Supplemental Listing Document

If you are in any doubt as to any aspect of this document, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, accountant or other professional adviser.

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in and for quotation of the Certificates (as defined below). The SGX-ST takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of UBS AG, acting through its London branch, the Certificates, or the Company (as defined below).

15,000,000 European Style Cash Settled Long Certificates relating to

the Class B ordinary shares of Xiaomi Corporation

with a Daily Leverage of 5x

UBS AG

(Incorporated with limited liability in Switzerland)

acting through its London Branch

Issue Price: S$0.35 per Certificate

This document is published for the purpose of obtaining a listing of all the above certificates (the "**Certificates**") to be issued by UBS AG (the "**Issuer**") acting through its London branch, and is supplemental to and should be read in conjunction with a base listing document dated 28 June 2021 (the "**Base Listing Document**"), including its supplements and addenda as executed from time to time, for the purpose of giving information with regard to the Issuer and the Certificates. Information relating to the Company (as defined below) is contained in this document.

This document does not constitute or form part of any offer, or invitation, to subscribe for or to sell, or solicitation of any offer to subscribe for or to purchase, Certificates or other securities of the Issuer, nor is it calculated to invite, nor does it permit the making of, offers by the public to subscribe for or purchase for cash or other consideration the Certificates or other securities of the Issuer. Restrictions have been imposed on offers and sales of the Certificates and on distributions of documents relating thereto in the United States, the United Kingdom, the European Economic Area, Singapore and Hong Kong (see "Placing and Sale" contained herein).

The Certificates are complex products. You should exercise caution in relation to them. Investors are warned that the price of the Certificates may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. The price of the Certificates also depends on the supply and demand for the Certificates in the market and the price at which the Certificates is trading at any time may differ from the underlying valuation of the Certificates because of market inefficiencies. It is not possible to predict the secondary market for the Certificates. Although the

Issuer and/or any of its affiliates may from time to time purchase the Certificates or sell additional Certificates on the market, the Issuer and/or any of its affiliates are not obliged to do so. Investors should also note that there are leveraged risks because the Certificates integrate a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock (as defined below) and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock.

For the purpose of section 309B(1) of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in section 309A of the SFA) that the Certificates are classified as capital markets products other than prescribed capital markets products[1] and Specified Investment Products (SIPs)[2], and may only be sold to retail investors with enhanced safeguards, including an assessment of such investors' investment knowledge or experience.

Prospective purchasers should therefore ensure that they understand the nature of the Certificates and carefully study the risk factors set out in the Base Listing Document and pages 5 to 10 of this document before they invest in the Certificates.

Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. It is expected that dealings in the Certificates will commence on or about 21 April 2022.

As at the date hereof, the Issuer's long term credit rating by Standard & Poor's Credit Market Services Europe Limited is A+, by Moody's Deutschland GmbH is Aa3 and by Fitch Ratings Limited is AA-.

The Issuer is regulated by, among others, the Swiss Federal Banking Commission. In the United Kingdom, it is authorised by the Prudential Regulatory Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulatory Authority.

20 April 2022

[1] As defined in the Securities and Futures (Capital Markets Products) Regulations 2018.
[2] As defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products.

Subject as set out below, the Issuer accepts full responsibility for the accuracy of the information contained in this document and the Base Listing Document in relation to itself and the Certificates. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this document and the Base Listing Document for which it accepts responsibility (subject as set out below in respect of the information contained herein with regard to the Company) is in accordance with the facts and does not omit anything likely to affect the import of such information. The information with regard to the Company as set out herein is extracted from publicly available information. The Issuer accepts responsibility only for the accurate reproduction of such information. No further or other responsibility or liability in respect of such information is accepted by the Issuer.

No persons have been authorised to give any information or to make any representation save as contained in this document or otherwise authorised by the Issuer in connection with the Certificates and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer. Neither the delivery of this document nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer or its subsidiaries and associates since the date hereof.

This document does not constitute an offer or solicitation by or on behalf of the Issuer to purchase or subscribe for any of the Certificates. The distribution of this document and the offering of the Certificates may, in certain jurisdictions, be restricted by law. The Issuer requires persons into whose possession this document comes to inform themselves of and observe all such restrictions. In particular, the Certificates have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"). Subject to certain exceptions, Certificates, or interests therein, may not at any time be offered, sold, resold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S under the Securities Act) or to others for offering, sale or resale in the United States or to any such U.S. person. Offers and sales of Certificates, or interests therein, in the United States or to U.S. persons would constitute a violation of United States securities laws unless made in compliance with registration requirements of the Securities Act or pursuant to an exemption therefrom. A further description of certain restrictions on offering and sale of the Certificates and distribution of this document is given in the section headed "Placing and Sale" contained herein.

The SGX-ST has made no assessment of, nor taken any responsibility for, the financial soundness of the Issuer or the merits of investing in the Certificates, nor have they verified the accuracy or the truthfulness of statements made or opinions expressed in this document.

The Issuer and/or any of its affiliates may repurchase Certificates at any time on or after the date of issue and any Certificates so repurchased may be offered from time to time in one or more transactions in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, at the discretion of the Issuer and/or any of its affiliates. Investors should not therefore make any assumption as to the number of Certificates in issue at any time.

References in this document to the "**Conditions**" shall mean references to the Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities contained in the Base Listing Document. Terms not defined herein shall have the meanings ascribed thereto in the Conditions.

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RISK FACTORS

The following risk factors are relevant to the Certificates:-

(a) investment in Certificates involves substantial risks including market risk, liquidity risk, and the risk that the Issuer will be unable to satisfy its obligations under the Certificates. Investors should ensure that they understand the nature of all these risks before making a decision to invest in the Certificates. You should consider carefully whether Certificates are suitable for you in light of your experience, objectives, financial position and other relevant circumstances. Certificates are not suitable for inexperienced investors;

(b) the Certificates constitute direct, general and unsecured contractual obligations of the Issuer and if you purchase the Certificates you are relying upon the creditworthiness of the Issuer and have no rights under the Certificates against any other person. In particular, it should be noted that the Issuer issues a large number of financial instruments, including Certificates, on a global basis and, at any given time, the financial instruments outstanding may be substantial. If you purchase the Certificates you are relying upon the creditworthiness of the Issuer and have no rights under the Certificates against the Company which has issued the Underlying Stock (as defined below). The Issuer has substantially no obligation to a Certificate Holder (as defined in the Conditions) other than to pay amounts in accordance with the terms thereof as set forth herein and in the Base Listing Document. The Issuer does not in any respect underwrite or guarantee the performance of any Certificate. Any profit or loss realised by a Certificate Holder in respect of a Certificate upon exercise or otherwise due to changes in the value of such Certificate or the Underlying Stock is solely for the account of such Certificate Holder. In addition, the Issuer shall have the absolute discretion to put in place any hedging transaction or arrangement which it deems appropriate in connection with any Certificate or the Underlying Stock. A reduction in the rating, if any, accorded to outstanding debt securities of the Issuer by any one of its rating agencies could result in a reduction in the trading value of the Certificates;

(c) since the Certificates relate to the price of the Underlying Stock, certain events relating to the Underlying Stock may cause adverse movements in the value and the price of the Underlying Stock, as a result of which, the Certificate Holders may, in extreme circumstances, sustain a significant loss of their investment if the price of the Underlying Stock has fallen sharply;

(d) the Company is controlled through weighted voting rights. Certain individuals who own shares of a class which is being given more votes per share may have the ability to determine the outcome of most matters. If the Company takes actions that the other shareholders do not view as beneficial, the market price of the Underlying Stock and hence the Certificates could be adversely affected;

(e) due to their nature, the Certificates can be volatile instruments and may be subject to considerable fluctuations in value. The price of the Certificates may fall in value as rapidly as it may rise due to, including but not limited to, variations in the frequency and magnitude of the changes in the price of the Underlying Stock, the time remaining to expiry and the creditworthiness of the Issuer;

(f) fluctuations in the price of the Underlying Stock will affect the price of the Certificates but not necessarily in the same magnitude and direction, therefore, prospective investors intending to purchase Certificates to hedge their market risk associated with investing in the Underlying Stock which may be specified herein, should recognise the complexities of utilising the Certificates in this manner;

(g) a Certificate Holder must tender a specified number of Certificates at any one time in order to exercise. Thus, Certificate Holders with fewer than the specified minimum number of Certificates in a particular series will either have to sell their Certificates or purchase additional Certificates, incurring transactions costs in each case, in order to realise their investment;

(h) if, whilst any of the Certificates remain unexercised, trading in the Underlying Stock is suspended or halted on the relevant stock exchange, trading in the Certificates may be suspended for a similar period;

(i) investors should note that the Issuer's obligations to pay amounts in accordance with the terms thereof as set forth herein shall be discharged by delivery of the aggregate Cash Settlement Amount (if positive) to all Certificate Holders in accordance with the agreement with the Warrant Agent;

(j) investors should note that in the event of there being a Market Disruption Event (as defined in the Conditions) determination or payment of the Cash Settlement Amount (as defined in the Conditions) may be delayed, all as more fully described in the Conditions;

(k) certain events relating to the Underlying Stock require or, as the case may be, permit the Issuer to make certain adjustments or amendments to the Conditions;

(l) the Certificates are only exercisable on the expiry date and may not be exercised by Certificate Holders prior to such expiry date. Accordingly, if on such expiry date the Cash Settlement Amount is zero, a Certificate Holder will lose the value of his investment;

(m) the total return on an investment in any Certificate may be affected by the Hedging Fee Factor (as defined below), Management Fee (as defined below) and Gap Premium (as defined below);

(n) investors holding their position overnight should note that they would be required to bear the annualised cost which consists of the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Strategy (as described below) including the Funding Cost (as defined below) and the Rebalancing Cost (as defined below);

(o) investors should note that there may be an exchange rate risk where the Cash Settlement Amount may be converted from a foreign currency into Singapore dollars. Exchange rates between currencies are determined by forces of supply and demand in the foreign exchange markets. These forces are, in turn, affected by factors such as international balances of payments and other economic and financial conditions, government intervention in currency markets and currency trading speculation. Fluctuations in foreign exchange rates, foreign political and economic developments, and the imposition of exchange controls or other foreign governmental laws or restrictions applicable to such investments may affect the foreign currency market price and the exchange rate-adjusted equivalent price of the Certificates. Fluctuations in the exchange rate of any one currency may be offset by fluctuations in the exchange rate of other relevant currencies;

(p) investors should note that there are leveraged risks because the Certificates integrate a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock;

(q) when held for longer than a day, the performance of the Certificates could be more or less than the leverage factor that is embedded within the Certificates. The performance of the Certificates each day is locked in, and any subsequent returns are based on what was achieved the previous day. This process, referred to as compounding, may lead to a performance difference from 5 times the performance of the Underlying Stock over a period longer than one day. This difference may be amplified in a volatile market with a sideway trend, where market movements are not clear in direction, whereby investors may sustain substantial losses;

(r) the Air Bag Mechanism (as defined below) is triggered only when the Underlying Stock is calculated or traded, which may not be during the trading hours of the Relevant Stock Exchange for the Certificates (as defined below);

(s) investors should note that the Air Bag Mechanism reduces the impact on the Leverage Strategy if the Underlying Stock falls further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses;

(t) there is no assurance that the Air Bag Mechanism will prevent investors from losing the entire value of their investment, in the event of (i) an overnight fall in the Underlying Stock, where there is a 20% or greater gap between the previous day closing price and the opening price of the Underlying Stock the following day, as the Air Bag Mechanism will only be triggered when market opens the following day or (ii) a sharp intraday fall in the Underlying Stock of 20% or greater during the observation period compared to the reference price, being: (a) if air bag event has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (b) if one or more air bag events have been previously triggered on the same day, the latest new observed price. Investors may refer to pages 42 to 43 of this document for more information;

(u) certain events may, pursuant to the terms and conditions of the Certificates, trigger (A) the implementation of methods of adjustment or (B) the early termination of the Certificates. The Issuer will give the investors reasonable notice of any early termination. If the Issuer terminates the Certificates early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of the Certificate less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. The performance of this commitment shall depend on (A) general market conditions and (B) the liquidity conditions of the underlying instrument(s) and, as the case may be, of any other hedging transactions. Investors should note that the amount repaid by the Issuer may be less than the amount initially invested. Investors may refer to Condition 13 on pages 29 to 30 of this document for more information;

(v) investors should note that it is not possible to predict the price at which the Certificates will trade in the secondary market or whether such market will be liquid or illiquid. To the extent Certificates of a particular issue are exercised, the number of Certificates of such issue outstanding will decrease, resulting in a diminished liquidity for the remaining Certificates of such issue. A decrease in the liquidity of an issue of Certificates may cause, in turn, an increase in the volatility associated with the price of such issue of Certificates. The Issuer may, but is not obligated to, at any time, purchase Certificates at any price in the open market or by tender or private agreement. Any Certificates so purchased may be held or resold or surrendered for cancellation. To the extent that an issue of Certificates becomes illiquid, an investor may have to exercise such Certificates to realise value;

(w) two or more risk factors may simultaneously have an effect on the value of a Certificate such that the effect of any individual risk factor may not be predicted. No assurance can be given as to the effect any combination of risk factors may have on the value of a Certificate;

(x) investors should note that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred. Investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time. Investors should refer to the Taxation Section in the Base Listing Document;

(y) investors should note that the Issuer may enter into discount, commission or fee arrangements with brokers and/or any of its subsidiaries or affiliates with respect to the primary or secondary market in the Certificates. The arrangements may result in the benefit to investors in Certificates buying and selling Certificates through nominated brokers by reducing or eliminating the commission payable by such Certificate Holders. In the event that the commission payable by Certificate Holders is eliminated, fee arrangements between the Issuer and brokers and/or any of its subsidiaries or affiliates will continue to apply. Investors in the Certificates should note that any brokers with whom the Issuer has a commission arrangement does not, and cannot be expected to, deal exclusively in the Certificates, therefore any broker and/or any of its subsidiaries or affiliates may from time to time engage in transactions involving the Underlying Stock and/or structured products of other issuers over the Underlying Stock as the Certificates for their proprietary accounts and/or accounts of their clients. The fact that the same broker may deal simultaneously for different clients in competing products in the market place may affect the value of the Certificates and present certain conflicts of interests;

(z) various potential and actual conflicts of interest may arise from the overall activities of the Issuer and any of its subsidiaries and affiliates.

