

# UBS Limited (standalone) financial and regulatory information

## Third quarter 2016

This document contains selected financial information as well as certain Pillar 3 disclosures as of 30 September 2016 of UBS Limited. The required Pillar 3 disclosures are prepared in accordance with the European Banking Authority (EBA) guidelines and are based upon the EU regulations, Directive 2013/36/EU and Regulation 575/2013 (together known as "CRD IV") and their related technical standards, as implemented within the UK by the Prudential Regulation Authority (PRA). Information provided in this document has not been audited by the external auditors of UBS Limited.

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## Corporate information and selected financial information

UBS Limited is a credit institution incorporated in Great Britain which is authorised by the PRA and regulated by the Financial Conduct Authority (FCA) and the PRA.

UBS Limited is a wholly owned subsidiary of UBS AG, which is a wholly owned subsidiary of UBS Group AG. Qualitative

disclosures around risk management policies and processes of UBS are provided in the "Risk management" section of UBS Group AG's Annual Report 2015, available under "Annual Reporting" at [www.ubs.com/investors](http://www.ubs.com/investors).

## Selected financial information

| GBP million  | As of or for the quarter ended |         |          |         | As of or year-to-date |         |
|--|--------------------------------|---------|----------|---------|-----------------------|---------|
|  | 30.9.16                        | 30.6.16 | 31.12.15 | 30.9.15 | 30.9.16               | 30.9.15 |
| <b>Income statement<sup>1</sup></b>                            |                                |         |          |         |                       |         |
| Net interest income (including credit loss expense / recovery) | 16                             | (7)     | (4)      | 15      | 9                     | 2       |
| Net fee and commission income                                  | 181                            | 221     | 208      | 167     | 593                   | 606     |
| Net trading income   | 8                              | 32      | 9        | 17      | 40                    | 9       |
| Other income   | (52)                           | (29)    | (7)      | (31)    | (102)                 | (96)    |
| Total operating income   | 153                            | 217     | 206      | 168     | 540                   | 521     |
| Total operating expenses                                       | 142                            | 147     | 142      | 111     | 426                   | 396     |
| Operating profit before tax                                    | 11                             | 70      | 64       | 57      | 114                   | 125     |
| Tax expense / (benefit)  | 76                             | 13      | (29)     | (44)    | 94                    | (23)    |
| <b>Net profit / (loss)</b>                                     | <b>(66)</b>                    | 58      | 93       | 101     | 20                    | 148     |
| <b>Total other comprehensive income</b>                        | <b>0</b>                       | (2)     | (6)      | 3       | 0                     | 2       |

| GBP million   | As of         |         |          |
|---|---------------|---------|----------|
|   | 30.9.16       | 30.6.16 | 31.12.15 |
| <b>Balance sheet<sup>1</sup></b>                                |               |         |          |
| Receivables from securities financing transactions <sup>2</sup> | 9,844         | 7,111   | 6,020    |
| Trading portfolio assets  | 5,599         | 5,486   | 3,770    |
| Positive replacement values                                     | 21,137        | 23,367  | 17,668   |
| Cash collateral receivables on derivative instruments           | 5,739         | 6,907   | 6,027    |
| Financial assets designated at fair value                       | 4,119         | 3,993   | 666      |
| Other assets  | 2,273         | 3,360   | 5,290    |
| <b>Total assets<sup>2</sup></b>                                 | <b>48,712</b> | 50,223  | 39,442   |
| Due to banks  | 3,626         | 5,110   | 2,309    |
| Payables from securities financing transactions <sup>2</sup>    | 6,301         | 4,398   | 4,025    |
| Trading portfolio liabilities                                   | 6,420         | 5,057   | 4,787    |
| Negative replacement values                                     | 21,895        | 24,590  | 18,040   |
| Cash collateral payables on derivative instruments              | 5,553         | 6,149   | 5,966    |
| Other liabilities   | 1,848         | 1,781   | 1,273    |
| <b>Total liabilities<sup>2</sup></b>                            | <b>45,643</b> | 47,085  | 36,400   |
| <b>Total equity</b>   | <b>3,069</b>  | 3,137   | 3,042    |

<sup>1</sup> The selected financial information of UBS Limited is prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU), and is stated in British pounds (GBP), the functional currency of the entity, but does not represent interim financial statements. <sup>2</sup> In the third quarter of 2016, prior-period information was corrected for receivables and payables from securities financing transactions. As a result, total assets as of 30 June 2016 and 31 December 2015 decreased by GBP 1,014 million and GBP 664 million, respectively, with equal decreases in total liabilities.

## Regulatory information

Disclosures in this section are required Pillar 3 disclosures in accordance with EBA guidelines and include information on UBS Limited's eligible regulatory capital and capital requirements, as well as on capital and leverage ratios. There is no disclosure requirement for the liquidity coverage ratio for UBS Limited as of 30 September 2016.

The capital adequacy framework consists of three pillars,

which each focus on a different aspect of capital adequacy. Pillar 1 provides a framework for measuring minimum capital requirements for credit, market and operational risk exposures of banks. Pillar 2 addresses the principles of the supervisory review process, emphasising the need for a qualitative approach to supervising banks. Pillar 3 aims to encourage market discipline by requiring banks to publish a range of disclosures, mainly on risk and capital.

