UBS Switzerland AG (standalone) regulatory information

This document contains information as of 30 September 2015 related to capital adequacy, leverage ratio, supplemental leverage ratio and liquidity coverage ratio, as required by the revised FINMA Circular 2008/22 "Disclosure – banks." Information in this document is supplementary to UBS Switzerland AG (standalone) information provided in the "Legal entity financial information" section of the UBS Group third quarter 2015 report.

Swiss SRB Basel III capital requirements and capital information

UBS Switzerland AG is considered a systemically relevant bank (SRB) under Swiss banking law and is subject to capital regulations on a standalone basis.

As of 30 September 2015, the total capital requirement for UBS Switzerland AG (standalone) according to the Swiss Capital Adequacy Ordinance was 12.9% of RWA and consisted of: (i) base capital of 4.5%, (ii) buffer capital of 5.6%, of which 0.4% was attributable to the countercyclical buffer capital requirement and (iii) progressive buffer capital of 2.8%. In addition, FINMA has defined capital requirements for UBS Switzerland AG (standalone) which are outlined in footnote 1 of the table "Swiss SRB Basel III available capital versus capital requirements (phase-in)" on the next page. UBS Switzerland AG (standalone) met these capital requirements since commencement of business.

The tables in this section provide capital information under Swiss SRB Basel III regulations for UBS Switzerland AG (standalone), in accordance with the abovementioned requirements.

Reconciliation of Swiss federal banking law equity to Swiss SRB Basel III capital

CHF billion	**30.9.15**	30.6.15
Equity – Swiss federal banking law[1]	**13.9**	13.6
Deferred tax assets	**0.9**	1.0
Goodwill and intangible assets	**(4.7)**	(5.0)
Other[2]	**(1.3)**	(0.8)
Common equity tier 1 capital (phase-in)	**8.8**	8.8
Additional tier 1 capital (phase-in)	**1.5**	1.5
Tier 2 capital (phase-in)	**2.5**	2.5
Total capital (phase-in)	**12.8**	12.8

1 Equity under Swiss federal banking law is adjusted to derive equity in accordance with IFRS and then further adjusted to derive common equity tier 1 (CET1) capital in accordance with Swiss SRB Basel III requirements.
2 Includes accruals for capital returns to UBS AG and other items.

Swiss SRB Basel III available capital versus capital requirements (phase-in)

	Capital ratio (%)			Capital		
CHF million, except where indicated	Requirement[1]	Actual[2]		Requirement	Actual	
	30.9.15	**30.9.15**	30.6.15	**30.9.15**	**30.9.15**	30.6.15
Base capital (common equity tier 1 capital)	**4.5**	**4.5**	4.5	**3,701**	**3,701**	3,568
Buffer capital (common equity tier 1 capital and high-trigger loss-absorbing capital)	**5.6**[3]	**8.0**	8.5	**4,574**	**6,618**	6,714
of which: effect of countercyclical buffer	***0.4***	***0.4***	*0.5*	***359***	***359***	*362*
Progressive buffer capital (low-trigger loss-absorbing capital)	**2.8**	**3.0**	3.2	**2,329**	**2,500**	2,500
Total	**12.9**	**15.6**	16.1	**10,604**	**12,819**	12,782

1 The total capital ratio requirement of 12.9% and the CET1 capital ratio requirement of 7.8% are the current phase-in requirements according to the Swiss Capital Adequacy Ordinance. In addition, FINMA defined a total capital ratio requirement for UBS Switzerland AG which is the sum of 14.4% and the effect of the countercyclical buffer requirement of 0.4%, of which 10.0% plus the effect of the countercyclical buffer requirement must be satisfied with CET1 capital. The FINMA total capital requirement will be effective until it is exceeded by the Swiss SRB Basel III phase-in requirement. 2 Swiss SRB Basel III CET1 capital exceeding the base capital requirement is allocated to the buffer capital. 3 CET1 capital can be substituted by high-trigger LAC up to 2.3% in 2015.

Swiss SRB Basel III capital information (phase-in)

CHF million, except where indicated	**30.9.15**	30.6.15
Tier 1 capital	**10,319**	10,282
of which: common equity tier 1 capital	***8,819***	*8,782*
of which: additional tier 1 capital (high-trigger loss-absorbing capital)	***1,500***	*1,500*
Tier 2 capital	**2,500**	2,500
of which: low-trigger loss-absorbing capital	***2,500***	*2,500*
Total capital	**12,819**	12,782
Common equity tier 1 capital ratio (%)	**10.7**	11.1
Tier 1 capital ratio (%)	**12.5**	13.0
Total capital ratio (%)	**15.6**	16.1
Risk-weighted assets	**82,253**	79,296

Leverage ratio information

Swiss SRB leverage ratio

The Swiss SRB leverage ratio requirement is equal to 24% of the capital ratio requirements (excluding the countercyclical buffer requirement).