The Issuer and any of its subsidiaries and affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and investment and other activities for their own account or the account of others. In addition, the Issuer and any of its subsidiaries and affiliates, in connection with their other business activities, may possess or acquire material information about the Underlying Stock. Such activities and information may involve or otherwise affect issuers of the Underlying Stock in a manner that may cause consequences adverse to the Certificate Holders or otherwise create conflicts of interests in connection with the issue of Certificates by the Issuer. Such actions and conflicts may include, without limitation, the exercise of voting power, the purchase and sale of securities, financial advisory relationships and exercise of creditor rights. The Issuer and any of its subsidiaries and affiliates have no obligation to disclose such information about the Underlying Stock or such activities. The Issuer and any of its subsidiaries and affiliates and their officers and directors may engage in any such activities without regard to the issue of Certificates by the Issuer or the effect that such activities may directly or indirectly have on any Certificate;

(aa) in the ordinary course of their business, including without limitation in connection with the Issuer or its appointed designated market maker's market making activities, the Issuer and any of its respective subsidiaries and affiliates may effect transactions for their own account or for the account of their customers and hold long or short positions in the Underlying Stock and/or related derivatives. In addition, in connection with the offering of any Certificates, the Issuer and any of its respective subsidiaries and affiliates may enter into one or more hedging transactions with respect to the Underlying Stock and/or related derivatives. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer and any of its respective subsidiaries and its affiliates, the Issuer and any of its respective subsidiaries and affiliates may enter into transactions in the Underlying Stock and/or related derivatives which may affect the market price, liquidity or value of the Certificates and which may affect the interests of Certificate Holders;

(bb) the value of the Certificates depends on the Leverage Strategy performance built in the Certificate. The Calculation Agent will make the Leverage Strategy last closing level and a calculation tool available to the investors on a website;

(cc) certain risks relating to the Issuer's operating environment and strategy, including those as set out in Appendix 2 of the Base Listing Document, may impact the Issuer's ability to execute its strategy and directly affect its business activities, financial condition, results of operations and prospects. As a broad-based international financial services firm, the Issuer is inherently exposed to risks that become apparent only with the benefit of hindsight, risks of which it is not presently aware or which it currently does not consider to be material could also materially affect its business activities, financial condition, results of operations and prospects. The sequence in which the risk factors are set out in Appendix 2 of the Base Listing Document is not indicative of their likehood of occurrence or the potential magnitude of their financial consequences;

(dd) as the Certificates are represented by a global warrant certificate which will be deposited with The Central Depository (Pte) Limited ("**CDP**"):-

(i) investors should note that no definitive certificate will be issued in relation to the Certificates;

(ii) there will be no register of Certificate Holders and each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates by way of interest (to the extent of such number) in the global warrant certificate in respect of those Certificates represented thereby shall be treated as the holder of such number of Certificates;

(iii) investors will need to rely on any statements received from their brokers/custodians as evidence of their interest in the Certificates; and

(iv) notices to such Certificate Holders will be published on the website of the SGX-ST. Investors will need to check the website of the SGX-ST regularly and/or rely on their brokers/custodians to obtain such notices;

(ee) Generally, investing in the Certificates may involve risks related to the discontinuance, changes or adjustments to benchmarks generally

Discontinuance of, or changes to, benchmarks may require adjustments to the Issuer's agreements, systems and processes. The interbank offered rate(s) ("**IBOR**") and other interest rate, equity, commodity, foreign exchange and other types of indices which are deemed to be "benchmarks", are the subject of national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be or may be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Certificates referencing such a benchmark. Investors should consult their own independent advisers and make their own assessment about the potential risks or any of the international or national reforms in making any investment decision with respect to any Certificates referencing a benchmark; and

(ff) Specifically, the reform of HIBOR may adversely affect the value of the Certificates

The Hong Kong Inter-bank Offered Rate ("**HIBOR**") benchmark is referenced in the Leverage Strategy.

It is not possible to predict with certainty whether, and to what extent, HIBOR will continue to be supported going forwards. This may cause HIBOR to perform differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on the Certificates.

In addition, the occurrence of a modification or cessation of HIBOR may cause adjustment of the Certificates which may include selecting one or more successor benchmarks and making related adjustments to the Certificates, including if applicable to reflect increased costs.

The Calculation Agent may make adjustments as it may determine appropriate if any of the following circumstances occurs or may occur: (1) HIBOR is materially changed or cancelled or (2)(i) the relevant authorisation, registration, recognition, endorsement, equivalence decision or approval in respect of the benchmark or the administrator or sponsor of the benchmark is not obtained, (ii) an application for authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register is rejected or (iii) any authorisation, registration, recognition, endorsement, equivalence decision or approval is suspended or inclusion in any official register is withdrawn.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by any of the international or national reforms in making any investment decision with respect to any Certificate.

TERMS AND CONDITIONS OF THE CERTIFICATES

The following are the terms and conditions of the Certificates and should be read in conjunction with, and are qualified by reference to, the other information set out in this document and the Base Listing Document.

The Conditions are set out in the section headed "Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities" in the Base Listing Document. For the purposes of the Conditions, the following terms shall have the following meanings:

Certificates:	15,000,000 European Style Cash Settled Long Certificates relating to the Class B ordinary shares of Xiaomi Corporation (the "**Underlying Stock**" or the "**Underlying**")
ISIN:	CH1169123713
Company:	Xiaomi Corporation (RIC: 1810.HK)
Underlying Price[3] and Source:	HK$12.02 (Bloomberg)
Calculation Agent:	UBS AG acting through its London Branch
Strike Level:	Zero
Daily Leverage:	5x (within the Leverage Strategy as described below)
Notional Amount per Certificate:	SGD 0.35
Management Fee (p.a.)[4]:	0.40%
Gap Premium (p.a.)[5]:	6.00%, is a hedging cost against extreme market movements overnight.
Funding Cost[6]:	The annualised costs of funding, referencing a publically published interbank offered rate plus spread.
Rebalancing Cost[6]:	The transaction costs (if applicable), computed as a function of leverage and daily performance of the Underlying Stock.
Launch Date:	12 April 2022
Closing Date:	20 April 2022

[3] These figures are calculated as at, and based on information available to the Issuer on or about 20 April 2022. The Issuer is not obliged, and undertakes no responsibility to any person, to update or inform any person of any changes to the figures after 20 April 2022.
[4] Please note that the Management Fee is calculated on a 360-day basis and may be increased up to a maximum of 3% p.a. on giving one month's notice to investors. Any increase in the Management Fee will be announced on the SGXNET. Please refer to "Fees and Charges" below for further details of the fees and charges payable and the maximum of such fees as well as other ongoing expenses that may be borne by the Certificates.
[5] Please note that the Gap Premium is calculated on a 360-day basis.
[6] These costs are embedded within the Leverage Strategy.

Expected Listing Date:	21 April 2022
Last Trading Date:	The date falling 5 Business Days immediately preceding the Expiry Date, currently being 21 February 2025
Expiry Date:	28 February 2025 (if the Expiry Date is not a Business Day, then the Expiry Date shall fall on the preceding Business Day and subject to adjustment of the Valuation Date upon the occurrence of Market Disruption Events as set out in the Conditions of the Certificates)
Board Lot:	100 Certificates
Valuation Date:	27 February 2025 or if such day is not an Exchange Business Day, the immediately preceding Exchange Business Day.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Cash Settlement Amount:	In respect of each Certificate, shall be an amount (if positive) payable in the Settlement Currency equal to: Closing Level multiplied by the Notional Amount per Certificate Please refer to the “Information relating to the European Style Cash Settled Long Certificates on Single Equities” section on pages 34 to 48 of this document for examples and illustrations of the calculation of the Cash Settlement Amount.
Hedging Fee Factor:	In respect of each Certificate, shall be an amount calculated as: Product (for t from Expected Listing Date to Valuation Date) of (1 – Management Fee x (ACT (t-1;t) ÷ 360)) x (1 – Gap Premium (t-1) x (ACT (t-1;t) ÷ 360)), where: “**t**” refers to “**Observation Date**” which means each Underlying

Stock Business Day (subject to Market Disruption Event) from (and including) the Underlying Stock Business Day immediately preceding the Expected Listing Date to the Valuation Date; and
ACT (t-1;t) means the number of calendar days between the Underlying Stock Business Day immediately preceding the Observation Date (which is "t-1") (included) and the Observation Date (which is "t") (excluded).

An "**Underlying Stock Business Day**" is a day on which The Stock Exchange of Hong Kong Limited (the "**HKEX**") is open for dealings in Hong Kong during its normal trading hours and banks are open for business in Hong Kong.

Please refer to the "Information relating to the European Style Cash Settled Long Certificates on Single Equities" section on pages 34 to 48 of this document for examples and illustrations of the calculation of the Hedging Fee Factor.

Closing Level: In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:

$$\left(\frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}} - \text{Strike Level}\right) \times \text{Hedging Fee Factor}$$

Initial Reference Level: 1,000

Final Reference Level: The closing level of the Leverage Strategy (as described below) on the Valuation Date

The calculation of the closing level of the Leverage Strategy is set out in the "Specific Definitions relating to the Leverage Strategy" section on pages 15 to 20 below.

Initial Exchange Rate[3]: 0.1740546881

Final Exchange Rate: The rate for the conversion of HKD to SGD as at 5:00pm (Singapore Time) on the Valuation Date as shown on Reuters, provided that if the Reuters service ceases to display such information, as determined by the Issuer by reference to such source(s) as the Issuer may reasonably determine to be appropriate at such a time.

Air Bag Mechanism: The "**Air Bag Mechanism**" refers to the mechanism built in the Leverage Strategy and which is designed to reduce the Leverage Strategy exposure to the Underlying Stock during extreme market conditions. If the Underlying Stock falls by 15% or more ("**Air Bag Trigger Price**") during the trading day (which represents approximately 75% loss after a 5 times leverage), the Air Bag Mechanism is triggered and the Leverage Strategy is adjusted intra-day. The Air Bag Mechanism reduces the impact on the Leverage Strategy if the Underlying Stock falls further, but will also maintain a reduced exposure to the Underlying Stock in the event the

	Underlying Stock starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses. Trading of Certificates is suspended for at least 30 minutes of continuous trading after the Air Bag is triggered. The resumption of trading is subject further to SGX-ST's requirements, including at least 30 minutes from the time of publication of an announcement on the exchange in respect of the Air Bag Mechanism being triggered, and at least 15 minutes after the SGX-ST grants an approval to resume trading, whichever is later, rounded to the next quarter of an hour. The Leverage Strategy is floored at 0 and the Certificates cannot be valued below zero. Please refer to the "Air Bag Mechanism" section on pages 19 to 20 below and the "Description of Air Bag Mechanism" section on pages 40 to 41 of this document for further information of the Air Bag Mechanism.
Adjustments and Extraordinary Events:	The Issuer has the right to make adjustments to the terms of the Certificates if certain events, including any capitalisation issue, rights issue, extraordinary distributions, merger, delisting, insolvency (as more specifically set out in the terms and conditions of the Certificates) occur in respect of the Underlying Stock. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.
Underlying Stock Currency:	Hong Kong Dollar ("**HKD**")
Settlement Currency:	Singapore Dollar ("**SGD**")
Exercise Expenses:	Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates.
Relevant Stock Exchange for the Certificates:	The Singapore Exchange Securities Trading Limited ("**SGX-ST**")
Relevant Stock Exchange for the Underlying Stock:	HKEX
Business Day and Exchange Business Day:	A **"Business Day"** is a day (excluding Saturdays, Sundays and public holidays) on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore. An "**Exchange Business Day**" is a day on which the SGX-ST and the HKEX are open for dealings in Singapore and Hong Kong respectively during its normal trading hours and banks are open for business in Singapore and Hong Kong.

Warrant Agent:	The Central Depository (Pte) Limited (“**CDP**”)
Clearing System:	CDP
Fees and Charges:	Normal transaction and brokerage fees shall apply to the trading of the Certificates on the SGX-ST. Investors should note that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred. Investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time. Investors holding position overnight would also be required to bear the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Strategy including the Funding Cost and the Rebalancing Cost. The Management Fee may be increased up to a maximum of 3% p.a. on giving one month’s notice to investors in accordance with the terms and conditions of the Certificates. Any increase in the Management Fee will be announced on the SGXNET.
Further Information:	Please refer to the website at http://dlc.ubs.com for more information on the theoretical closing price of the Certificates on the previous trading day, the closing price of the Underlying Stock on the previous trading day, the Air Bag Trigger Price for each trading day and the Management Fee and Gap Premium.

In addition, the Conditions have been modified as follows:

1. Condition 1(a)(i) is deleted and replaced with the following:

   “(i) a master instrument by way of deed poll (the "**Master Instrument**") dated 7 January 2022, made by UBS AG (the “**Issuer**”) acting through its London Branch; and”

2. All references to “Instrument” appearing therein are deleted and substituted with the word “Master Instrument”.

Specific Definitions relating to the Leverage Strategy

Description of the Leverage Strategy

The Leverage Strategy is designed to track a 5 times daily leveraged exposure to the Underlying Stock.

At the end of each trading day of the Underlying Stock, the exposure of the Leverage Strategy to the Underlying Stock is reset within the Leverage Strategy in order to retain a daily leverage of 5 times the performance of the Underlying Stock (excluding costs) regardless of the performance of the Underlying Stock on the preceding day. This mechanism is referred to as the Daily Reset.

The Leverage Strategy incorporates an air bag mechanism which is designed to reduce exposure to the Underlying Stock during extreme market conditions, as further described below.

Leverage Strategy Formula

$\mathbf{LSL_t}$ means, the Leverage Strategy Level as at the Leverage Reset Time (t), calculated in accordance with the following formulae:

On Leverage Reset Time (1):

$\mathrm{LSL}_1 = 1000$

On each subsequent Leverage Reset Time (t):

$$\mathrm{LSL_t} = \mathrm{Max}\left[\mathrm{LSL_{r(t)}} \times \left(1 + \mathrm{LR_{r(t),t}} - \mathrm{FC_{r(t),t}} - \mathrm{RC_{r(t),t}}\right), 0\right]$$

Leverage Reset Time (t) means

1) the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on any Observation Date; and

2) end of any Intraday Restrike Event Observation Period.

Leverage Reset Time (1) is the scheduled close for the Relevant Stock Exchange for the Underlying Stock on Issue Date.

Leverage Reset Time r(t) means the Leverage Reset Time immediately preceding the Leverage Reset Time (t).

$\mathbf{LR_{r(t),t}}$ means the Leveraged Return of the Underlying Stock between Leverage Reset Time r(t) and Leverage Reset Time (t), calculated as follows:

$$\mathrm{LR_{r(t),t}} = \mathrm{Leverage} \times \left(\frac{\mathrm{S_t}}{\mathrm{S_{r(t)}} \times Rfactor_t} - 1\right)$$

$\mathbf{FC_{r(t),t}}$ means, the Funding Cost between the Leverage Reset Time r(t) (included) and the Leverage Reset Time (t) (excluded) calculated as follows:

If the Leverage Reset Time r(t) is at the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on any Observation Date,

$$\mathrm{FC_{r(t),t}} = (\mathrm{Leverage} - 1) \times \frac{\mathrm{Rate_{r(t)}} \times \mathrm{ACT(r(t), t)}}{\mathrm{DayCountBasisRate}}$$

Otherwise, $\mathrm{FC_{r(t),t}} = 0$

$\mathbf{RC_{r(t),t}}$ means the Rebalancing Cost of the Leverage Strategy as at Leverage Reset Time (t), calculated as follows:

$$\mathrm{RC_{r(t),t}} = \mathrm{Leverage} \times (\mathrm{Leverage} - 1) \times \left(\left|\frac{\mathrm{S_t}}{\mathrm{S_{r(t)}} \times \mathrm{Rfactor_t}} - 1\right|\right) \times \mathrm{TC}$$

TC	means the Transaction Costs applicable as determined by the Calculation Agent (including Stamp Duty and any other applicable taxes, levies and costs which may be levied on the stock transactions on the Relevant Stock Exchange for the Underlying Stock by the applicable regulatory authorities from time to time) that are currently equal to : 0.13% "Stamp Duty" refers to the applicable rate of stamp duty on the stock transactions in the jurisdiction of the Relevant Stock Exchange for the Underlying Stock, which may be changed by the applicable regulatory authorities from time to time.
Leverage	5
$\mathbf{S_t}$	means the Underlying Stock Price as of Leverage Reset Time (t) computed as follows, subject to the adjustments and provisions of the Conditions: If the Leverage Reset Time (t) is at the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on any Observation Date, S_t is the Closing Price of the Underlying Stock as of such Observation Date. Otherwise, S_t is the lowest price of the Underlying Stock during the respective Intraday Restrike Observation Period.
$\mathbf{Rfactor_t}$	means an amount determined by the Calculation Agent, according to the following formula, subject to the adjustments and provisions of the Conditions: If in respect of the Leverage Reset Time (t), the immediately preceding Leverage Reset Time r(t) is at the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on any Observation Date, $$\mathrm{Rfactor_t} = 1 - \frac{\mathrm{Div_t}}{\mathrm{S_{r(t)}}}$$ Otherwise, $$\mathrm{Rfactor_t} = 1$$ Where $\mathrm{Div_t}$ is the dividend to be paid out in respect of the Underlying Stock on the Observation Date of the Leverage Reset Time (t) if such Observation Date is an ex-dividend date, otherwise is zero. The dividend shall be considered net of any applicable withholding taxes.
$\mathbf{Rate_t}$	means, in respect of the Observation Date of Leverage Reset Time (t), a rate calculated as of such day in accordance with the following formula: $$\mathrm{Rate_t} = \mathrm{CashRate_t} + \%\mathrm{SpreadLevel_t}$$