### Eligible regulatory capital

Eligible regulatory capital represents the total amount of regulatory capital which is available to cover all of the risks identified under CRD IV. The table below represents the regulatory capital of UBS Limited split by class of capital, including required regulatory adjustments made.

#### Eligible regulatory capital

| <i>GBP million</i>            | 30.9.16      | 30.6.16      | 31.12.15     |
|-------------------------------|--------------|--------------|--------------|
| CET 1 before adjustments      | 2,798        | 2,801        | 2,807        |
| Regulatory adjustments        | (263)        | (263)        | (239)        |
| <b>CET 1 capital</b>          | <b>2,535</b> | <b>2,538</b> | <b>2,568</b> |
| Additional tier 1 capital     | 235          | 235          | 235          |
| <b>Tier 1 capital</b>         | <b>2,770</b> | <b>2,773</b> | <b>2,803</b> |
| Tier 2 capital                | 682          | 660          | 587          |
| <b>Total eligible capital</b> | <b>3,452</b> | <b>3,433</b> | <b>3,390</b> |

### Capital requirements

The capital requirements shown below represent the Pillar 1 capital requirements. UBS Limited has to hold capital in excess of this total amount to cover Pillar 2 obligations and the relevant regulatory buffers.

#### Pillar 1 capital requirements

| <i>GBP million</i>   | 30.9.16       |            | 30.6.16       |              | 31.12.15      |            |
|--|---------------|------------|---------------|--------------|---------------|------------|
|  | RWA           | Capital    | RWA           | Capital      | RWA           | Capital    |
| Credit, counterparty credit risk   |               |            |               |              |               |            |
| <i>Central governments and central banks</i>   | 3             | 0          | 2             | 0            | 2             | 0          |
| <i>Regional governments and local authorities</i>                                    | 45            | 4          | 47            | 4            | 29            | 2          |
| <i>Public sector entities</i>  | 44            | 4          | 43            | 3            | 31            | 2          |
| <i>Multilateral development banks</i>  | 0             | 0          | 0             | 0            | 0             | 0          |
| <i>Institutions</i>  | 1,928         | 154        | 2,217         | 177          | 1,999         | 161        |
| <i>Corporates</i>  | 4,102         | 328        | 4,242         | 340          | 4,419         | 354        |
| <i>Items associated with particularly high risk</i>                                  | 0             | 0          | 1             | 0            | 0             | 0          |
| <i>Securitisation positions</i>  | 7             | 1          | 12            | 1            | 39            | 3          |
| <i>Equity</i>  | 2             | 0          | 2             | 0            | 2             | 0          |
| <i>Other Items</i>   | 103           | 8          | 113           | 9            | 142           | 11         |
| <b>Total credit, counterparty credit risk</b>  | <b>6,234</b>  | <b>499</b> | <b>6,679</b>  | <b>534</b>   | <b>6,663</b>  | <b>533</b> |
| Risk exposure amount for contribution to the default funds of central counterparties | 482           | 39         | 684           | 55           | 634           | 51         |
| Settlement risk  | 16            | 1          | 52            | 4            | 66            | 5          |
| Position, foreign exchange and commodities risk                                      | 2,619         | 210        | 2,300         | 185          | 2,227         | 178        |
| Operational risk   | 1,381         | 110        | 1,381         | 110          | 1,325         | 106        |
| Credit valuation adjustment exposure   | 1,342         | 107        | 1,358         | 109          | 1,402         | 112        |
| Large Exposures charge   |               |            | 318           | 25           |               |            |
| <b>Total risk-weighted assets and capital required</b>                               | <b>12,074</b> | <b>966</b> | <b>12,772</b> | <b>1,022</b> | <b>12,317</b> | <b>985</b> |

### Capital ratios

The table below provides the key capital ratios of UBS Limited. They represent the capital position of UBS Limited based upon the Pillar 1 requirements defined by CRD IV.

#### Capital ratios

| <i>In %</i>          | 30.9.16 | 30.6.16 | 31.12.15 |
|----------------------|---------|---------|----------|
| CET1 capital ratio   | 21.0    | 19.9    | 20.8     |
| Tier 1 capital ratio | 22.9    | 21.7    | 22.8     |
| Total capital ratio  | 28.6    | 26.9    | 27.5     |

### Leverage ratio

The table below sets out the required disclosure for the leverage ratio of UBS Limited. The leverage ratio is calculated in accordance with the regulations defined by CRD IV.

#### Leverage ratio

| <i>GBP million, except where indicated</i> | 30.9.16 | 30.6.16 | 31.12.15 |
|--|---------|---------|----------|
| Tier 1 capital                             | 2,770   | 2,773   | 2,803    |
| Leverage ratio denominator                 | 42,644  | 42,744  | 37,807   |
| Leverage ratio %                           | 6.5     | 6.5     | 7.4      |

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**Rounding** | Numbers presented throughout this document may not add up precisely to the totals provided in the tables and text. Percentages, percent changes and absolute variances are calculated on the basis of rounded figures displayed in the tables and text and may not precisely reflect the percentages, percent changes and absolute variances that would be derived based on figures that are not rounded.

**Tables** | Within tables, blank fields generally indicate that the field is not applicable or not meaningful, or that information is not available as of the relevant date or for the relevant period. Zero values generally indicate that the respective figure is zero on an actual or rounded basis. Percentage changes are presented as a mathematical calculation of the change between periods.