair value of derivative instruments designated as cash flow hedges <sup>1</sup>	(209)	(209)		285	(639)
<b>Total other comprehensive income</b>	<b>(998)</b>	<b>(922)</b>	<b>(76)</b>	<b>918</b>	<b>(837)</b>
<b>Total comprehensive income</b>	<b>(170)</b>	<b>(95)</b>	<b>(75)</b>	<b>1,239</b>	<b>971</b>
Total comprehensive income attributable to non-controlling interests	(75)			(15)	106
<b>Total comprehensive income attributable to UBS shareholders</b>	<b>(95)</b>			<b>1,254</b>	<b>865</b>

<sup>1</sup> Other comprehensive income attributable to UBS shareholders related to foreign currency translations was positive CHF 693 million in the fourth quarter of 2011 and negative CHF 182 million in the first quarter of 2011. Other comprehensive income related to financial investments available-for-sale and cash flow hedges was attributable to UBS shareholders for all periods presented.

**Balance sheet**

<i>CHF million</i>	Note	31.3.12	31.12.11	% change from 31.12.11
<b>Assets</b>				
Cash and balances with central banks		82,865	40,638	104
Due from banks		30,484	23,218	31
Cash collateral on securities borrowed		49,724	58,763	(15)
Reverse repurchase agreements		182,397	213,501	(15)
Trading portfolio assets	10	187,978	181,525	4
<i>of which: assets pledged as collateral</i>		50,562	39,936	27
Positive replacement values	14	417,870	486,584	(14)
Cash collateral receivables on derivative instruments		35,256	41,322	(15)
Financial assets designated at fair value		8,830	10,336	(15)
Loans		265,922	266,604	0
Financial investments available-for-sale	11	59,795	53,174	12
Accrued income and prepaid expenses		6,334	6,327	0
Investments in associates		785	795	(1)
Property and equipment		5,751	5,688	1
Goodwill and intangible assets		9,345	9,695	(4)
Deferred tax assets		8,028	8,526	(6)
Other assets	15	14,473	12,465	16
<b>Total assets</b>		<b>1,365,837</b>	<b>1,419,162</b>	<b>(4)</b>
<b>Liabilities</b>				
Due to banks		31,647	30,201	5
Cash collateral on securities lent		7,954	8,136	(2)
Repurchase agreements		118,228	102,429	15
Trading portfolio liabilities	10	52,607	39,480	33
Negative replacement values	14	404,247	473,400	(15)
Cash collateral payables on derivative instruments		62,747	67,114	(7)
Financial liabilities designated at fair value		88,907	88,982	0
Due to customers		342,980	342,409	0
Accrued expenses and deferred income		5,648	6,850	(18)
Debt issued		133,291	140,617	(5)
Other liabilities	15, 16	60,023	61,692	(3)
<b>Total liabilities</b>		<b>1,308,280</b>	<b>1,361,309</b>	<b>(4)</b>
<b>Equity</b>				
Share capital		383	383	0
Share premium		34,079	34,614	(2)
Treasury shares		(750)	(1,160)	(35)
Equity classified as obligation to purchase own shares		(39)	(39)	0
Retained earnings		24,430	23,603	4
Cumulative net income recognized directly in equity, net of tax		(4,878)	(3,955)	23
<b>Equity attributable to UBS shareholders</b>		<b>53,226</b>	<b>53,447</b>	<b>0</b>
Equity attributable to non-controlling interests		4,331	4,406	(2)
<b>Total equity</b>		<b>57,557</b>	<b>57,852</b>	<b>(1)</b>
<b>Total liabilities and equity</b>		<b>1,365,837</b>	<b>1,419,162</b>	<b>(4)</b>

**PARTIES**

**OUR HEAD OFFICE**

**UBS AG**  
Bahnhofstrasse 45  
CH-8001 Zurich  
Switzerland

and

Aeschenvorstadt 1  
CH-4051 Basel  
Switzerland

**OUR OFFICE**

**UBS AG, London Branch**  
1 Finsbury Avenue  
London  
EC2M 2PP  
United Kingdom

**OUR PLACE OF BUSINESS IN HONG KONG**

52nd Floor  
Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

**SPONSOR**

**UBS Securities Asia Limited**  
52nd Floor  
Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

**AUDITORS**

**Ernst & Young Ltd**  
Aeschengraben 9  
P.O. Box 2149 CH-4002 Basel  
Switzerland

**LIQUIDITY PROVIDER**

**UBS Securities Hong Kong Limited**  
52nd Floor  
Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong