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Appendix-A

UBS Bank (Canada)
Basel Pillar III Disclosures
June 30, 2024

CCID Corporate Identifier: 89266472

Overview

UBS Bank (Canada) [the "Bank"] is a wholly owned subsidiary of UBS AG [the "Parent bank"] and is incorporated and licensed to operate as a bank in Canada with full banking powers under the Bank Act (Canada) as a foreign bank subsidiary. Its registered office is located at 154 University Avenue – Suite 800, Toronto, Ontario, Canada, M5H 3Z4.

Basis of preparation

The Office of the Superintendent of Financial Institutions ('OSFI') Pillar 3 Disclosure Guideline for Small and Medium Sized Deposit Taking Institutions (SMSBs) sets out the disclosure requirements for SMSBs operating under the Basel framework. The Pillar 3 disclosures are designed to complement the minimum capital requirements in Pillar 1 and the supervisory review process in Pillar 2. The aim of Pillar 3 is to promote market discipline by allowing market participants to access information on risk exposures and risk management policies and processes adopted by UBS Bank (Canada) ('the Bank').

This document represents the Basel III Pillar 3 disclosure requirements for Small and Medium-Sized Banks ("SMSBs") classified as a Category 2 SMSBs. The SMSB's reporting less than \$10 billion in total assets are in Category 2 if they meet any of the following criteria:

1. report greater than \$100 million in total loans
2. enter into interest rate or foreign exchange derivatives with a combined notional amount greater than 100% of total capital
3. have any other types of derivative exposure
4. have exposure to other off-balance sheet items greater than 100% of total capital

Based on the above criteria, the Bank has been placed in the segmentation Category 2 and the following disclosures are applicable. All quantitative disclosures are made in \$ '000 CAD, unless otherwise indicated.

Disclosures

The Pillar 3 disclosure guideline for Category 2 SMSBs prescribes as follows:

(i) Quarterly disclosures:

Key Metrics (KM1); Composition of regulatory capital for SMSB (Modified CC1), and Leverage Ratio common disclosure template (LR2).

(ii) Annual disclosures:

Disclosures related to general information regarding credit risk (CRA), Liquidity Risk and general qualitative information on Bank's operational risk framework (ORA).

Additional information is available here:

OSFI's financial Data website: <https://www.osfi-bsif.gc.ca/en/data-forms/financial-data/financial-data-banks>.

Q2, 2024 disclosures along with Q1, 2024 comparatives are presented below:

I. Quarterly Disclosures:

Table KM1: Key Metrics

	Available capital (amounts)	Q2/2024	Q1/2024
1	Common Equity Tier 1 (CET1)	130,554	128,120
2	Tier 1	130,554	128,120
3	Total capital	130,558	128,125
	Risk-weighted assets (amounts)		
4	Total risk-weighted assets (RWA)	364,259	363,415
4a	Total risk-weighted assets (pre-floor)	364,259	363,415
	Risk-based capital ratios as a percentage of RWA		
5	CET1 ratio (%)	35.84	35.25
5a	CET1 ratio (%) (pre-floor ratio)	35.84	35.25
6	Tier 1 ratio (%)	35.84	35.25
6a	Tier 1 ratio (%) (pre-floor ratio)	35.84	35.25
7	Total capital ratio (%)	35.84	35.26
7a	Total capital ratio (%) (pre-floor ratio)	35.84	35.26
	Additional CET1 buffer requirements as a percentage of RWA		
8	Capital conservation buffer requirement (2.5% from 2019) (%)	N/A	N/A
9	Countercyclical buffer requirement (%)	N/A	N/A
10	Bank G-SIB and/or D-SIB additional requirements (%) [Not applicable for SMSBs]		
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	N/A	N/A
12	CET1 available after meeting the bank's minimum capital requirements (%)	N/A	N/A
	Basel III Leverage ratio		
13	Total Basel III leverage ratio exposure measure	1,026,865	1,039,527
14	Basel III leverage ratio (row 2 / row 13)	12.71	12.32