As of 30 September 2015, the effective total leverage ratio requirement for UBS Switzerland AG (standalone) was 3.0%, resulting from multiplying the total capital ratio requirement (excluding the countercyclical buffer requirement) of 12.5% by 24%.

Swiss SRB leverage ratio requirements (phase-in)

	Swiss SRB leverage ratio (%)			Swiss SRB leverage ratio capital		
CHF million, except where indicated	Requirement[1]	Actual[2]		Requirement	Actual[2]	
	30.9.15	30.9.15	30.6.15	30.9.15	30.9.15	30.6.15
Base capital (common equity tier 1 capital)	1.1	1.1	1.1	3,369	3,369	3,361
Buffer capital (common equity tier 1 capital and high-trigger loss-absorbing capital)	1.2[3]	2.2	2.2	3,837	6,951	6,921
Progressive buffer capital (low-trigger loss-absorbing capital)	0.7	0.8	0.8	2,120	2,500	2,500
Total	**3.0**	**4.1**	4.1	**9,325**	**12,819**	12,782

1 The total leverage ratio requirement of 3.0% is the current phase-in requirement according to the Swiss Capital Adequacy Ordinance. In addition, FINMA defined a total leverage ratio requirement of 3.5%, which will be effective until it is exceeded by the Swiss SRB Basel III phase-in requirement. 2 Swiss SRB Basel III CET1 capital exceeding the base capital requirement is allocated to the buffer capital. 3 CET1 capital can be substituted by high-trigger LAC up to 0.5% in 2015.

Swiss SRB leverage ratio

CHF million, except where indicated	Average 3Q15	As of 30.6.15[1]
Total on-balance sheet assets[2]	304,579	306,684
Netting of securities financing transactions	(10,639)	(13,290)
Netting of derivative exposures	(4,044)	(4,150)
Current exposure method (CEM) add-on for derivative exposures	2,041	2,041
Off-balance sheet items	20,296	20,274
of which: commitments and guarantees – unconditionally cancelable (10%)	*3,259*	*3,305*
of which: commitments and guarantees – other than unconditionally cancelable (100%)	*17,037*	*16,969*
Items deducted from Swiss SRB tier 1 capital, phase-in (at period-end)	(292)	(317)
Total adjusted exposure (leverage ratio denominator), phase-in[3]	**311,941**	311,242

	As of	
	30.9.15	30.6.15
Common equity tier 1 capital (phase-in)	8,819	8,782
Loss-absorbing capital (phase-in)	4,000	4,000
Common equity tier 1 capital including loss-absorbing capital (phase-in)	**12,819**	12,782
Swiss SRB leverage ratio phase-in (%)	**4.1**	4.1

1 Spot numbers were reported for the second quarter of 2015, as UBS Switzerland AG was not operative before the asset transfer from UBS AG in the second quarter of 2015. Refer to the "Changes in legal structure" section of the UBS Group second quarter 2015 report for more information. 2 Represent assets recognized on the UBS Switzerland AG (standalone) balance sheet in accordance with IFRS measurement principles. 3 In accordance with current Swiss SRB leverage ratio requirements, the leverage ratio denominator excludes forward starting repos, securities lending indemnifications and CEM add-ons for exchange-traded derivatives (ETD), both proprietary and agency transactions, and for OTC derivatives with a qualifying central counterparty.

BIS Basel III leverage ratio

On 1 January 2015, disclosure requirements for the leverage ratio in accordance with BIS Basel III regulations came into effect in Switzerland, and we are required to disclose BIS Basel III leverage ratio information on a quarterly basis.

The table below provides BIS Basel III leverage ratio information as of 30 September 2015 according to the current disclosure requirements.

BIS Basel III leverage ratio (phase-in)

CHF million, except where indicated	30.9.15
BIS Basel III tier 1 capital	10,319
BIS total exposures (leverage ratio denominator)	315,014
BIS Basel III leverage ratio (%)	3.3

Supplemental leverage ratio

During a one-year transition period, we additionally disclose a pro-forma measure of the Swiss SRB leverage ratio using a denominator based on the BIS Basel III definition, referred to as the supplemental leverage ratio.

Supplemental leverage ratio (phase-in)

CHF million, except where indicated	30.9.15
Swiss SRB Basel III common equity tier 1 capital including loss-absorbing capital	12,819
BIS total exposures (leverage ratio denominator)	315,014
Supplemental leverage ratio (%)	4.1

Liquidity coverage ratio

Basel III rules require disclosure of the liquidity coverage ratio (LCR). As a Swiss SRB, we must maintain an LCR of at least 100% and disclose LCR information on a quarterly basis.

Liquidity coverage ratio

	Weighted value[1]
CHF billion, except where indicated	Average 3Q15
High-quality liquid assets	73
Total net cash outflows	65
of which: cash outflows	*119*
of which: cash inflows	*54*
Liquidity coverage ratio (%)	113

1 Calculated after the application of haircuts and inflow and outflow rates.

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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 based on 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.