$\mathbf{CashRate_t}$	means, in respect of the Observation Date of the Leverage Reset Time (t), the Overnight HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HIHKDOND= or any successor page, being the rate as of day (t), provided that if any of such rate is not available, then that rate shall be determined by reference to the latest available rate that was published on the relevant Reuters page. Upon the occurrence or likely occurrence, as determined by the Calculation Agent, of a Benchmark Event, the Calculation Agent may make adjustments as it may determine appropriate to account for the relevant event or circumstance, including but not limited to using any alternative rates from such date, with or without retroactive effect as the Calculation Agent may in its sole and absolute discretion determine.
$\%\mathbf{SpreadLevel_t}$	means, in respect of the Observation Date of the Leverage Reset Time (t), a rate which shall be determined with respect to such Valuation Date(t) by the Calculation Agent as the difference between (1) the 12-month HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HIHKD1YD= and (2) Overnight HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HIHKDOND=or any successor page, each being the rate as of day (t), provided that if any of such rates is not available, then that rate shall be determined by reference to the latest available rate that was published on the relevant Reuters page. Upon the occurrence or likely occurrence, as determined by the Calculation Agent, of a Benchmark Event, the Calculation Agent may make adjustments as it may determine appropriate to account for the relevant event or circumstance, including but not limited to using any alternative rates from such date, with or without retroactive effect as the Calculation Agent may in its sole and absolute discretion determine. Provided that if such difference is negative, $\%\mathbf{SpreadLevel_t}$ should be 0%.
Benchmark Event	means: (a) the relevant reference rate has ceased to be published on the relevant screen page as a result of such benchmark ceasing to be calculated or administered; or (b) a public statement by the administrator of the relevant reference rate that (in circumstances where no successor administrator has been or will be appointed that will continue publication of such reference rate) it has ceased publishing such reference rate permanently or indefinitely or that it will cease to do so by a specified future date (the "**Specified Future Date**"); or (c) a public statement by the supervisor of the administrator of the relevant reference rate that such reference rate has been or will, by a specified future date (the "**Specified Future Date**"), be permanently or indefinitely discontinued; or (d) a public statement by the supervisor of the administrator of the relevant reference rate as a consequence of which Reference Rate will, by a specified future date (the "**Specified Future Date**"), be

prohibited from being used, or that its use will be subject to restrictions or adverse consequences, either generally or in respect of the Certificates; or

(e) a public statement by the supervisor of the administrator of the relevant reference rate that, in the view of such supervisor, such reference rate is or will, by a specified future date (the "**Specified Future Date**"), be no longer representative of an underlying market or the methodology to calculate such reference rate has materially changed; or

(f) it has or will, by a specified date within the following six months, become unlawful for the Calculation Agent or the Issuer to calculate any payments due to be made to any holder of the Certificates using the relevant reference rate (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011, if applicable).

Notwithstanding the subparagraphs above, where the relevant Benchmark Event is a public statement within subparagraphs (b), (c), (d) or (e) above and the Specified Future Date in the public statement is more than six months after the date of that public statement, the Benchmark Event shall not be deemed occur until the date falling six months prior to such Specified Future Date.

ACT(r(t),t) ACT(r(t),t) means the number of calendar days between the Observation Date of the Leverage Reset Time r(t) (included) and the Observation Date of the Leverage Reset Time (t) (excluded).

DayCountBasisRate 365

Air Bag Mechanism

Intraday Restrike Event means in respect of an Observation Date, the decrease at any Calculation Time of the Underlying Stock price by 15% or more compared with the amount of $S_{r(t)} \times \mathrm{Rfactor}_t$ where r(t) means the immediately preceding Leverage Reset Time prior to such Calculation Time.

Calculation Time means any time between the TimeReferenceOpening and the TimeReferenceClosing, provided that the relevant data is available to enable the Calculation Agent to determine the Leverage Strategy Level.

TimeReferenceOpening means the scheduled opening time (including pre-opening session) for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).

TimeReferenceClosing means the scheduled closing time (including closing auction session) for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).

Intraday Restrike Event Observation Period means in respect of an Intraday Restrike Event, the period starting on and excluding the Intraday Restrike Event Time and finishing on and including the sooner between (1) the time falling 15 minutes of continuous trading after the Intraday Restrike Event Time and (2) the TimeReferenceClosing.

Where, during such period, the Calculation Agent determines that (1) the trading in the Underlying Stock is disrupted or subject to suspension or limitation or (2) the Relevant Stock Exchange for the Underlying Stock is not open for continuous trading, the Intraday Restrike Event Observation Period will be extended to the extent necessary until (1) the trading in the Underlying Stock is no longer disrupted, suspended or limited and (2) the Relevant Stock Exchange for the Underlying Stock is open for continuous trading.

Intraday Restrike Event Time means in respect of an Intraday Restrike Event, the Calculation Time on which such event occurs.

The Conditions set out in the section headed "Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities" in the Base Listing Document are set out below. This section is qualified in its entirety by reference to the detailed information appearing elsewhere in this document which shall, to the extent so specified or to the extent inconsistent with the relevant Conditions set out below, replace or modify the relevant Conditions for the purpose of the Certificates.

TERMS AND CONDITIONS OF

THE EUROPEAN STYLE CASH SETTLED LONG/SHORT CERTIFICATES ON SINGLE EQUITIES

1. Form, Status, Transfer and Title

(a) *Form*. The Certificates (which expression shall, unless the context otherwise requires, include any further certificates issued pursuant to Condition 11) are issued subject to and with the benefit of:-

(i) an instrument by way of deed poll (the "**Instrument**") dated the Closing Date, made by UBS AG (the "**Issuer**") acting through its London Branch; and

(ii) a warrant agent agreement (the "**Master Warrant Agent Agreement**" or "**Warrant Agent Agreement**") dated any time on or before the Closing Date, made between the Issuer and the Warrant Agent for the Certificates.

Copies of the Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement are available for inspection at the specified office of the Warrant Agent.

The Certificate Holders (as defined below) are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement.

(b) *Status*. The Certificates constitute direct, general and unsecured contractual obligations of the Issuer and rank, and will rank, equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (save for statutorily preferred exceptions). The Certificates provide for cash settlement on exercise and, in particular, the Certificates will not be secured by any underlying assets. The Certificates do not entitle Certificate Holders to the delivery of any Underlying Stock, are not secured by the Underlying Stock and do not entitle Certificate Holders to any interest in any Underlying Stock.

(c) *Transfer*. The Certificates are represented by a global warrant certificate ("**Global Warrant**") which will be deposited with The Central Depository (Pte) Limited ("**CDP**"). Certificates in definitive form will not be issued. Transfers of Certificates may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records maintained by CDP.

(d) *Title*. Each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates shall be treated by the Issuer and the Warrant Agent as the holder and absolute owner of such number of Certificates, notwithstanding any notice to the contrary. The expression "**Certificate Holder**" shall be construed accordingly.

2. Certificate Rights and Exercise Expenses

(a) *Certificate Rights*. Every Certificate entitles each Certificate Holder, upon due exercise and on compliance with Condition 4, to payment by the Issuer of the Cash Settlement Amount (as defined below) (if any) in the manner set out in Condition 4.

The "**Cash Settlement Amount**", in respect of each Certificate, shall be an amount (if positive) payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The “**Closing Level**”, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:

$$\left(\frac{Final\ Reference\ Level \times Final\ Exchange\ Rate}{Initial\ Reference\ Level \times Initial\ Exchange\ Rate} - Strike\ Level\right) \times Hedging\ Fee\ Factor$$

If the Issuer determines, in its sole discretion, that on the Valuation Date or any Observation Date a Market Disruption Event has occurred, then that Valuation Date or Observation Date shall be postponed until the first succeeding Exchange Business Day or Underlying Stock Business Day, as the case may be, on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Exchange Business Days or Underlying Stock Business Days, as the case may be, immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date or an Observation Date. In that case:-

(i) that fifth Exchange Business Day or Underlying Stock Business Day, as the case may be, shall be deemed to be the Valuation Date or the Observation Date notwithstanding the Market Disruption Event; and

(ii) the Issuer shall determine the Final Reference Level or the relevant closing level on the basis of its good faith estimate of the Final Reference Level or the relevant closing level that would have prevailed on that fifth Exchange Business Day or Underlying Stock Business Day, as the case may be, but for the Market Disruption Event provided that the Issuer, if applicable, may, but shall not be obliged to, determine such Final Reference Level or the relevant closing level by having regard to the manner in which futures contracts relating to the Underlying Stock are calculated.

“**Market Disruption Event**" means the occurrence or existence of (i) any suspension of trading on the Relevant Stock Exchange of the Underlying Stock requested by the Company if that suspension is, in the determination of the Issuer, material, (ii) any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the Relevant Stock Exchange or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) on the Relevant Stock Exchange in the Underlying Stock if that suspension or limitation is, in the determination of the Issuer, material, or (iii) the closing of the Relevant Stock Exchange or a disruption to trading on the Relevant Stock Exchange, if that disruption is, in the determination of the Issuer, material as a result of the occurrence of any act of God, war, riot, public disorder, explosion or terrorism.

(b) *Exercise Expenses*. Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates (the "**Exercise Expenses**"). An amount equivalent to the Exercise Expenses will be deducted by the Issuer from the Cash Settlement Amount in accordance with Condition 4. Notwithstanding the foregoing, the Certificate Holders shall account to the Issuer on demand for any Exercise Expenses to the extent that they were not or could not be deducted from the Cash Settlement Amount prior to the date of payment of the Cash Settlement Amount to the Certificate Holders in accordance with Condition 4.

(c) No Rights. The purchase of Certificates does not confer on the Certificate Holders any right (whether in respect of voting, dividend or other distributions in respect of the Underlying Stock or otherwise) which the holder of an Underlying Stock may have.

3. Expiry Date

Unless automatically exercised in accordance with Condition 4(b), the Certificates shall be deemed to expire at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day (as defined below), the immediately preceding Business Day.

4. Exercise of Certificates

(a) *Exercise*. Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in accordance with Condition 4(b).

(b) *Automatic Exercise*. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) below. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.

(c) *Settlement*. In respect of Certificates which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the Warrant Agent who will then pay to the relevant Certificate Holder the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be dispatched by the Warrant Agent as soon as practicable and no later than five Business Days following the Expiry Date (subject to extension upon the occurrence of a Market Disruption Event (as defined above) by way of crossed cheque or other payment in immediately available funds drawn in favour of the Certificate Holder only (or, in the case of joint Certificate Holders, the first-named Certificate Holder) appearing in the records maintained by CDP. Any payment made pursuant to this Condition 4(c) shall be delivered at the risk and expense of the Certificate Holder and posted to the Certificate Holder's address appearing in the records maintained by CDP (or, in the case of joint Certificate Holders, to the address of the first-named Certificate Holder appearing in the records maintained by CDP). If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.

The Issuer's obligations to pay the Cash Settlement Amount shall be discharged by payment to the Warrant Agent in accordance with the Master Warrant Agent Agreement or Warrant Agent Agreement.

(d) *CDP not liable*. CDP shall not be liable to any Certificate Holder with respect to any action taken or omitted to be taken by the Issuer or the Warrant Agent in connection with the exercise of the Certificates or otherwise pursuant to or in connection with these Conditions.

(e) *Business Day*. In these Conditions, a "**Business Day**" shall be a day (excluding Saturdays, Sundays and public holidays) on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.

5. Warrant Agent

(a) *Warrant Agent*. The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the Warrant Agent and to appoint another Warrant Agent provided that it will at all times maintain a Warrant Agent which, so long as the Certificates are listed on the SGX-ST, shall be in Singapore. Notice of any such termination or appointment and of any change in the specified office of the Warrant Agent will be given to the Certificate Holders in accordance with Condition 9.

(b) *Agent of Issuer*. The Warrant Agent will be acting as agent of the Issuer and will not assume any obligation or duty to or any relationship of agency or trust for the Certificate Holders. All determinations and calculations by the Warrant Agent under these Conditions shall (save in the case of manifest error) be final and binding on the Issuer and the Certificate Holders.

6. Adjustments

(a) *Potential Adjustment Event.* Following the declaration by a Company of the terms of any Potential Adjustment Event (as defined below), the Issuer will determine whether such Potential Adjustment Event has a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock and, if so, will (i) make the corresponding adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate to account for that dilutive or concentrative or other effect, and (ii) determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an exchange on which options or futures contracts on the Underlying Stock are traded.

(b) *Definitions. "Potential Adjustment Event" means any of the following:*

(i) a subdivision, consolidation, reclassification or other restructuring of the Underlying Stock (excluding a Merger Event) or a free distribution or dividend of any such Underlying Stock to existing holders by way of bonus, capitalisation or similar issue;

(ii) a distribution or dividend to existing holders of the Underlying Stock of (1) such Underlying Stock, or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Company equally or proportionately with such payments to holders of such Underlying Stock, or (3) share capital or other securities of another issuer acquired by the Company as a result of a "spin-off" or other similar transaction, or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Issuer;

(iii) an extraordinary dividend;

(iv) a call by the Company in respect of the Underlying Stock that is not fully paid;

(v) a repurchase by the Company of the Underlying Stock whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;

(vi) with respect to a Company an event that results in any shareholder rights pursuant to a shareholder rights agreement or other plan or arrangement of the type commonly referred to as a "poison pill" being distributed, or becoming separated from shares of common stock or other shares of the capital stock of such Company (provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights); or

(vii) any other event that may have, in the opinion of the Issuer, a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock.

(c) *Merger Event, Tender Offer, Nationalisation and Insolvency.* If a Merger Event, Tender Offer, Nationalisation or Insolvency occurs in relation to the Underlying Stock, the Issuer may take any action described below:

(i) determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, Nationalisation or Insolvency made by an options exchange to options on the Underlying Stock traded on that options exchange;

(ii) cancel the Certificates by giving notice to the Certificate Holders in accordance with Condition 9. If the Certificates are so cancelled, the Issuer will pay an amount to each Certificate Holder in respect of each Certificate held by such Certificate Holder which amount shall be the fair market value of a Certificate taking into account the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or any of its affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its reasonable discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9; or

(iii) following any adjustment to the settlement terms of options on the Underlying Stock on such exchange(s) or trading system(s) or quotation system(s) as the Issuer in its reasonable discretion shall select (the "**Option Reference Source**") make a corresponding adjustment to any one or more of the Conditions, which adjustment will be effective as of the date determined by the Issuer to be the effective date of the corresponding adjustment made by the Option Reference Source. If options on the Underlying Stock are not traded on the Option Reference Source, the Issuer will make such adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate, with reference to the rules and precedents (if any) set by the Option Reference Source, to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, that in the determination of the Issuer would have given rise to an adjustment by the Option Reference Source if such options were so traded.

Once the Issuer determines that its proposed course of action in connection with a Merger Event, Tender Offer, Nationalisation or Insolvency, it shall give notice to the Certificate Holders in accordance with Condition 9 stating the occurrence of the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto. Certificate Holders should be aware that due to the nature of such events, the Issuer will not make an immediate determination of its proposed course of action or adjustment upon the announcement or occurrence of a Merger Event, Tender Offer, Nationalisation or Insolvency.

(d) *Definitions.* "**Insolvency**" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Company (i) all the Underlying Stock of that Company is required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Underlying Stock of that Company become legally prohibited from transferring them. "**Merger Date**" means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Issuer. "**Merger Event**" means, in respect of the Underlying Stock, any (i) reclassification or change of such Underlying Stock that results in a transfer of or an irrevocable commitment to transfer all of such Underlying Stock outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of a Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Company is the continuing entity and which does not result in reclassification or change of all of such Underlying Stock outstanding), (iii) takeover offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Underlying Stock of the Company that results in a transfer of or an irrevocable commitment to transfer all such Underlying Stock (other than such Underlying Stock owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Company or its subsidiaries with or into another entity in which the Company is the continuing entity and which does not result in a reclassification or change of all such Underlying Stock outstanding but results in the outstanding Underlying Stock (other than Underlying Stock owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Underlying Stock immediately following such event, in each case if the Merger Date is on or before the Valuation Date. "**Nationalisation**" means that all the Underlying Stock or all or substantially all of the assets of a Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof. "**Tender Offer**" means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Company, as determined by the Issuer, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Issuer deems relevant.