Table Modified CC1. Composition of Regulatory Capital for SMSB

		Q2/2024	Q1/2024
		Amounts	Amounts
	Common Equity Tier 1 capital: instruments and reserves		
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	196,737	196,737
2	Retained earnings	-66,766	-69,200
3	Accumulated other comprehensive income (and other reserves)	583	583
4	<i>Directly issued capital subject to phase out from CET1 (only applicable to Federal Credit Unions)</i>	N/A	N/A
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	N/A	N/A
6	Common Equity Tier 1 capital before regulatory adjustments	130,554	128,120
	Common Equity Tier 1 capital: regulatory adjustments		
28	Total regulatory adjustments to Common Equity Tier 1	130,554	128,120
29	Common Equity Tier 1 capital (CET1)	130,554	128,120
	Additional Tier 1 capital: instruments		
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	N/A	N/A
31	of which: classified as equity under applicable accounting standards	N/A	N/A
32	of which: classified as liabilities under applicable accounting standards	N/A	N/A
33	<i>Directly issued capital instruments subject to phase out from Additional Tier 1 (applicable only to Federal Credit Unions)</i>	N/A	N/A
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	N/A	N/A
35	<i>of which: instruments issued by subsidiaries subject to phase out (applicable only to Federal Credit Unions)</i>	N/A	N/A
36	Additional Tier 1 capital before regulatory adjustments	N/A	N/A
	Additional Tier 1 capital: regulatory adjustments		
43	Total regulatory adjustments to additional Tier 1 capital	N/A	N/A
44	Additional Tier 1 capital (AT1)	N/A	N/A
45	Tier 1 capital (T1 = CET1 + AT1)	130,554	128,120

46	Directly issued qualifying Tier 2 instruments plus related stock surplus	N/A	N/A
47	<i>Directly issued capital instruments subject to phase out from Tier 2 (applicable only to Federal Credit Unions)</i>	N/A	N/A
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	N/A	N/A
49	<i>of which: instruments issued by subsidiaries subject to phase out (applicable only to Federal Credit Unions)</i>	N/A	N/A
50	Collective allowances	4	5
51	Tier 2 capital before regulatory adjustments	N/A	N/A
Tier 2 capital: regulatory adjustments			
57	Total regulatory adjustments to Tier 2 capital	4	5
58	Tier 2 capital (T2)	4	5
59	Total capital (TC = T1 + T2)	130,558	128,125
60	Total risk-weighted assets	364,259	363,415
Capital ratios			
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	35.84	35.25
62	Tier 1 (as a percentage of risk-weighted assets)	35.84	35.25
63	Total capital (as a percentage of risk-weighted assets)	35.84	35.26
OSFI target			
69	Common Equity Tier 1 target ratio	7	7
70	Tier 1 capital target ratio	8.5	8.5
71	Total capital target ratio	10.5	10.5
Capital instruments subject to phase-out arrangements (For Federal Credit Unions only)			
80	Current cap on CET1 instruments subject to phase-out arrangements	N/A	N/A
81	Amount excluded from CET1 capital due to cap (excess over cap after redemptions and maturities)	N/A	N/A
82	Current cap on AT1 instruments subject to phase-out arrangements	N/A	N/A
83	Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)	N/A	N/A
84	Current cap on Tier 2 instruments subject to phase-out arrangements	N/A	N/A
85	Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)	N/A	N/A

Table LR2: Leverage Ratio common disclosure template

		Q2/2024	Q1/2024
On- balance sheet exposures			
1	On- balance sheet items (excluding derivatives, SFTs and grandfathered securitization exposures but including collateral)	908,457	924,541
2	Gross- up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework (IFRS)	7,520	6,106
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	N/A	N/A
4	(Asset amounts deducted in determining Tier 1 capital)	N/A	N/A
5	Total on- balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 to 4)	900,937	918,435
Derivative exposures			
6	Replacement cost associated with all derivative transactions	7,520	6,106
7	Add- on amounts for potential future exposure associated with all derivative transactions	32,975	30,776
8	(Exempted central counterparty- leg of client cleared trade exposures)	N/A	N/A
9	Adjusted effective notional amount of written credit derivatives	N/A	N/A
10	(Adjusted effective notional offsets and add- on deductions for written credit derivatives)	N/A	N/A
11	Total derivative exposures (sum of lines 6 to 10) multiplied by 140%	56,693	51,633
Securities financing transaction exposures			
12	Gross SFT assets recognised for accounting purposes (with no recognition of netting), after adjusting for sale accounting transactions	N/A	N/A
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	N/A	N/A
14	Counterparty credit risk (CCR) exposure for SFTs	N/A	N/A
15	Agent transaction exposures	N/A	N/A
16	Total securities financing transaction exposures (sum of lines 12 to 15)	N/A	N/A
Other off- balance sheet exposures			
17	Off- balance sheet exposure at gross notional amount	69,235	69,459
18	(Adjustments for conversion to credit equivalent amounts)	N/A	N/A
19	Off- balance sheet items (sum of lines 17 and 18)	69,235	69,459
Capital and total exposures			
20	Tier 1 capital	130,554	128,120
21	Total Exposures (sum of lines 5, 11, 16 and 19)	1,026,865	1,039,527
Leverage ratio			
22	Base I III leverage ratio	12.71	12.32