



Pillar 3

UBS Limited – 31 March 2018 Supplementary Disclosures

Table of contents

- 3 Introduction and basis for preparation
- 4 Key Ratios
- 5 Capital requirements
- 6 Exposure to counterparty credit risk
- 7 Liquidity

Introduction and basis for preparation

Scope of Pillar 3 disclosures

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

This document provides the supplementary disclosure information for UBS Limited as at 31 March 2018.

This document is based upon the EU regulations, Directive 2013/36/EU and Regulation 575/2013 (together known as “CRD IV”), the associated delegated and implementing acts and the related technical standards, as implemented within the UK by the PRA. These disclosures have been prepared in accordance with the EBA guidelines on Pillar 3.

UBS Limited is part of the UBS Group AG consolidated group and a direct, wholly owned subsidiary of UBS AG.

Governance over Pillar 3 Disclosures

The Board of Directors and senior management are responsible for establishing and maintaining an effective internal control structure over the disclosure of financial information, including Pillar 3 disclosures. In line with EBA requirements the company has established a board-approved Pillar 3 disclosure governance policy which includes information on the key internal controls and procedures designed to govern the preparation, review and sign-off of Pillar 3 disclosures. This Pillar 3 report has been verified and approved in line with this policy.

Key Ratios

Key Ratios

The following is a summary of the key ratios of UBS Limited.

Key Ratios

<i>GBP million</i>	31.03.18	31.12.17
Total Credit Exposure	16,720	16,134
Total RWA	10,778	10,473
<i>Of which credit risk (including CVA Risk)</i>	<i>7,376</i>	<i>7,249</i>
<i>Of which market risk</i>	<i>1,973</i>	<i>1,876</i>
<i>Of which operational risk</i>	<i>1,428</i>	<i>1,349</i>
Capital Ratio - CET1	23.39%	24.15%
Capital Ratio - Tier 1	25.57%	26.39%
Capital Ratio - Total Capital	31.80%	32.93%
Leverage Ratio	7.66%	7.59%
Liquidity Coverage Ratio	473%	454%

Capital requirements

EU OV1: Overview of RWAs

The following table outlines an overview of the RWAs (Risk Weighted Assets) and the capital requirement for UBS Limited.

EU - OV1 - Overview of RWAs

GBP million	31.03.18		31.12.17	
	RWA	Capital Requirements	RWA	Capital Requirements
Credit Risk (excluding CCR)	1,167	93	1,098	88
of which the standardised approach	1,167	93	1,098	88
of which the foundation IRB (FIRB) approach	–	–	–	–
of which the advanced IRB (AIRB) approach	–	–	–	–
of which the equity IRB under the simple risk weighted approach or the IMA	–	–	–	–
CCR	6,142	491	6,113	489
of which mark to market and financial collateral comprehensive method ¹	2,861	229	2,887	231
of which original exposure	–	–	–	–
of which the standardised approach	–	–	–	–
of which the internal model method (IMM) and internal model approach (IMA) ²	2,408	193	2,152	172
of which risk exposure amount for contributions to the default fund of a CCP	179	14	209	17
of which CVA	694	56	865	69
Settlement risk	67	5	37	3
Securitisation exposures in the banking book (after the cap)	–	–	–	–
of which IRB approach	–	–	–	–
of which IRB supervisory formula approach (SFA)	–	–	–	–
of which internal assessment approach (IAA)	–	–	–	–
of which standardised approach	–	–	–	–
Market risk	1,973	158	1,876	150
of which IMA	–	–	–	–
Large exposures	–	–	–	–
Operational risk	1,428	114	1,349	108
of which BIA approach	1,428	114	1,349	108
of which standardised approach	–	–	–	–
of which advanced measurement approach	–	–	–	–
Amounts above the threshold for deduction (subject to 250% risk weight)	–	–	–	–
Floor adjustment	–	–	–	–
Total	10,778	862	10,473	838

1. Where not eligible for inclusion in a modelled approach, the mark to market method is used for over the counter (OTC) and exchange traded derivatives (ETD), and the financial collateral comprehensive method is used for securities financing transactions (SFT).

2. Includes exposures to OTC derivatives under the IMM and exposures to SFTs under a Repo VaR model.

RWA has increased by GBP 0.3bn over the period, the main driver being an increase in counterparty credit risk arising from derivatives business.

Exposure to counterparty credit risk

EU CCR7 – RWA flow statement of CCR exposures under the IMM

The table below provides a view of the drivers behind the change in the RWA relating to OTC derivatives under the IMM over the period.

EU CCR7 - RWA flow statements of CCR exposures under the IMM

<i>GBP Million</i>	RWA Amounts	Capital Requirements
RWAs as at the end of the previous reporting period (31.12.17)	1,741	139
Asset size	291	23
Credit quality of counterparties	(17)	(1)
Model updates (IMM only)		
Methodology and policy (IMM only)		
Acquisitions and disposals		
Foreign exchange movements	(14)	(1)
Other		
RWAs as at the end of the current reporting period (31.03.18)	2,001	160

Liquidity

Liquidity coverage ratio (LCR)

The following table shows the components of the LCR as an average of the last four quarters.

Liquidity Coverage Ratio

Solo					
<i>GBP million</i>					
Quarter Ended on:		30/06/2017	30/09/2017	31/12/2017	31/03/2018
21	Liquidity Buffer	5,432	5,755	5,758	5,744
22	Total net cash outflows	1,358	1,358	1,317	1,269
23	Liquidity coverage ratio(%)	425%	450%	454%	473%

The above table shows UBS Limited's average LCR for the four 12 month periods ending on the quarter dates shown. Over those periods the rolling average LCR ratio exceeded the Pillar 1 regulatory minimum requirement, ranging between 425% and 473%. The LCR regulatory minimum requirement was 90% up until 31 December 2017 and then increased to 100% from January 2018. These ratios do not take into account Pillar 2 requirements.

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The information contained within this document has not been audited by the external auditors of UBS Limited.

Numbers presented throughout this report may not add up precisely to the totals provided in the tables and text due to rounding

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