(e) *Subdivision or Consolidation of the Certificates*. The Issuer reserves the right to subdivide or consolidate the Certificates, provided that such adjustment is considered by the Issuer not to be materially prejudicial to the Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction).

(f) *Other Adjustments*. Except as provided in this Condition 6 and Conditions 10 and 12, adjustments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer's sole and unfettered discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events (including the events as contemplated in Conditions 6(a) to 6(e)) occur which it believes in its sole discretion (and notwithstanding any prior adjustment made pursuant to the above) and irrespective of, in substitution for, or in addition to the provisions contemplated in Conditions 6(a) to 6(e) should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such adjustment or as the case may be, amendment provided that such adjustment or as the case may be, amendment is considered by the Issuer not to be materially prejudicial to the Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction).

(g) *Notice of Adjustments*. All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Certificate Holders. The Issuer will give, or procure that there is given notice as soon as practicable of any adjustment and of the date from which such adjustment is effective in accordance with Condition 9. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.

7. Purchases

The Issuer or its related corporations may at any time purchase Certificates at any price in the open market or by tender or by private treaty. Any Certificates so purchased may be held or resold or surrendered for cancellation.

8. Meetings of Certificate Holders; Modification

(a) *Meetings of Certificate Holders*. The Master Warrant Agent Agreement or Warrant Agent Agreement contains provisions for convening meetings of the Certificate Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Master Warrant Agent Agreement or Warrant Agent Agreement) of a modification of the provisions of the Certificates or of the Master Warrant Agent Agreement or Warrant Agent Agreement.

At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the date, time and place of the meeting shall be given to the Certificate Holders.

Such a meeting may be convened by the Issuer or by Certificate Holders holding not less than ten per cent. of the Certificates for the time being remaining unexercised.

The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Certificates for the time being remaining unexercised, or at any adjourned meeting two or more persons being or representing Certificate Holders whatever the number of Certificates so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Certificate Holders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Certificate Holders shall be binding on all the Certificate Holders whether or not they are present at the meeting. Resolutions can be passed in writing if passed unanimously.

(b) *Modification*. The Issuer may, without the consent of the Certificate Holders, effect (i) any modification of the provisions of the Certificates or the Instrument which is not materially prejudicial to the interests of the Certificate Holders or (ii) any modification of the provisions of the Certificates or the Instrument which is of a formal, minor or technical nature, which is made to correct an obvious error or which is necessary in order to comply with mandatory provisions of Singapore law. Any such modification shall be binding on the Certificate Holders and shall be notified to them by the Warrant Agent before the date such modification becomes effective or as soon as practicable thereafter in accordance with Condition 9.

9. Notices

(a) *Documents*. All cheques and other documents required or permitted by these Conditions to be sent to a Certificate Holder or to which a Certificate Holder is entitled or which the Issuer shall have agreed to deliver to a Certificate Holder may be delivered by hand or sent by post addressed to the Certificate Holder at his address appearing in the records maintained by CDP or, in the case of joint Certificate Holders, addressed to the joint holder first named at his address appearing in the records maintained by CDP, and airmail post shall be used if that address is not in Singapore. All documents delivered or sent in accordance with this paragraph shall be delivered or sent at the risk of the relevant Certificate Holder.

(b) *Notices.* All notices to Certificate Holders will be validly given if published in English on the website of the SGX-ST. Such notices shall be deemed to have been given on the date of the first such publication. If publication on the website of the SGX-ST is not practicable, notice will be given in such other manner as the Issuer may determine. The Issuer shall, at least one month prior to the expiry of any Certificate, give notice of the date of expiry of such Certificate in the manner prescribed above.

10. Liquidation

In the event of a liquidation or dissolution of the Company or the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, all unexercised Certificates will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law. In the event of the voluntary liquidation of the Company, the Issuer shall make such adjustments or amendments as it reasonably believes are appropriate in the circumstances.

11. Further Issues

The Issuer shall be at liberty from time to time, without the consent of the Certificate Holders, to create and issue further certificates so as to form a single series with the Certificates.

12. Delisting

(a) *Delisting*. If at any time, the Underlying Stock ceases to be listed on the Relevant Stock Exchange, the Issuer shall give effect to these Conditions in such manner and make such adjustments and amendments to the rights attaching to the Certificates as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Certificate Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Certificate Holder or the tax or other consequences that may result in any particular jurisdiction).

(b) *Issuer's Determination*. The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Certificate Holders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Certificate Holders in accordance with Condition 9 as soon as practicable after they are determined.

13. Early Termination

(a) *Early Termination for Illegality etc.* The Issuer shall have the right to terminate the Certificates if it shall have determined in its absolute discretion that a Regulatory Event (as defined below) has occurred and, for reasons beyond its control its performance thereunder shall have become unlawful in whole or in part under any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power ("**Applicable Law**").

For the purposes of this Condition:

"**Regulatory Event**" means, following the occurrence of a Change in Law (as defined below) with respect to the Issuer and/or any of its affiliates involved in the issue of the Certificates (hereafter the "**Relevant Affiliates**" and each of the Issuer and the Relevant Affiliates, a "**Relevant Entity**") that, after the Certificates have been issued, (i) any Relevant Entity would incur a materially increased (as compared with circumstances existing prior to such event) amount of tax, duty, liability, penalty, expense, fee, cost or regulatory capital charge however defined or collateral requirements for performing its obligations under the Certificates or hedging the Issuer's obligations under the Certificates, including, without limitation, due to clearing requirements of, or the absence of, clearing of the transactions entered into in connection with the issue of, or hedging the Issuer's obligation under, the Certificates, (ii) it is or will become for any Relevant Entity impracticable, impossible (in each case, after using commercially reasonable efforts), unlawful, illegal or otherwise prohibited or contrary, in whole or in part, under any law, regulation, rule, judgement, order or directive of any governmental, administrative or judicial authority, or power, applicable to such Relevant Entity (a) to hold, acquire, issue, reissue, substitute, maintain, settle, or as the case may be, guarantee, the Certificates, (b) to acquire, hold, sponsor or dispose of any asset(s) (or any interest thereof) of any other transaction(s) such Relevant Entity may use in connection with the issue of the Certificates or to hedge the Issuer's obligations under the Certificates, (c) to perform obligations in connection with, the Certificates or any contractual arrangement entered into between the Issuer and any Relevant Affiliate (including without limitation to hedge the Issuer's obligations under the Certificates) or (d) to hold, acquire, maintain, increase, substitute or redeem all or a substantial part of its direct or indirect shareholding in the Issuer's capital or the capital of any Relevant Affiliate or to directly or indirectly sponsor the Issuer or any Relevant Affiliate, or (iii) there is or may be a material adverse effect on a Relevant Entity in connection with the issue of the Certificates.

"**Change in Law**" means (i) the adoption, enactment, promulgation, execution or ratification of any applicable new law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) after the Certificates have been issued, (ii) the implementation or application of any applicable law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) already in force when the Certificates have been issued but in respect of which the manner of its implementation or application was not known or unclear at the time, or (iii) the change of any applicable law, regulation or rule existing when the Certificates are issued, or the change in the interpretation or application or practice relating thereto, existing when the Certificates are issued of any applicable law, regulation or rule, by any competent court, tribunal, regulatory authority or any other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any additional or alternative court, tribunal, authority or entity, to that existing when the Certificates are issued).

(b) *Early Termination for other reasons.* The Issuer reserves the right (such right to be exercised in the Issuer's sole and unfettered discretion and without any obligation whatsoever) to terminate the Certificates in accordance with Condition 13(c) where an event or events occur which it believes in its sole discretion should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such termination provided that such termination is considered by the Issuer not to be materially prejudicial to the interests of Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such termination in any particular jurisdiction).

(c) *Termination.* If the Issuer terminates the Certificates early, then the Issuer will give notice to the Certificate Holders in accordance with Condition 9. The Issuer will, if and to the extent permitted by the Applicable Law, pay to each Certificate Holder in respect of each Certificate held by such Certificate Holder an amount calculated by it as the fair market value of the Certificate immediately prior to such termination (ignoring such illegality) less the cost to the Issuer of unwinding any related hedging arrangements. Payment will be made to the Certificate Holder in such manner as shall be notified to the Certificate Holder in accordance with Condition 9.

14. Governing Law

The Certificates, the Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement will be governed by and construed in accordance with Singapore law. The Issuer and each Certificate Holder (by its purchase of the Certificates) shall be deemed to have submitted for all purposes in connection with the Certificates, the Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement to the non-exclusive jurisdiction of the courts of Singapore.

15. Prescription

Claims against the Issuer for payment of any amount in respect of the Certificates will become void unless made within six years of the Expiry Date and, thereafter, any sums payable in respect of such Certificates shall be forfeited and shall revert to the Issuer.

16. Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore

Unless otherwise expressly provided in the Global Warrant, the Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement, a person who is not a party to any contracts made pursuant to the Global Warrant, the Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore to enforce any terms of such contracts. Except as expressly provided herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts.

SUMMARY OF THE ISSUE

The following is a summary of the issue and should be read in conjunction with, and is qualified by reference to, the other information set out in this document and the Base Listing Document. Terms used in this Summary are defined in the Conditions.

Issuer:	UBS AG acting through its London Branch
Company:	Xiaomi Corporation
The Certificates:	European Style Cash Settled Long Certificates relating to the Underlying Stock
Number:	15,000,000 Certificates
Form:	The Certificates will be issued subject to, and with the benefit of, a master instrument by way of deed poll dated 7 January 2022 (the "**Master Instrument**") and executed by the Issuer and a master warrant agent agreement dated 27 February 2008 (the "**Master Warrant Agent Agreement**") and made between the Issuer and the Warrant Agent.
Cash Settlement Amount:	In respect of each Certificate, is the amount (if positive) equal to: Notional Amount per Certificate x Closing Level
Denominations:	Certificates are represented by a global warrant in respect of all the Certificates.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders will not be required to deliver an exercise notice. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates will be deemed to have been automatically exercised at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Exercise and Trading Currency:	SGD
Board Lot:	100 Certificates

Transfers of Certificates:	Certificates may only be transferred in Board Lots (or integral multiples thereof). All transfers in Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records of CDP.
Listing:	Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. Issue of the Certificates is conditional on such listing being granted. It is expected that dealings in the Certificates on the SGX-ST will commence on or about 21 April 2022.
Governing Law:	The laws of Singapore
Warrant Agent:	The Central Depository (Pte) Limited 11 North Buona Vista Drive #06-07 The Metropolis Tower 2 Singapore 138589
Further Issues:	Further issues which will form a single series with the Certificates will be permitted.

The above summary is qualified in its entirety by reference to the detailed information appearing elsewhere in this document and the Base Listing Document.

INFORMATION RELATING TO

THE EUROPEAN STYLE CASH SETTLED LONG CERTIFICATES ON SINGLE EQUITIES

What are European Style Cash Settled Long Certificates on Single Equities?

European style cash settled long certificates on single equities (the "**Certificates**") are structured products relating to the Underlying Stock and the return on a Certificate is linked to the performance of the Leverage Strategy.

A) Cash Settlement Amount Payable upon the Exercise of the Certificates at Expiry

Upon the exercise of the Certificates at expiry, the Certificate Holders would be paid a Cash Settlement Amount in respect of each Certificate.

The Cash Settlement Amount, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The Closing Level, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to (1) divided by (2) less (3) subject to any adjustments such as (4), where:

(1) is the Final Reference Level multiplied by the Final Exchange Rate;

(2) is the Initial Reference Level multiplied by the Initial Exchange Rate;

(3) is the Strike Level; and

(4) is the Hedging Fee Factor.

If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised and investors will receive a Cash Settlement Amount. If the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired. Please refer to the section headed "Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities" for further details on the calculation of the Cash Settlement Amount.

The Certificates are only suitable for investors who believe that the price of the Underlying Stock will increase and are seeking short-term leveraged exposure to the Underlying Stock.

B) Trading the Certificates before Expiry

If the Certificate Holders want to cash out their investments in the Certificates before the expiry of the Certificates, they may sell the Certificates in the secondary market during the life of the Certificates, and would be subject to the following fees and charges:

(i) For Certificate Holders who trade the Certificates intraday: shall pay normal transaction and brokerage fees for the trading of the Certificates on the SGX-ST, and may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred; and

(ii) For Certificate Holders who hold the Certificates overnight: in addition to the normal transaction and brokerage fees and applicable stamp taxes, would also be required to bear the Management Fee and Gap Premium as well as certain costs embedded within the Leverage Strategy including the Funding Cost and the Rebalancing Cost.

Illustration of the Calculation of Hedging Fee Factor

Hedging Fee Factor	=	Product of the Daily Fees

Daily Fees	=	**Daily Management Fee Adjustment** 1 – Management Fee x ACT (t-1;t) / 360 x **Daily Gap Premium Adjustment** 1 – Gap Premium (t-1) x ACT (t-1;t) / 360

Illustration of the Calculation of Cash Settlement Amount

Cash Settlement Amount = Final Value of Certificates – Strike Level (zero)

		t[7]=0		t=1		t=2		t=i
Value of Certificates	=	Notional Amount	x	Leverage Strategy daily performance[8] x Daily Fees	x	Leverage Strategy daily performance x Daily Fees	x …	Leverage Strategy Daily performance x Daily Fees

		t=0		**Product of the daily Leverage Strategy Performance**		**Product of the Daily Fees (Hedging Fee Factor)**
Value of Certificates	=	Notional Amount	x	Leverage Strategy daily performance x Leverage Strategy daily performance	x	Daily Fees x Daily Fees

		t=0				
Final Value of Certificates	=	Notional Amount	x	Final Reference Level x Final Exchange Rate ÷ Initial Reference Level x Initial Exchange Rate	x	Hedging Fee Factor

Illustration of the applicable fees and charges for an intraday trading scenario

Hedging Fee is implemented overnight in the price of the Certificate. As a consequence, when trading intraday, investors will not bear any Hedging Fee.

Investors will only support bid/ask costs, which are the difference between the price at which the Designated Market Maker purchases (bid) and sells (ask) the Certificate at any point of time.

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[7] "t" refers to "**Observation Date**" which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and including) the Underlying Stock Business Day immediately preceding the Expected Listing Date to the Valuation Date.
[8] Leverage Strategy daily performance is computed as the Leverage Strategy Level on Business Day (t) divided by the Leverage Strategy Level on Business Day (t-1).

Example of Calculation of Hedging Fee Factor and Cash Settlement Amount

The example is purely hypothetical. We include the example to illustrate how the Certificates work, and you MUST NOT rely on them as any indication of the actual return or what the payout on the Certificates might actually be. The example also assumes a product which expires 16 days after listing date, to illustrate the daily calculation of price, costs and fees from listing date to expiry date.

