

UBS Group – Basel III Pillar 3 disclosure for composition of capital updated as of 30 September 2013

This document refers to our Basel III Pillar 3 First Half 2013 Report, which was issued at the end of August 2013, and provides updates to "Table 43: Reconciliation balance sheet" and "Table 44: Composition of capital" as of 30 September 2013.

Composition of Capital

With the objective of mitigating the risk of inconsistent disclosure formats undermining market participants' ability to compare the capital adequacy of banks across jurisdictions, the Basel Committee on Banking Supervision and FINMA require banks to publish their capital positions according to common templates. The following tables provide the information they require.

Table 43: Reconciliation balance sheet

The table below provides a reconciliation of the IFRS balance sheet to the balance sheet according to the regulatory scope of consolidation. Lines in the balance sheet under the regulatory scope of consolidation are expanded and referenced where relevant to display all components that are used in "Table 44: Composition of capital."

	According to the financial statement	According to the regulatory scope of consolidation	References ¹
<i>CHF million</i>	30.9.13	30.9.13	
Cash and balances with central banks	79'043	79'043	
Due from banks	20'156	19'544	
Cash collateral on securities borrowed	34'034	34'034	
Reverse repurchase agreements	81'057	81'057	
Trading portfolio assets	123'664	108'068	
<i>of which: assets pledged as collateral which may be sold or repledged by counterparties</i>	38'749	38'749	
Positive replacement values	282'016	282'039	
<i>of which: fair value of the call option to acquire SNB StabFund's equity</i>	2'493	2'493	12
Cash collateral receivables on derivatives instruments	25'411	25'411	
Financial assets designated at fair value	11'105	11'105	
Loans	289'850	289'979	
Financial investments available-for-sale	62'248	62'185	
Financial investments held to maturity	0	0	
Consolidated participations	0	205	
Accrued income and prepaid expenses	5'821	5'587	
Investments in associates	834	834	
<i>of which: goodwill</i>	345	345	4
Property and equipment	5'989	5'900	
Goodwill and other intangible assets	6'388	6'388	
<i>of which: goodwill</i>	5'911	5'911	4
<i>of which: other intangible assets</i>	478	478	5
Deferred tax assets	8'216	8'216	
<i>of which: deferred tax assets recognized for tax loss carry-forwards, less deferred tax liabilities, as applicable</i>	5'690	5'690	9
<i>of which: deferred tax assets on temporary differences, less deferred tax liabilities, as applicable</i>	2'526	2'526	
Other assets	13'267	13'190	
<i>of which: defined benefit pension fund assets</i>	1'159	1'159	10
Total assets	1'049'101	1'032'785	
Total subordinated assets			
Due to banks	15'081	15'032	
Cash collateral on securities lent	8'686	8'686	
Repurchase agreements	19'424	19'424	
Trading portfolio liabilities	27'489	27'442	
Negative replacement values	267'789	268'031	
Cash collateral payables on derivatives instruments	53'624	53'624	
Financial liabilities designated at fair value	72'000	72'052	
Due to customers	384'965	385'048	
Accrued expenses and deferred income	6'239	6'113	
Debt issued	84'278	84'239	
<i>of which: amount eligible for low-trigger loss-absorbing tier 2 capital</i>	4'808	4'808	7
<i>of which: amount eligible for capital instruments subject to phase-out from additional tier 1 capital</i>	1'217	1'217	6
<i>of which: amount eligible for capital instruments subject to phase-out from tier 2 capital</i>	4'257	4'257	8
Provisions	3'046	3'041	
Other liabilities	57'132	40'766	
<i>of which: deferred tax liabilities on goodwill</i>	29	29	4
<i>of which: deferred tax liabilities on other intangible assets</i>	10	10	5
<i>of which: amount eligible for high-trigger loss-absorbing tier 2 capital (DCCP) ²</i>	212	212	7
Total liabilities	999'753	983'498	
Share capital	384	384	1
Share premium account	33'739	33'739	1
Treasury shares	(1'029)	(1'029)	3
Contracts on UBS shares with liability treatment	(51)	(51)	3
Retained earnings	23'552	23'364	2
Cumulative net income recognized directly in equity, net of tax	(9'193)	(9'066)	3
<i>of which: unrealized (gains)/losses from cash flow hedges</i>	1'757	1'757	11
Equity attributable to UBS shareholders	47'403	47'342	
Equity attributable to preferred noteholders and equity attributable to non-controlling interest	1'944	1'945	
<i>of which: capital instruments subject to phase-out from additional tier 1 capital</i>	1'906	1'906	6
Total equity	49'348	49'287	
Total liabilities and equity	1'049'101	1'032'785	

¹ References link respective lines of this table to the respective reference numbers provided in the column "References" in "Table 44: Composition of capital." ² Refer to the "Compensation" section of our Annual Report 2012 for more information on DCCP.

Table 44: Composition of capital

The table below provides the "composition of capital" as defined by the Basel Committee of Banking and Supervision and FINMA. Reference is made to items reconciling to the balance sheet under the regulatory scope of consolidation as disclosed in "Table 43: Reconciliation balance sheet." Where relevant, the effect of phase-in arrangements is disclosed as well.

→ Refer to the "Basel III/'too-big-to-fail' at a glance" section of our Annual Report 2012 and the "Capital management" section of our third quarter 2013 report for more information about phase-in arrangements.

<i>CHF million, except where indicated</i>	Numbers fully applied	Effect of the transition phase	References ¹
	30.9.13	30.9.13	
1 Directly issued qualifying common share (and equivalent for non joint stock companies) capital plus related stock surplus	34'124		1
2 Retained earnings	23'364		2
3 Accumulated other comprehensive income (and other reserves)	(10'146)		3
4 Directly issued capital subject to phase-out from CET1 (only applicable to non joint stock companies)			
5 Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)			
6 Common equity tier 1 capital before regulatory adjustments	47'342		
7 Prudential valuation adjustments	(160)		
8 Goodwill net of tax, less hybrid capital, as applicable	(6'226)	3'122	4, 6
9 Intangible assets, net of tax	(468)		5
10 Deferred tax assets recognized for tax loss carry-forwards, less deferred tax liabilities, as applicable	(6'173)	6'173	9 ²
11 Unrealized (gains)/losses from cash flow hedges, net of tax	(1'757)		11
12 Expected losses on advanced internal ratings-based portfolio less general provisions	(226)		
13 Securitization gain on sale			
14 Own credit related to financial liabilities designated at fair value and replacement values, net of tax	123		
15 Defined benefit pension and post-employment assets IAS 19R, net of tax	(1'159)	1'159	10
16 Compensation and own shares related capital components (not recognized in net profit)	(1'352)		
17 Reciprocal crossholdings in common equity			
17a Holdings with a significant investments in the common stock			
17b Consolidated investments (CET1 instruments)			
18 Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)			
19 Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)			
20 Mortgage servicing rights (amount above 10% threshold)			
21 Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)			
22 Amount exceeding the 15% threshold			
23 of which: significant investments in the common stock of financials			
24 of which: mortgage servicing rights			
25 of which: deferred tax assets arising from temporary differences			
26 Fair value of the call option to acquire SNB StabFund's equity, pre-tax	(2'493)		12
26a Unrealized gains related to financial investments available-for-sale, net of tax	(309)		
26b Expected losses on non-trading equity exposures (simple risk weight)	(14)		
26c National specific regulatory adjustments and other	(1'109)	2'490	7
27 Regulatory adjustments applied to common equity tier 1 due to insufficient additional tier 1 and tier 2 to cover deductions			
28 Total regulatory adjustments to common equity tier 1	(21'323)	12'944	
29 Common equity tier 1 capital (CET1)	26'019	12'944	
30 Directly issued qualifying additional tier 1 instruments plus related stock surplus			
31 of which: classified as equity under applicable accounting standards			
32 of which: classified as liabilities under applicable accounting standards			
33 Directly issued capital instruments subject to phase-out from additional tier 1		3'122	6
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 additional tier 1)			
35 of which: instruments issued by subsidiaries subject to phase-out			
36 Additional tier 1 capital before regulatory adjustments	0	3'122	
37 Investments in own additional tier 1 instruments			
38 Reciprocal crossholdings in additional tier 1 instruments			
38a Holdings with a significant investments in the common stock			
38b Holdings in companies which are to be consolidated (additional tier 1 instruments)			
39 Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)			
40 Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)			
41 National specific regulatory adjustments			
42 Regulatory adjustments applied to additional tier 1 due to insufficient tier 2 to cover deductions			
Tier 1 adjustments on impact of transitional arrangements			
of which: prudential valuation adjustment			
of which: own CET1 instruments			
of which: goodwill and intangible assets net of tax, offset against hybrid capital		(3'122)	6
of which: other intangible assets (net of related tax liabilities)			
of which: gains from the calculation of cash flow hedges			
of which: IRB shortfall of provisions to expected losses			
of which: gains on sales related to securitization transactions			
of which: gains/losses in connection with own credit risk			
of which: investments			
of which: expected loss amount for equity exposures under the PD/LG (probability of default/loss given default) approach and under the simple risk-weighting method			
of which: mortgage servicing rights			
42a Excess of the adjustments which are allocated to the CET1 capital			
43 Total regulatory adjustments to additional tier 1 capital	0	(3'122)	
44 Additional tier 1 capital (AT1)	0	0	
45 Tier 1 capital (T1 = CET1 + AT1)	26'019	12'944	

Table 44: Composition of capital - continued

	Numbers fully applied	Effect of the transition phase	References ¹
46	5'182		7 ³
47		4'257	8
48			
49			
50			
51	5'182	4'257	
52			
53			
53a			
53b			
54			
55			
56	39		
56a			
57	39	0	
58	5'221	4'257	
	<i>of which: high-trigger loss-absorbing capital</i>	<i>374</i>	<i>7</i>
	<i>of which: low-trigger loss-absorbing capital</i>	<i>4'808</i>	<i>7</i>
59	31'240	17'200	
		<i>3'380</i>	
		<i>3'435</i>	
		<i>(56)</i>	
60	218'926	3'380	
61	11.9		
62	11.9		
63	14.3		
64	3.6		
65			
66		0.1	
67		3.5	
68		8.4	
68a			
68b			
68c		4.8	
68d		1.5	
68e			
68f		5.7	
72	1'488		
73	689		
74			
75	2'508		
76			
77			
78			
79			

1 References link respective lines of this table to the respective reference numbers provided in the column "References" in "Table 43: Reconciliation balance sheet." 2 The CHF 6,173 million deferred tax assets that rely on future profitability reported in line 10 differ from the CHF 5,690 million deferred tax assets shown in the line "Deferred tax assets" in table 43 because the latter figure is shown after the offset of deferred tax liabilities for cash flow hedge gains (CHF 438 million) and other temporary differences, which are adjusted out in line 11 and other lines of this table. 3 The CHF 5,182 million reported in line 46 includes the following positions: CHF 4,808 million low-trigger loss-absorbing tier 2 capital recognized in the line "Debt issued" in table 43, CHF 212million DCCP recognized in the line "Other liabilities" in table 43, CHF 255 million recognized in DCCP-related charge for regulatory capital purpose in line 26c of this table and a CHF 94 million deduction for the amortization of DCCP as required under the BIS Basel III framework.