Assuming an investor purchases the following Certificates at the Issue Price:

Underlying Stock:	**Class B ordinary shares of Xiaomi Corporation**
Expected Listing Date:	**01/02/2021**
Expiry Date:	**16/02/2021**
Initial Reference Level:	**1,000**
Initial Exchange Rate:	**1**
Final Reference Level:	**1,200**
Final Exchange Rate:	**1**
Issue Price:	**0.35 SGD**
Notional Amount per Certificate:	**0.35 SGD**
Management Fee (p.a.):	**0.40%**
Gap Premium (p.a.):	**6.00%**
Strike Level:	Zero

Hedging Fee Factor

Hedging Fee Factor on the n^{th} Underlying Stock Business Day after issuance of Certificate ("HFF (n)") is calculated as follows:

HFF(0) = 100%

On Next Calendar Day (assuming it is an Underlying Stock Business Day):

$$\text{HFF}\,(1) = \text{HFF}\,(0) \times \left(1 - \text{Management Fee} \times \frac{\text{ACT}\,(\text{t}-1;\text{t})}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT}\,(\text{t}-1;\text{t})}{360}\right)$$

$$\text{HFF}\,(1) = 100\% \times \left(1 - 0.40\% \times \frac{1}{360}\right) \times \left(1 - 6.00\% \times \frac{1}{360}\right)$$

$$\text{HFF}\,(1) = 100\% \times 99.9989\% \times 99.9833\% \approx 99.9822\%$$

Assuming 2nd Underlying Stock Business Day falls 3 Calendar Days after 1st Underlying Stock Business Day:

$$\mathrm{HFF\ (2) = HFF\ (1)} \times \left(1 - \mathrm{Management\ Fee} \times \frac{\mathrm{ACT\ (t-1;t)}}{360}\right) \times \left(1 - \mathrm{Gap\ Premium} \times \frac{\mathrm{ACT\ (t-1;t)}}{360}\right)$$

$$\mathrm{HFF\ (2)} = 99.9822\% \times \left(1 - 0.40\% \times \frac{3}{360}\right) \times \left(1 - 6.00\% \times \frac{3}{360}\right)$$

$$\mathrm{HFF\ (2)} = 99.9822\% \times 99.9967\% \times 99.9500\% \approx 99.9289\%$$

The same principle applies to the following Underlying Stock Business Days:

$$\mathrm{HFF\ (n) = HFF\ (n-1)} \times \left(1 - \mathrm{Management\ Fee} \times \frac{\mathrm{ACT\ (t-1;t)}}{360}\right) \times \left(1 - \mathrm{Gap\ Premium} \times \frac{\mathrm{ACT\ (t-1;t)}}{360}\right)$$

In this example, the Hedging Fee Factor as of the Valuation Date would be equal to 99.7337% as illustrated below:

Date	HFF
2/1/2021	100.0000%
2/2/2021	99.9822%
2/3/2021	99.9644%
2/4/2021	99.9467%
2/5/2021	99.9289%
2/8/2021	99.8756%
2/9/2021	99.8579%
2/10/2021	99.8401%
2/11/2021	99.8224%
2/12/2021	99.8046%
2/15/2021	99.7514%
2/16/2021	99.7337%

Cash Settlement Amount

In this example, the Closing Level and the Cash Settlement Amount would be computed as follows:

Closing Level = [(Final Reference Level x Final Exchange Rate) / (Initial Reference Level x Initial Exchange Rate) – Strike Level] x Hedging Fee Factor

= [(1200 x 1) / (1000 x 1) – 0] x 99.7337%

= 119.68%

Cash Settlement Amount = Closing Level x Notional Amount per Certificate

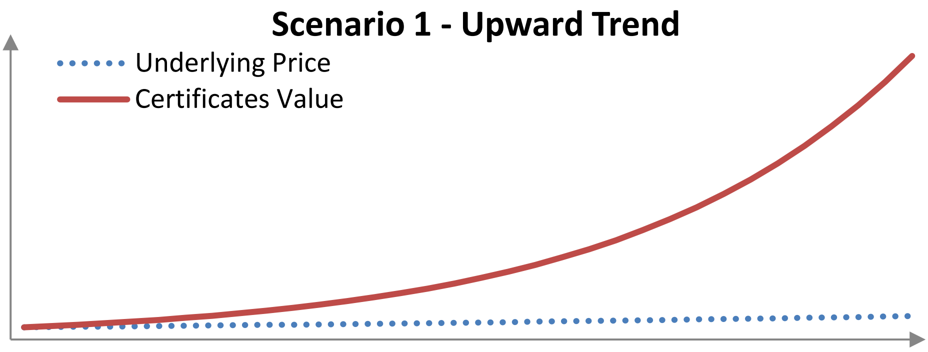
= 119.68% x 0.35 SGD

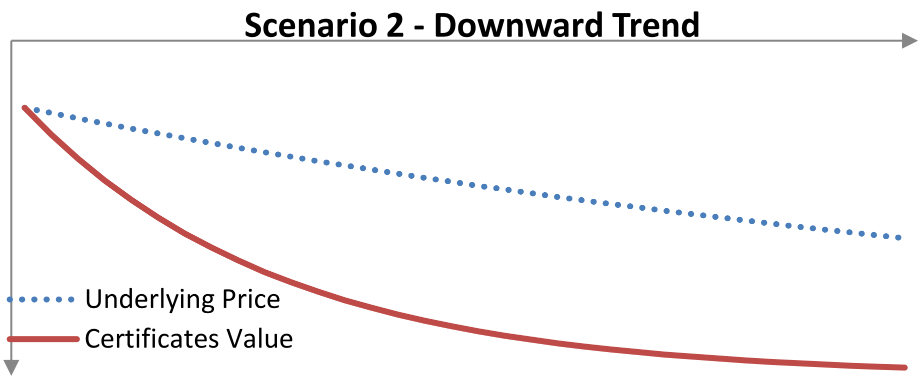
= 0.419 SGD

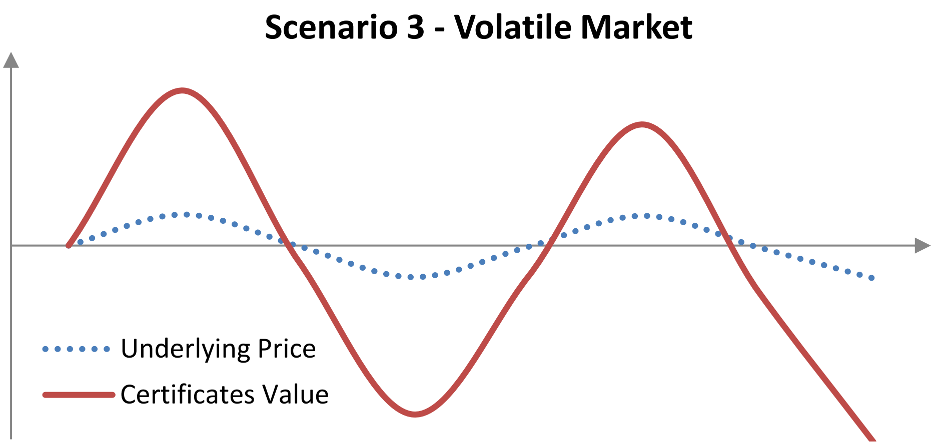
Illustration on how returns and losses can occur under different scenarios

The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of the Underlying Stock performance on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, dividends, or any other market parameters.

1. Illustrative examples







2. Numerical Examples

Scenario 1 – Upward Trend

Underlying						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily Return		2.00%	2.00%	2.00%	2.00%	2.00%
Value at end of day	10,000.00	10,200.00	10,404.00	10,612.08	10,824.32	11,040.81
Accumulated Return		2.00%	4.04%	6.12%	8.24%	10.41%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily Return		10.00%	10.00%	10.00%	10.00%	10.00%
Price at end of day	0.35	0.39	0.42	0.47	0.51	0.56
Accumulated Return		10.00%	21.00%	33.10%	46.41%	61.05%

Scenario 2 – Downward Trend

Underlying						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily Return		-2.00%	-2.00%	-2.00%	-2.00%	-2.00%
Value at end of day	10,000.00	9,800.00	9,604.00	9,411.92	9,223.68	9,039.21
Accumulated Return		-2.00%	-3.96%	-5.88%	-7.76%	-9.61%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily Return		-10.00%	-10.00%	-10.00%	-10.00%	-10.00%
Price at end of day	0.35	0.32	0.28	0.26	0.23	0.21
Accumulated Return		-10.00%	-19.00%	-27.10%	-34.39%	-40.95%

Scenario 3 – Volatile Market

Underlying						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily Return		2.00%	-2.00%	-2.00%	2.00%	2.00%
Value at end of day	10,000.00	10,200.00	9,996.00	9,796.08	9,992.00	10,191.84
Accumulated Return		2.00%	-0.04%	-2.04%	-0.08%	1.92%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily Return		10.00%	-10.00%	-10.00%	10.00%	10.00%
Price at end of day	0.35	0.39	0.35	0.31	0.34	0.38
Accumulated Return		10.00%	-1.00%	-10.90%	-1.99%	7.81%

Description of Air Bag Mechanism

The Certificates integrate an “Air Bag Mechanism” which is designed to reduce exposure to the Underlying Stock during extreme market conditions.

In accordance with the Air Bag Mechanism timeline below, when the Air Bag triggers, the following typically occurs:

- Observation Period: the price of the Underlying Stock is observed and its minimum price is recorded (i) during 15 minutes of continuous trading after the Air Bag is triggered, or (ii) until Market Close if there is 15 minutes (or less) of continuous trading until Market Close when the Air Bag is triggered; and

- Reset Period: thereafter, the Leverage Strategy is reset using the minimum price of the Underlying Stock during the Observation Period as the New Observed Price. The New Observed Price replaces the last closing price of the Underlying Stock in order to compute the performance of the Leverage Strategy.

  During the Observation Period and Reset Period, trading of Certificates is suspended for **at least** 30 minutes of continuous trading after the Air Bag is triggered. Investors cannot sell or purchase any Certificates during this period. The Reset Period (and consequently the resumption of trading) is subject further to SGX-ST’s requirements, including at least 30 minutes from the time of publication of an announcement on the exchange in respect of the Air Bag Mechanism being triggered, and at least 15 minutes after the SGX-ST grants an approval to resume trading, whichever is later, rounded to the next quarter of an hour.

  For the avoidance of doubt, if the Air Bag Mechanism was triggered with more than 60 minutes of continuous trading before Market Close, trading of Certificates will resume the same trading day after the Reset Period has elapsed, subject to the SGX-ST’s approval to resume trading. If the Air Bag Mechanism was triggered between 45 minutes and 60 minutes of continuous trading before Market Close, trading of Certificates may or may not resume the same trading day after the Reset Period has elapsed. If the Air Bag Mechanism was triggered with only 45 minutes (or less) of continuous trading before Market Close, trading of Certificates resumes on the next trading day.

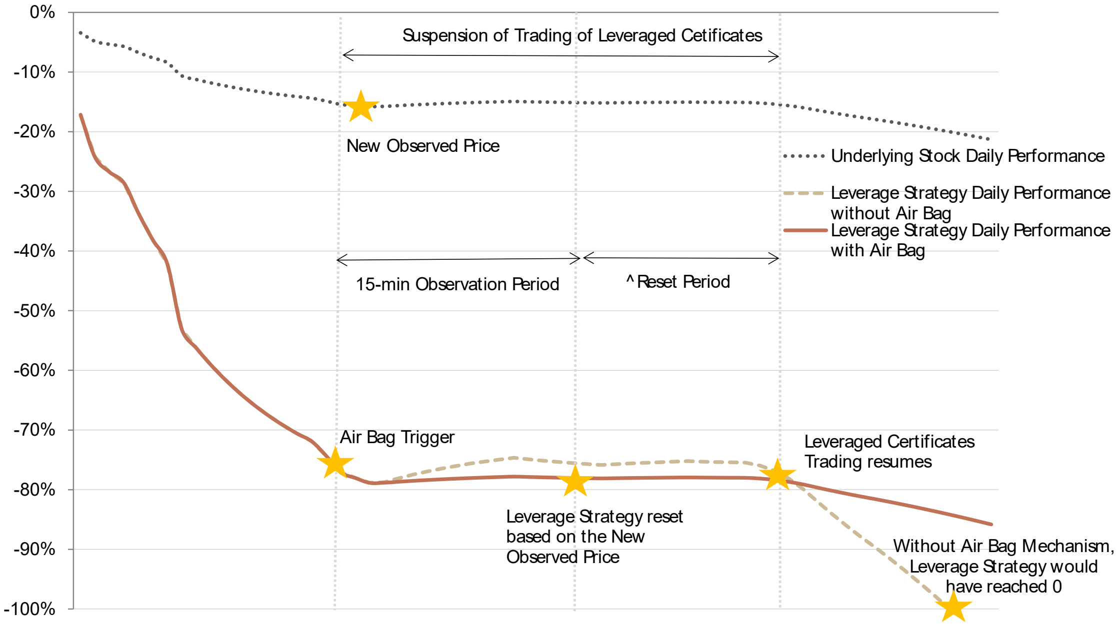
With **Market Close** defined as:

- Underlying Stock closing time with respect to the Observation Period including the closing auction session

- The sooner between Underlying Stock closing time of continuous trading and SGX-ST closing time of continuous trading with respect to the resumption of trading

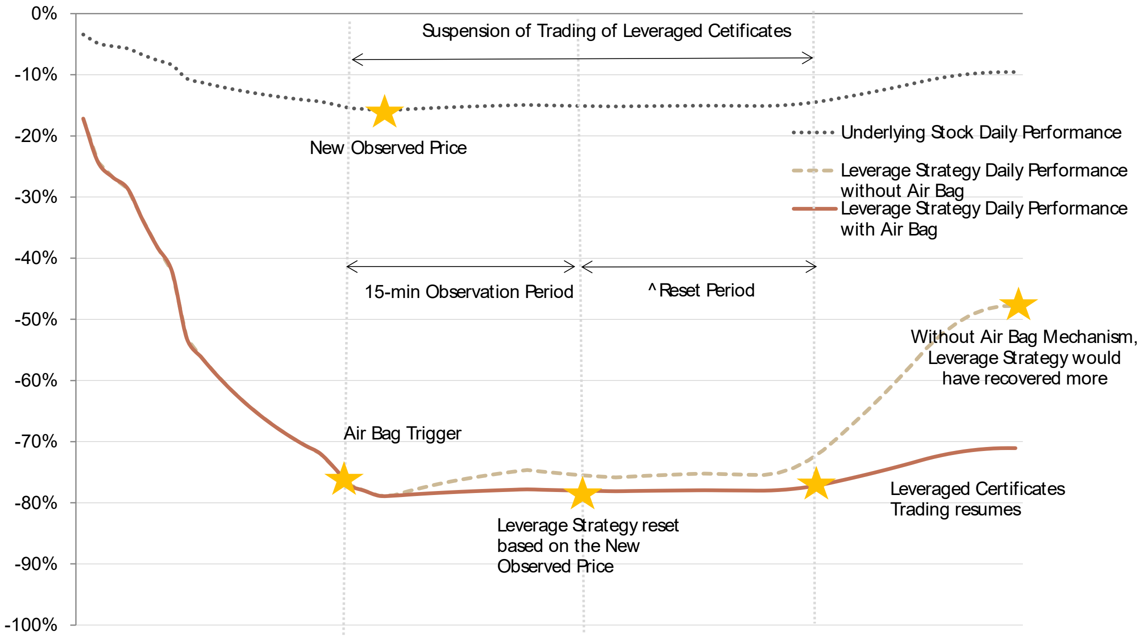
Illustrative examples of the Air Bag Mechanism[9]

Scenario 1 - Downward Trend after Air Bag Trigger



^ The Reset Period (and consequently the resumption of trading) is subject further to SGX-ST's requirements, including at least 30 minutes from the time of publication of an announcement on the exchange in respect of the Air Bag Mechanism being triggered, and at least 15 minutes after the SGX-ST grants an approval to resume trading, whichever is later, rounded to the next quarter of an hour.

Scenario 2 - Upward Trend after Air Bag Trigger



^ The Reset Period (and consequently the resumption of trading) is subject further to SGX-ST's requirements, including at least 30 minutes from the time of publication of an announcement on the exchange in respect of the Air Bag Mechanism being triggered, and at least 15 minutes after the SGX-ST grants an approval to resume trading, whichever is later, rounded to the next quarter of an hour.

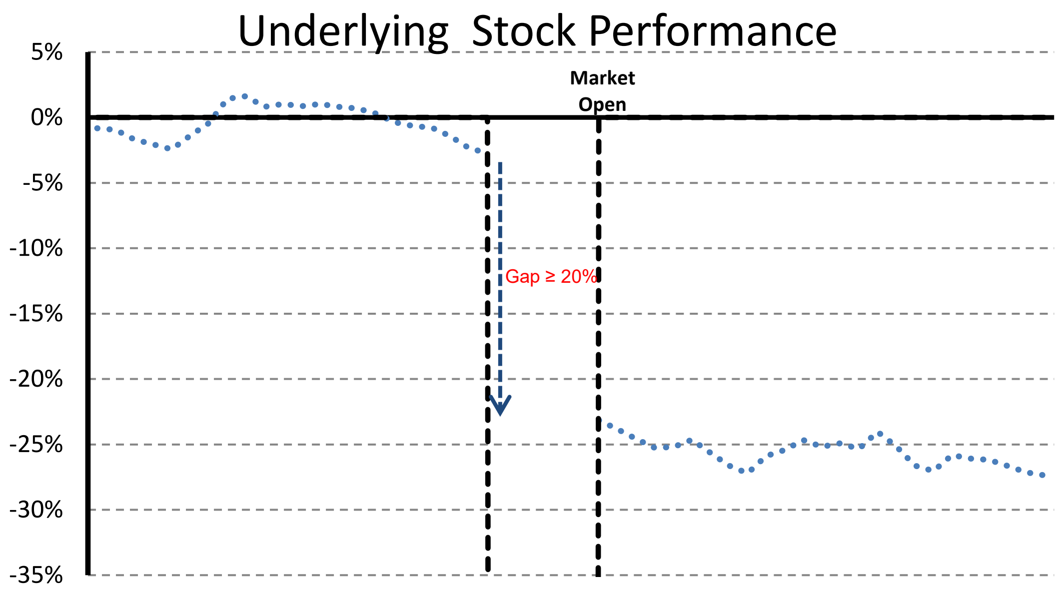
[9] The illustrative examples are not exhaustive.

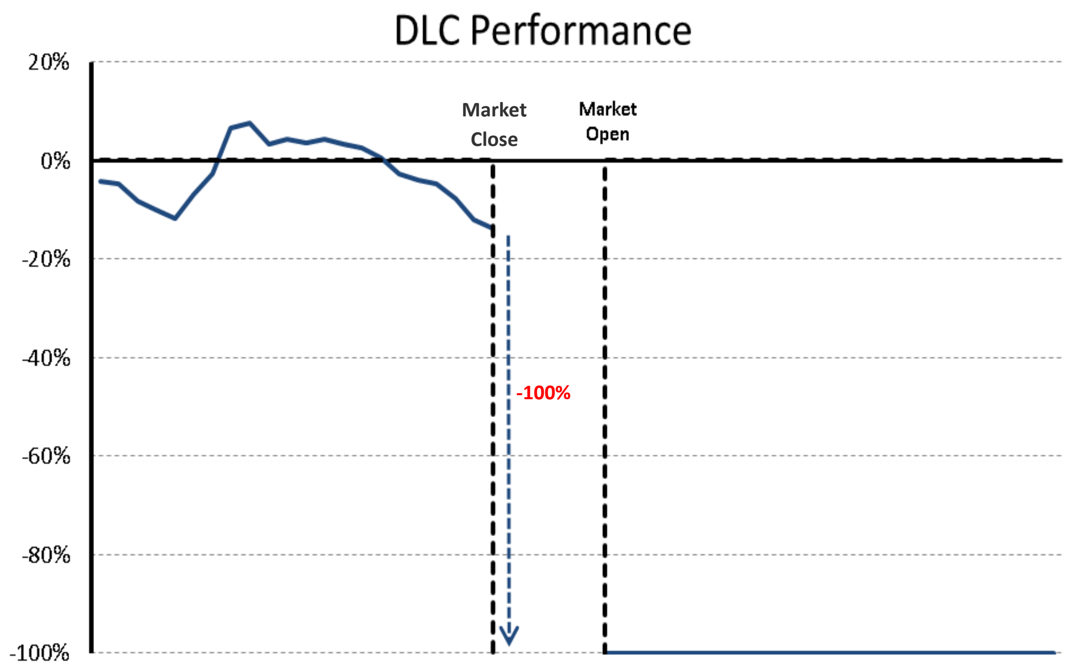
Scenarios where the investor may lose the entire value of the investment

The scenarios below are purely hypothetical and do not take fees and charges payable by investors into consideration. The scenarios highlight cases where the Certificates may lose 100% of their value.

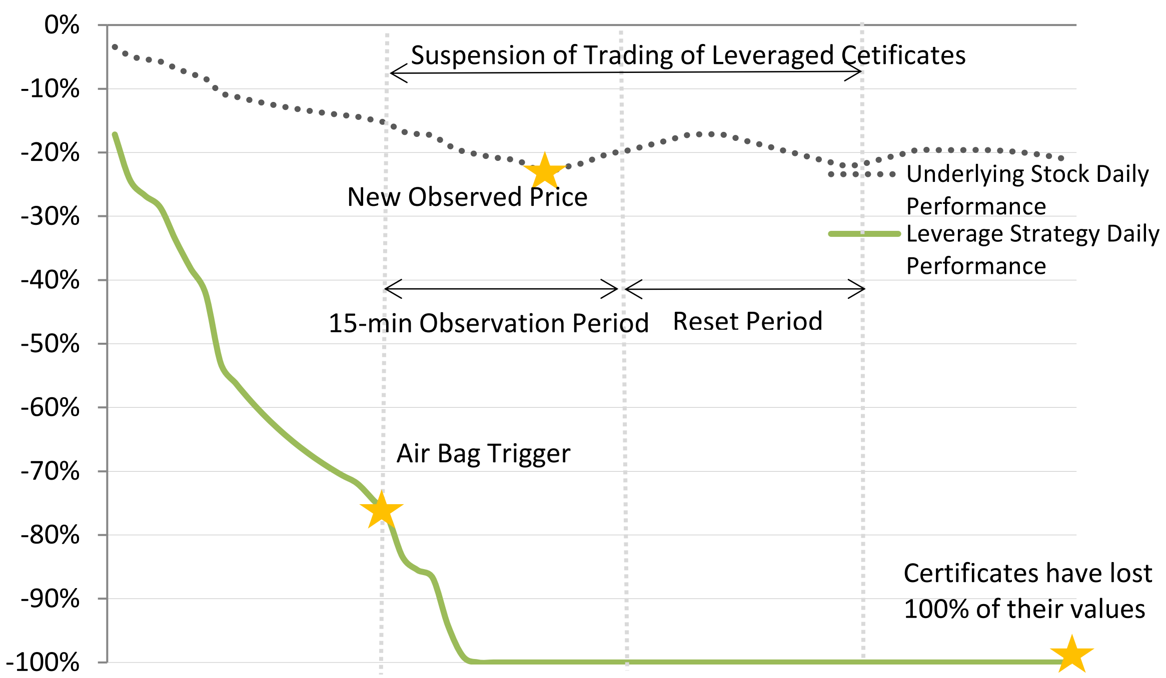
Scenario 1 – Overnight fall of the Underlying Stock

On any business day, the opening price of the Underlying Stock may be higher or lower than the closing price on the previous day. The difference between the previous closing price and the opening price of the Underlying Stock is termed a "gap". If the opening price of the Underlying Stock is 20% or more below the previous day closing price, the Air Bag Mechanism would only be triggered when the market opens the following day, and the Certificates would lose their entire value in such event.





Although the Air Bag Mechanism is designed to reduce the exposure to the Underlying Stock during extreme market conditions, the Certificate can lose 100% of its value in the event the price of the Underlying Stock falls by 20% or more within the 15 minutes Observation Period compared to the reference price, being: (i) if air bag event has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (ii) if one or more air bag events have been previously triggered on the same day, the latest New Observed Price. The Certificates would lose their entire value in such event.



Examples and illustrations of adjustments due to certain corporate actions

The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of corporate actions on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, or any other market parameters.

In the case of any corporate action on the Underlying Stock, the Calculation Agent will, as soon as reasonably practical after it becomes aware of such event, determine whether such corporate action has a dilutive or concentrative effect on the theoretical value of the Underlying Stock, and if so, will (a) calculate the corresponding adjustment, if any, to be made to the elements relating to the Underlying Stock which are used to determine any settlement or payment terms under the Certificates and/or adjust at its discretion any other terms of the Certificates as it determines appropriate to preserve the economic equivalent of the obligations of the Issuer under the Certificates and (b) determine the effective date of such adjustment.

Notwithstanding the foregoing, in the event the Observation Date of the Leverage Reset Time (t), is an ex-date with respect to a corporate action related to the Underlying Stock and the immediately preceding Leverage Reset Time r(t) is at the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto), the Calculation Agent may, in its sole and absolute discretion, replace the $Rfactor_t$ with respect to such Leverage Reset Time (t) by an amount computed according to the following generic formula :

$$Rfactor_t = \left[1 - \frac{Div_t + DivExc_t - M \times R}{\mathrm{S}_{\mathrm{r(t)}}}\right] \times \frac{1}{1+M}$$

This formula is provided for indicative purposes and the Calculation Agent may determine that this formula is not appropriate for certain corporate actions and may apply a different formula instead.

Such adjustment of $Rfactor_t$ would affect the Leveraged Return, the Rebalancing Cost, and the Underlying Reference Price used to determine the Intraday Restrike Event. The Air Bag mechanism would not be triggered if the stock price falls by 15% exclusively because of the dilutive effect of a corporate action.

Where:

$\mathrm{DivExc_t}$ is the amount received as an Extraordinary Dividend by a holder of existing Shares for each Share held prior to the Extraordinary Dividend, net of any applicable withholding taxes.

M is the number of new Share(s) (whether a whole or a fraction) per existing Share each holder thereof is entitled to subscribe or to receive (positive amount) or the number of existing Shares redeemed or canceled per existing Share (negative amount), as the case may be, resulting from the corporate action.

R is the subscription price per Share (positive amount) or the redemption price per Share (negative amount) including any dividends or other benefits forgone to be subscribe to or to receive (as applicable), or to redeem a Share.

1. <u>Stock split</u>

Assuming the Underlying Stock is subject to a 1 to 2 stock split (i.e. 1 new Share for every 1 existing share):

$\mathrm{S_{r(t)}}$ = $100

$\mathrm{S_t}$ = $51

$\mathrm{Div_t} = \$0$

$\mathrm{DivExc_t} = \$0$

M = 1 (i.e. 1 new Shares for 1 existing Share)

R = $0 (no subscription price / redemption price)

$$Rfactor_t = \left[1 - \frac{0 + 0 - 2 \times 0)}{100}\right] \times \frac{1}{1+1} = 50\%$$

As a consequence:

$\mathrm{LR_{r(t),t}} = \mathrm{Leverage} \times \left(\frac{\mathrm{S_t}}{\mathrm{S_{r(t)}} \times Rfactor_t} - 1\right) = 5 \times \left(\frac{51}{100 \times 50\%} - 1\right) = 10\%$

$\mathrm{S_{r(t)}}$	$\mathrm{S_{r(t)}} \times Rfactor_t$	$\mathrm{S_t}$	Adjusted Underlying Stock Performance
100	50	51	2%

Value of the Certificate r(t)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.35	0.385	10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to $42.5, which is 15% below $50, the Underlying Stock Reference Price.

2. <u>Share Consolidation</u>

Assuming the Underlying Stock is subject to a 2 to 1 share consolidation (i.e. 1 Share canceled for every 2 existing Shares):

$\mathrm{S_{r(t)}}$ = $100

$\mathrm{S_t}$ = $202

$\mathrm{Div_t} = \$0$

$\mathrm{DivExc_t} = \$0$

M = -0.5 (i.e. 0.5 Shares canceled for each 1 existing Share)

R = $0 (no subscription price / redemption price)

$$Rfactor_t = \left[1 - \frac{0 + 0 - (-0.5) \times 0)}{100}\right] \times \frac{1}{1 + (-0.5)} = 200\%$$

As a consequence:

$$\mathrm{LR}_{\mathrm{r(t),t}} = \text{Leverage} \times \left(\frac{\mathrm{S_t}}{\mathrm{S_{r(t)}} \times Rfactor_t} - 1\right) = 5 \times \left(\frac{202}{100 \times 200\%} - 1\right) = 5\%$$

$\mathrm{S_{r(t)}}$	$\mathrm{S_{r(t)}} \times Rfactor_t$	$\mathrm{S_t}$	Adjusted Underlying Stock Performance
100	200	202	1%

Value of the Certificate r(t)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.35	0.3675	5%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to $170, which is 15% below $200, the Underlying Stock Reference Price.

3. Rights Issues

Assuming there is a rights issue with respect to the Underlying Stock, with a right to receive 1 new Share for every 2 existing Shares, for a subscription price of $40.

$\mathrm{S_{r(t)}}$ = $100

$\mathrm{S_t}$ = $84

$\mathrm{Div_t} = \$0$

$\mathrm{DivExc_t} = \$0$

R = $40 (i.e. subscription price of $40)

M = 0.5 (i.e. 1 new share for every 2 existing shares)

$$Rfactor_t = \left[1 - \frac{0 + 0 - 0.5 \times 40}{100}\right] \times \frac{1}{1 + 0.5} = 80\%$$

As a consequence:

$$\mathrm{LR}_{\mathrm{r(t),t}} = \text{Leverage} \times \left(\frac{\mathrm{S_t}}{\mathrm{S_{r(t)}} \times Rfactor_t} - 1\right) = 5 \times \left(\frac{84}{100 \times 80\%} - 1\right) = 25\%$$

$\mathrm{S_{r(t)}}$	$\mathrm{S_{r(t)}} \times Rfactor_t$	$\mathrm{S_t}$	Adjusted Underlying Stock Performance
100	80	84	5%

Value of the Certificate r(t)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.35	0.4375	25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to $68, which is 15% below $80, the Underlying Stock Reference Price.

4. <u>Bonus Issues</u>

Assuming there is a bonus issue with respect to the Underlying Stock, where shareholders receive 1 bonus share for 5 existing shares:

$S_{r(t)}$ = $100

S_t = $85

$\mathrm{Div}_t = \$0$

$\mathrm{DivExc}_t = \$0$

R = $0

M = 0.2 (i.e. 1 new share for 5 existing shares)

$$Rfactor_t = \left[1 - \frac{0 + 0 - 0.2 \times 0}{100}\right] \times \frac{1}{1 + 0.2} = 83.33\%$$

As a consequence:

$$\mathrm{LR}_{r(t),t} = \mathrm{Leverage} \times \left(\frac{S_t}{S_{r(t)} \times Rfactor_t} - 1\right) = 5 \times \left(\frac{85}{100 \times 83.33\%} - 1\right) = 10\%$$

$S_{r(t)}$	$S_{t(t)} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	83.33	85	2%

Value of the Certificate r(t)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.35	0.385	10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to $70.83, which is 15% below $83.33, the Underlying Stock Reference Price.

5. <u>Extraordinary Dividend</u>

Assuming there is an extraordinary dividend of $20 (net of taxes) paid in respect of each stock.

$S_{r(t)}$ = $100

S_t = $84

$\mathrm{Div_t} = \$0$

$\mathrm{DivExc_t} = \$20$

R = $0

M = 0

$$Rfactor_t = \left[1 - \frac{0 + 20 - 0 \times 0}{100}\right] \times \frac{1}{1 + 0} = 80\%$$

As a consequence:

$$\mathrm{LR_{r(t),t}} = \mathrm{Leverage} \times \left(\frac{\mathrm{S_t}}{\mathrm{S_{r(t)}} \times Rfactor_t} - 1\right) = 5 \times \left(\frac{84}{100 \times 80\%} - 1\right) = 25\%$$

$\mathrm{S_{r(t)}}$	$\mathrm{S_{r(t)-}} \times Rfactor_t$	$\mathrm{S_t}$	Adjusted Underlying Stock Performance
100	80	84	5%

Value of the Certificate r(t)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.35	0.4375	25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to $68, which is 15% below $80, the Underlying Stock Reference Price.

INFORMATION RELATING TO THE COMPANY

*All information contained in this document regarding the Company, including, without limitation, its financial information, is derived from publicly available information which appears on the web-site of Hong Kong Exchanges and Clearing Limited (the "**HKExCL**") at http://www.hkex.com.hk and/or the Company's web-site at https://www.mi.com/global/about. The Issuer has not independently verified any of such information.*

Xiaomi Corporation (the "**Company**") is a China-based investment holding company principally engaged in the research, development and sales of smartphones, Internet of things (IoTs) and lifestyle products, the provision of Internet services, and investment business. The Company mainly conducts its businesses through four segments. The Smartphone segment is engaged in the sales of smartphones. The IoT and Lifestyle product segment is engaged in the sales of other in-house products, including smart televisions (TVs), laptops, artificial intelligence (AI) speakers and smart routers; ecosystem products, including IoT and other smart hardware products, as well as certain lifestyle products. The Internet service segment is engaged in the provision of advertising services and Internet value-added services. The Others segment is engaged in the provision of repair services for its hardware products. The Company distributes its products in domestic market and to overseas markets.

The information set out in Appendix I of this document relates to the audited consolidated results of the Company and its subsidiaries for the year ended 31 December 2021 and has been extracted and reproduced from an announcement by the Company dated 22 March 2022 in relation to the same. Further information relating to the Company may be located on the web-site of the HKExCL at http://www.hkex.com.hk.

INFORMATION RELATING TO THE DESIGNATED MARKET MAKER

UBS AG, acting through its London Branch, has been appointed the designated market maker ("**DMM**") for the Certificates. The DMM will provide competitive buy and sell quotes for the Certificates continuously during the trading hours of the SGX-ST on the following basis:

(a)	Maximum bid and offer spread	:	(i) when the best bid price of the Certificate is S$10 and below: 10 ticks or S$0.20 whichever is greater; and (ii) when the best bid price of the Certificate is above S$10: 5% of the best bid price of the Certificate.
(b)	Minimum quantity subject to bid and offer spread	:	10,000 Certificates
(c)	Last Trading Day for Market Making	:	The date falling 5 Exchange Business Days immediately preceding the Expiry Date

In addition, the DMM may not provide a quotation in the following circumstances:

(i) during the pre-market opening and five minutes following the opening of the SGX-ST on any trading day;

(ii) if the Certificates are valueless (where the Issuer's bid price is below the minimum bid size for such securities as prescribed by the SGX-ST);

(iii) before the Relevant Stock Exchange for the Underlying Stock has opened and after the Relevant Stock Exchange for the Underlying Stock has closed on any trading day;

(iv) when trading in the Underlying Stock is suspended or limited in a material way for any reason, for the avoidance of doubt, the DMM is not obliged to provide quotations for the Certificates at any time when the Underlying Stock is not negotiated/traded for any reason;

(v) where the Certificates are suspended from trading for any reason;

(vi) market disruption events, including, without limitation, any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the SGX-ST or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) in the Underlying Stock;

(vii) where the Issuer or the DMM faces technical problems affecting the ability of the DMM to provide bids and offer quotations;

(viii) where the ability of the Issuer to source a hedge or unwind an existing hedge, as determined by the Issuer in good faith, is materially affected by the prevailing market conditions, and the Issuer informs the SGX-ST of its inability to do so as soon as practicable;

(ix) in cases where the Issuer has no Certificates to sell, then the DMM will only provide the bid price;

(x) if the stock market experiences exceptional price movement and volatility;

(xi) when it is a public holiday in Singapore and/or Hong Kong and/or the SGX-ST and/or the HKEX is not open for dealings; and

(xii) during the suspension of trading of Certificates after an Air Bag Mechanism has been triggered.

The last trading day on which the DMM will provide competitive quotations for the Certificates would be the fifth Exchange Business Day immediately preceding the Expiry Date.

PLACING AND SALE

General

No action has been or will be taken by the Issuer that would permit a public offering of the Certificates or possession or distribution of any offering material in relation to the Certificates in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of any Certificates, or distribution of any offering material relating to the Certificates may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws or regulations and will not impose any obligation on the Issuer. In the event that the Issuer contemplates a placing, placing fees may be payable in connection with the issue and the Issuer may at its discretion allow discounts to placees.

United Kingdom

In relation to each tranche of Certificates, the Issuer has represented, warranted and agreed that:

(a) No deposit-taking: in relation to any Certificates having a maturity of less than one year:

(i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and

(ii) it has not offered or sold and will not offer or sell any Certificates other than to persons:

(A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or

(B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Certificates would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer;

(b) Financial Promotion: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Certificates in circumstances in which section 21(1) of the FSMA does not or would not, if the Issuer was not an authorised person, apply to the Issuer; and

(c) General Compliance: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Certificates in, from or otherwise involving the United Kingdom.

If the applicable Supplemental Listing Document in respect of any Certificates specifies the "Prohibition of Sales to European Economic Area Retail Investors" as "Not Applicable", the Issuer has represented and agreed that it has not offered, sold or otherwise made available such Certificates to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or

(ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA which were relied on immediately before exit day to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

(iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates.

If the applicable Supplemental Listing Document in respect of any Certificates specifies the "Prohibition of Sales to European Economic Area Retail Investors" as "Not Applicable", the Issuer has represented and agreed that it has not made and will not make an offer of Certificates which are the subject of the offering contemplated by the Base Listing Document as completed by this Supplemental Listing Document to the public in the United Kingdom except that it may make an offer of such Certificates to the public in the United Kingdom:

a) if the Supplemental Listing Document in relation to the Certificates specifies an offer of those Certificates may be made other than pursuant to Article 1(4) of the UK Prospectus Regulation in the United Kingdom (a "**Public Offer**"), following the date of publication of a prospectus in relation to such Certificates which either (i) has been approved by the UK Financial Conduct Authority ("**FCA**"), or (ii) is to be treated as if it had been approved by the FCA in accordance with the transitional provision in Regulation 74 of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019, provided that any such prospectus has subsequently been completed by final terms contemplating such Public Offer, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Public Offer;

b) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation); or

d) at any time in any other circumstances falling within section 86 of the FSMA, provided that no such offer of Certificates to the public referred to in (a) to (c) above shall require the publication of a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation,

provided that no such offer of Certificates referred to in (b) to (d) above shall require the Issuer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression "an offer of Certificates to the public" in relation to any products in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe the Certificates, and the expression "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

United States of America

The Certificates have not been, and will not be, registered under the Securities Act. Subject to certain exceptions, Certificates, or interests therein, may not at any time be offered, sold, resold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person or to others for offering, sale or resale in the United States or to any such U.S. person. Offers and sales of Certificates, or interests therein, in the United States or to U.S. persons would constitute a violation of United States securities laws unless made in compliance with registration requirements of the Securities Act or pursuant to an exemption therefrom. The Certificates will not be offered, sold or delivered within the United States or to U.S. persons. As used herein, "**United States**" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction; and "**U.S. person**" means (i) any citizen or resident of the United States, including any corporation, partnership or other entity created or organised in or under the laws of the United States or of any political subdivision thereof, (ii) any estate or trust the income of which is subject to United States income taxation regardless of its source, (iii) "U.S. person" as such term is defined in (a) Regulation S under the Securities Act or (b) the Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations promulgated by the U.S. Commodity Futures Trading Commission ("**CFTC**") pursuant to the U.S. Commodity Exchange Act of 1936, as amended, or (iv) a person other than a "Non-United States Person" as defined in CFTC Rule 4.7, in each case, as such definition is amended, modified or supplemented from time to time.

Prohibition of Sales to European Economic Area

If the applicable Supplemental Listing Document in respect of any Certificates specifies the "Prohibition of Sales to European Economic Area Retail Investors" as "Not Applicable", the Issuer has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Certificates which are the subject of the offering contemplated by the Base Listing Document as completed by this Supplemental Listing Document to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**");

(ii) a customer within the meaning of Directive 2016/97 (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"); and

(b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe the Certificates.

PUBLIC OFFER SELLING RESTRICTION UNDER THE PROSPECTUS REGULATION

If the Supplemental Listing Document specifies "Prohibition of Sales to European Economic

Area Retail Investors" as "Not Applicable", in relation to each member state of the European Economic Area (each, a "**Relevant State**"), the Issuer has represented, warranted and agreed that it has not made and will not make an offer of Certificates which are the subject of the offering contemplated by the Base Listing Document as completed by this Supplemental Listing Document to the public in that Relevant State except that it may make an offer of such Certificates to the public in that Relevant State:

(a) Approved listing document: if the Supplemental Listing Document in relation to the Certificates specifies that an offer of those Certificates may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Relevant State (a "**Non-exempt Offer**"), following the date of publication of a listing document in relation to such Certificates which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, provided that any such listing document has subsequently been completed by the Supplemental Listing Document contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such listing document or Supplemental Listing Document, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) Qualified investors: at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(c) Fewer than 150 offered: at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the Issuer for any such offer; or

(d) Other exempt offers: at any time in any other circumstances falling within Article 3(2) of the Prospectus Regulation,

provided that no such offer of Certificates referred to in (b) to (d) above shall require the Issuer to publish a listing document pursuant to Article 3 of the Prospectus Regulation or supplement a listing document pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Certificates to the public**" in relation to any Certificates in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates, as the same may be varied in that Relevant State by any measure implementing the Prospectus Regulation in that Relevant State.

Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Certificates may not be circulated or distributed, nor may Certificates be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than pursuant to, and in accordance with the conditions of, any applicable provision of the Securities and Futures Act, Chapter 289 of Singapore.

Hong Kong

No person, other than a person permitted to do so under the securities laws of Hong Kong, has issued, or had in its possession for the purposes of issue, or will issue, or have in its possession for the purposes of issue any advertisement, invitation or document relating to the Certificates, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong other than with respect to Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong and any rules made thereunder.

SUPPLEMENTAL INFORMATION RELATING TO THE ISSUER

The information set out in Appendix II of this document relates to the recent developments in the Issuer's business.

The information set out in Appendix III of this document is an extract of the audited consolidated financial statements of UBS AG and its subsidiaries for the full year ended 31 December 2021.

For more information on the Issuer, please see http://www.ubs.com/.

Queries regarding the Certificates may be directed to +852 2971 6668 or OL-HKWarrants@ubs.com.

SUPPLEMENTAL GENERAL INFORMATION

The information set out herein is supplemental to, and should be read in conjunction with, the information set out on page 281 of the Base Listing Document.

1. Save as disclosed in the Base Listing Document and herein, there is no litigation, arbitration or administrative proceedings relating to claims or amounts which are material in the context of the issue of the Certificates to which the Issuer is a party nor, to the best of its knowledge and belief, is there any threatened litigation, arbitration or administrative proceedings relating to claims or amounts which are material in the context of the issue of the Certificates which would in either case jeopardise its ability to discharge its obligations in respect of the Certificates.

2. UBS AG, Singapore Branch at 9 Penang Road, Singapore 238459, has been authorised to accept, on behalf of the Issuer, service of process and any other notices required to be served on the Issuer. Any notices required to be served on the Issuer should be sent to UBS AG, Singapore Branch at the above address for the attention of Han-Kiat Tan, Legal & Compliance.

3. Settlement of trades done on a normal “ready basis” on the SGX-ST generally take place on the second Business Day following the transaction. Dealing in the Certificates will take place in board lots of 100 Certificates in Singapore dollars. For further details on the transfer of Certificates and their exercise, please refer to the section headed “Summary of the Issue” above.

4. It is not the current intention of the Issuer to apply for a listing of the Certificates on any stock exchange other than the SGX-ST.

5. There has been no adverse change, material in the context of the issue of the Certificates, in the financial position of the Issuer since 31 December 2021.

6. The following contracts, relating to the issue of the Certificates, have been or will be entered into by the Issuer and may be material to the issue of the Certificates:

   (a) the Master Instrument; and

   (b) the Master Warrant Agent Agreement.

   None of the directors of the Issuer has any direct or indirect interest in any of the above contracts.

7. The Issuer has appropriate risk management capabilities to manage the issue of the Certificates.

8. Copies of the following documents may be inspected during usual business hours on any weekday (Saturdays, Sundays and holidays excepted) at the office of Allen & Gledhill LLP at One Marina Boulevard #28-00, Singapore 018989, during the period of 14 days from the date of this document:

(a) the articles of association of the Issuer;

(b) the latest financial reports (including the notes thereto) of the Issuer;

(c) the Base Listing Document; and

(d) this document.

APPENDIX I

REPRODUCTION OF THE AUDITED CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021 OF XIAOMI CORPORATION AND ITS SUBSIDIARIES

XIAOMI CORPORATION
小米集团
(A company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability)
(Stock Code: 1810)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2021

The board (the "**Board**") of directors (the "**Directors**") of Xiaomi Corporation 小米集团 (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended December 31, 2021 (the "**Reporting Period**"). The consolidated financial statements for the Reporting Period have been audited by PricewaterhouseCoopers, the independent auditor of the Company (the "**Auditor**") in accordance with International Standards on Auditing. The results have also been reviewed by the audit committee of the Company (the "**Audit Committee**").

In this announcement, "we", "us", and "our" refer to the Company (as defined above) and where the context otherwise requires, the Group (as defined above).

KEY HIGHLIGHTS

	Unaudited Three months ended		
	December 31, 2021	December 31, 2020	Year-over-year change
	(Renminbi ("**RMB**") in millions, unless specified)		
Revenue	**85,575.2**	70,462.9	21.4%
Gross profit	**14,659.5**	11,326.3	29.4%
Operating profit	**4,415.6**	9,601.9	-54.0%
Profit before income tax	**3,884.5**	8,860.9	-56.2%
Profit for the period	**2,442.5**	8,795.0	-72.2%
Non-IFRS Measure: Adjusted Net Profit	**4,473.1**	3,204.4	39.6%

	Year ended December 31,		
	2021	2020	Year-over-year change
	(RMB in millions, unless specified)		
Revenue	**328,309.1**	245,865.6	33.5%
Gross Profit	**58,260.9**	36,751.8	58.5%
Operating Profit	**26,028.6**	24,034.7	8.3%
Profit before income tax	**24,417.0**	21,633.4	12.9%
Profit for the year	**19,283.2**	20,312.7	-5.1%
Non-IFRS Measure: Adjusted Net Profit	**22,039.5**	13,006.4	69.5%

BUSINESS REVIEW AND OUTLOOK

1. Overall performance

In 2021, despite the global supply shortage of key components and the continued impact of the COVID-19 pandemic, we remained focused on executing our business strategies. Our revenue and profit both achieved outstanding growth for the year, and annual revenue of each of our business segments reached record highs. In 2021, our total revenue amounted to RMB328.3 billion, an increase of 33.5% year-over-year; adjusted net profit was RMB22.0 billion, an increase of 69.5% year-over-year. In the fourth quarter of 2021, our total revenue reached RMB85.6 billion, an increase of 21.4% year-over-year; adjusted net profit was RMB4.5 billion, an increase of 39.6% year-over-year.

We continued to execute our core "Smartphone × AIoT" strategy. In 2021, our global smartphone shipments grew 30.0% year-over-year to reach 190.3 million units, a record high. According to Canalys, in 2021, our smartphone shipments ranked No. 3 globally with record-high market share of 14.1%, and we achieved the highest year-over-year shipment growth globally among the top five smartphone vendors. Global monthly active users ("**MAU**") of MIUI reached 508.9 million in December 2021, increasing 28.4% year-over-year, and we added 112.5 million MAUs of MIUI globally in 2021. As of December 31, 2021, the number of connected IoT devices (excluding smartphones, tablets and laptops) on our AIoT platform reached 434.0 million, up 33.6% year-over-year.

To drive innovation and technology advancement, we continued to increase our investments in research and development. In 2021, our research and development expenses reached RMB13.2 billion, an increase of 42.3% year-over-year. As part of our continued efforts to introduce cutting-edge technology, in 2021 we launched our first proprietary Image Signal Processor ("**ISP**"), the *Surge C1*, and our first proprietary charging chip, the *Surge P1,* which were equipped in our *Xiaomi MIX FOLD* and *Xiaomi 12 Pro* premium flagship smartphones, respectively. We introduced our first pair of smart eyewear, *Xiaomi Smart Glasses,* which is capable of functions such as displaying messages, providing navigation and taking photos. We also established our robotics laboratory and launched *CyberDog,* our first bio-inspired quadruped robot, fortifying our cutting-edge technology capabilities. In addition, we introduced the liquid lens on our *Xiaomi MIX FOLD* and our CyberFocus algorithm on our latest *Xiaomi 12* and *Xiaomi 12 Pro*, which further optimized photography experience. Looking ahead, technology innovation will continue to be our foundation, and we plan to invest more than RMB100 billion in research and development over the next five years.

Through our unwavering commitment to premiumization, we have been prioritizing user experience and improving our competitiveness in the premium smartphone segment. In 2021, our global shipments of smartphones with retail prices at or above RMB3,000 in mainland China and EUR300, or equivalent, in overseas markets exceeded 24 million units, far above the approximately 10 million units we shipped in 2020. Premium smartphone shipments as a percentage of our total shipments increased from approximately 7% in 2020 to approximately 13% in 2021.

According to Canalys, in 2021, we ranked No. 3 in smartphone shipments in mainland China, and our market share increased to a record high 15.2% from 12.1% in 2020. In December 2021, the MAU of MIUI in mainland China grew 17.0% year-over-year to 129.8 million, an increase of 18.9 million users in 2021. We continued to reinforce our leadership in the online channel. According to third-party data, our smartphone market share in mainland China through the online channel increased from 23.4% in 2020 to 33.6% in 2021. At the same time, we continued to expand our offline channel coverage in mainland China, and the number of our offline retail stores exceeded 10,200 as of December 31, 2021.

We continued to advance our overseas strategy. In 2021, our revenue from overseas markets reached RMB163.6 billion, representing an increase of 33.7% year-over-year and accounting for 49.8% of our total revenue. According to Canalys, our market share of smartphone shipments in 2021 ranked No. 1 in 14 countries and regions and among the top five in 62 countries and regions globally, including ranking No. 2 in Europe. In 2021, we have improved our regional smartphone market shares in all major regions including mainland China, Europe, Latin America, the Middle East, Africa and Asia Pacific.

2. Smartphones

Despite the global supply shortage of key components, our smartphone business maintained solid growth momentum, highlighted by increases in both shipments and ASP in the fourth quarter and full year 2021. In 2021, our smartphone revenue reached RMB208.9 billion, representing an increase of 37.2% year-over-year, and our global smartphone shipments amounted to 190.3 million units, an increase of 30.0% year-over-year. According to Canalys, our global smartphone shipments in 2021 ranked No. 3 with a market share of 14.1%. In the fourth quarter of 2021, our smartphone revenue reached RMB50.5 billion, an increase of 18.4% year-over-year, and our global smartphone shipments reached 44.1 million units, an increase of 4.4% year-over-year. According to Canalys, in the fourth quarter of 2021, our global smartphone market share ranked No. 3 with a market share of 12.5%.

We continued to execute our dual-brand strategy. Under the Xiaomi brand, we unveiled the *Xiaomi 12* series[1] in mainland China in December 2021. The launch of *Xiaomi 12* and *Xiaomi 12 Pro* is the first time we introduced dual premium models with different screen sizes, and both come equipped with Qualcomm's Snapdragon 8 Gen 1 Mobile Platform processor. According to third-party data, in January 2022, the first month after launch, shipments of *Xiaomi 12* and *Xiaomi 12 Pro* exceeded the combined shipments of all other smartphone brands also equipped with Qualcomm's Snapdragon 8 Gen 1 Mobile Platform processor. *Xiaomi 12 Pro* is also equipped with our proprietary charging chip, *Surge P1,* and the CyberFocus algorithm. Boasting exceptional performance and user experience, *Xiaomi 12 Pro* became the best-seller among Android smartphones priced at or above RMB4,000 on JD.com and Tmall.com in January 2022 following its launch. At the same time, our offline channels also played a more prominent role in premium smartphone shipment growth. In the first month after its launch, shipments of *Xiaomi 12* series in mainland China through offline channels accounted for over 50% of its total shipments.

Under the Redmi brand, we continued to bring cutting-edge technologies to the mass market and offer the ultimate user experience across highly accessible products. In February 2022, we unveiled *Redmi K50G* to target gaming enthusiasts. Equipped with the Qualcomm Snapdragon 8 Gen 1 Mobile Platform processor, this model offer users a truly satisfying gaming experience in terms of performance, heat dissipation, fast charging, display quality, and sound and vibration effects. At the same time, we launched the *Redmi K50G Mercedes-AMG Petronas Formula One Team Edition,* boasting a highly recognizable and unique design. Within the first minute of launch, sales of the *Redmi K50G* and the *Redmi K50G Mercedes-AMG Petronas Formula One Team Edition* exceeded RMB280 million. In March 2022, we launched *Redmi K50* and *Redmi K50 Pro*. *Redmi K50 Pro* is equipped with MediaTek's Dimensity 9000 processor using TSMC's advanced 4nm technology and features 2K ultra-clear screen and 120W fast-charging. It is also equipped with our self-developed charging chip *Surge P1* and a 100MP optical image stabilization ("**OIS**") camera. Priced starting from RMB2,999, *Redmi K50 Pro* continues to bring premium configurations to the mass market at extremely competitive prices.

After thoroughly reviewing our users' core requirements for smartphone systems, we emphasized on improving user experience across multiple dimensions including system smoothness, stability, and privacy protection. In the fourth quarter of 2021, we launched MIUI 13, which substantially improves responsiveness and stability across system applications and third-party apps, which is accomplished by optimizing memory management and background processing efficiency while enhancing data calculation and storage access speeds. In the third-party "System Smoothness Ranking among New Android Smartphone Models Launched in December" for mainland China[2], *Xiaomi 12 Pro* running MIUI 13 ranked No. 1. In addition, newly added privacy protection features within MIUI 13 offer even stronger safeguards for user information security and privacy.

3. IoT and lifestyle products

In 2021, our IoT and lifestyle products segment maintained robust growth with revenue increasing 26.1% year-over-year to RMB85.0 billion. In the fourth quarter of 2021, revenue from IoT and lifestyle products amounted to RMB25.1 billion, an increase of 19.1% year-over-year.

1 *Xiaomi 12 Pro, Xiaomi 12, Xiaomi 12X*

2 Based on data provided by Ludashi, a Hong Kong-listed developer of system benchmarking tools

In 2021, global shipments of our smart TV grew to 12.3 million units against an overall decline in the global TV market. As we continue to execute our premium strategy, ASP of our smart TVs increased significantly, driving our smart TV revenue to grow more than 25% year-over-year in 2021. In the fourth quarter of 2021, our global smart TV shipments reached 4.2 million units. According to All View Cloud ("**AVC**"), our smart TV shipments ranked No. 1 in mainland China for the third consecutive year and ranked top five globally. In March 2022, we launched our first 100-inch ultra-large screen TV, *Redmi MAX 100*", with dual 120Hz high refresh rate and support for Dolby Vision and Dolby Atmos, comprehensively upgrading the audio-visual entertainment experience and display effects.

In 2021, key AIoT categories such as tablets and laptops, smart large home appliances, and wearables also continued to grow steadily. First, our *Xiaomi Pad 5* series received widespread popularity; its shipments ranking in mainland China rose to No. 4 in the fourth quarter of 2021, according to Canalys. Our smart large home appliance category, which comprises air conditioners, refrigerators and washing machines, also delivered strong growth with revenue increasing over 60% year-over-year in 2021. Within this category, shipments of our smart air conditioner exceeded 2 million units in 2021, representing an increase of over 70% year-over-year. At the same time, we continued to maintain our leading position in wearable products. According to Canalys, our wearable band shipments ranked No. 2 globally in the fourth quarter of 2021. According to IDC Quarterly Wearable Device Tracker (2021Q4), our TWS earbud shipments ranked No. 2 globally and No. 1 in mainland China in the fourth quarter of 2021.

Despite the challenges in maritime shipping logistics overseas during the second half of the year as a result of the COVID-19 pandemic, our overseas IoT business maintained its strong growth momentum and reached a new record high in 2021. Looking forward, we will continue to tap into the tremendous growth potential in overseas markets, seize opportunities to expand our overseas IoT business and promote its long-term development.

4. Internet services

In 2021, our internet services business maintained solid growth despite increased industry challenges. In 2021, our internet services revenue reached RMB28.2 billion, an increase of 18.8% year-over-year. In the fourth quarter of 2021, internet services revenue reached RMB7.3 billion, growing 17.7% year-over-year, and the gross profit margin of our internet services reached 76.1%, a quarterly high.

In 2021, our overseas internet business grew rapidly. Overseas internet services revenue reached RMB5.0 billion in 2021, and accounted for 17.8% of overall internet service revenue. In the fourth quarter of 2021, overseas internet services revenue reached RMB1.6 billion, increasing 79.5% year-over-year, and accounted for 21.5% of total internet services revenue.

Our global internet user base continued to expand in the fourth quarter. In December 2021, the global MAU of MIUI increased 28.4% year-over-year to 508.9 million, while the MAU of MIUI in mainland China grew 17.0% year-over-year to 129.8 million. We added 112.5 million MAUs of MIUI globally in 2021, including 18.9 million users in mainland China. Meanwhile, our TV internet user base also maintained solid growth. In December 2021, MAU of our smart TV[3] grew more than 29% year-over-year, and the number of TV paid subscribers increased 14.5% year-over-year to 4.9 million.

In 2021, our advertising revenue reached RMB18.1 billion, representing an increase of 42.3% year-over-year, primarily attributable to our expanding user base, the higher proportion of premium smartphones, and stronger monetization capabilities. In the fourth quarter of 2021, our advertising revenue amounted to RMB4.9 billion, a year-over-year increase of 34.0%, mainly due to growth in global pre-installation revenue and overseas revenue, while performance-based and brand advertising revenue continued to grow despite industry uncertainty.

In the fourth quarter of 2021, gaming revenue was RMB0.9 billion, an increase of 9.5% year-over-year. In 2021, our gaming revenue reached RMB4.0 billion, a slight decline of 5.7% year-over-year, primarily affected by the adjustment of commercial terms that began during the third quarter of 2020, which impacted the year-over-year growth in the first half of 2021, while we returned to year-on-year growth in the second half of 2021.

5. Overseas markets

In 2021, we achieved remarkable results across our global markets. Revenue from overseas markets reached RMB163.6 billion in 2021, increasing 33.7% year-over-year and accounting for 49.8% of our total revenue. In the fourth quarter of 2021, our revenue from overseas markets reached RMB41.6 billion, an increase of 23.4% year-over-year and accounting for 48.7% of our total revenue. According to Canalys, in 2021, our market share of smartphone shipments in 2021 ranked No. 1 in 14 countries and regions and among the top five in 62 countries and regions globally.

We continued to build localized operations and strengthen our presence in overseas markets. According to Canalys, our smartphone shipments in Europe ranked No. 2 in 2021 with 22.5% market share. At the same time, we continued our solid growth trajectory in emerging markets. In the Middle East, our smartphone shipments ranked No. 2 with 16.6% market share. In Latin America and Africa, our smartphone shipments in 2021 grew 94.0% and 65.8% year-on-year, respectively, and we were the No. 3 smartphone vendor in both regions. In 2021, we have improved our regional smartphone market shares in all major regions including mainland China, Europe, Latin America, the Middle East, Africa and Asia Pacific.

Our overseas shipments of premium smartphones recorded rapid growth. In 2021, our overseas shipments of smartphones with retail prices at or above EUR300 increased over 160% year-over-year; its share of total overseas shipments increased approximately 6 percentage points compared with 2020. According to Canalys, we ranked No. 3 in terms of overseas shipments of premium smartphones with retail prices at or above USD350 in 2021.

[3] including *Xiaomi Box* and *Xiaomi TV Stick*

In 2021, we continued to strengthen our carrier channel overseas. According to Canalys, our carrier channel market share in Europe increased from 7.9% in 2020 to 16.8% in 2021, and our carrier channel market share in Latin America increased from 4.6% in 2020 to 12.3% in 2021. Overall, we shipped more than 25 million smartphones through carrier channels in overseas markets[4] in 2021, an increase of over 120% year-over-year. According to Canalys, our smartphone market share through carrier channels ranked top 3 in 34 overseas markets.

6. Strategy updates

Smartphone × AIoT

We remain focused on executing our "Smartphone × AIoT" strategy. As of December 31, 2021, the number of connected devices (excluding smartphones, tablets and laptops) on our AIoT platform reached 434.0 million, an increase of 33.6% year-over-year; the number of users with five or more devices connected to our AIoT platform (excluding smartphones, tablets and laptops) reached 8.8 million, representing a year-over-year increase of 40.4%. In December 2021, the MAU of our AI Assistant ("小愛同學") reached 107.0 million, up 23.3% year-over-year, and the MAU of our Mi Home App grew to 63.9 million, representing a year-over-year increase of 42.0%.

To build a leading smart ecosystem, we continued to enhance the interconnectivity experience between our smartphones and AIoT products. Simultaneous with our MIUI 13 launch in December 2021, we unveiled Xiaomi Share Center, which enables users to seamlessly transfer music, video and other content across devices by simply dragging and dropping icons in a new intuitive interface. In addition, we launched MIUI Family, which provides unique functions and services for a wide range of personal, home, and enterprise usage scenarios, further enhancing interconnectivity among different smart devices including smartphones, tablets, smart watches, smart TVs, touch-screen speakers, and more.

In November 2021, with respect to organizational structure, we combined the Software and Experience Department responsible for the development of MIUI, the System Software Department of Smartphone Department, and the IoT Platform Department into a single department under the Smartphone Department. This will further strengthen the synergies between smartphone hardware and software and improve user experience.

New Retail

In 2021, we continued to solidify our offline channel in mainland China, and we achieved our target of 10,000 offline retail stores ahead of schedule. Moving forward, we will further penetrate the offline channel, expand our rural footprint, and strengthen and integrate our sales and customer service capabilities in 2022. In addition, we aim to improve the operating efficiency of offline stores through measures such as end-to-end digitization, training of store staff, cross-selling IoT products, and closer collaboration with carriers.

[4] excluding India, Sri Lanka, Nepal and Bangladesh

Research and development investment

We attach great importance to the development and retention of our technology talent. In 2021, we announced new share incentive awards for young engineers, technology specialists, middle and senior management, and recipients of our New 10-year Entrepreneurship Program. Additionally, we held our Xiaomi Million Dollar Technology Award for the third consecutive year, and the 2021 award was won by the *CyberDog* bio-inspired robot project team. This is a testament to our support for the pioneering spirit and technological innovation of our engineers.

Smart electric vehicles

Since announcing our plan to enter the smart electric vehicle business in March 2021, our progress has been ahead of schedule. Currently, our smart electric vehicle research and development team exceeds 1,000 people. Looking ahead, we will continue to expand research and development in core areas such as autonomous driving and smart cabin. We continue to expect mass production to officially begin in the first half of 2024.

Corporate social responsibility (CSR)

We highly value and actively practice corporate social responsibility. By leveraging our advantages in scale and efficiency, we have been continuously driving the development of sustainable economy. In December 2021, Xiaomi was granted the Award of Excellence in ESG by the Chamber of Hong Kong Listed Companies (CHKLC) in recognition of our ESG efforts and contributions. In October 2021, Forbes named Xiaomi in its World's Best Employers List for 2021, demonstrating our employees' acknowledgement of Xiaomi's commitment to employee care, talent development and social responsibility.

We are committed to building a safe and reliable IoT ecosystem. In November 2021, IoTSF (Internet of Things Security Foundation) released a report recognizing Xiaomi's vulnerability disclosure policy as one of the best in the world, a strong endorsement of Xiaomi's IoT safety policy. In January 2022, *Xiaomi Mesh System AX3000* router received the British Standards Institution's Kitemark™ certification, marking the third time we have obtained this international security certification.

We have been deepening our involvement with public welfare initiatives. To directly assist the needy, Beijing Xiaomi Foundation provided emergency disaster relief to areas including Henan and Shanxi provinces and participated in the local fight against the pandemic in Xi'an. Xiaomi Foundation Limited in Hong Kong joined the pandemic prevention and control efforts in Hong Kong and also provided natural disaster relief services in Germany, the Netherlands, Belgium, and more. In 2021, we donated a total of nearly RMB100 million to help the needy. We also actively donate to education to nurture talent and encourage innovation in science and technology. In 2020, Beijing Xiaomi Foundation launched the Xiaomi Scholarships project, which aims to support undergraduate and graduate students across 100 universities nationwide, offering financial assistance totaling RMB500 million over five years. In November 2021, the project identified the second group of 20 participating universities. In February 2022, Beijing

Xiaomi Foundation launched the Xiaomi Young Scholar project, committed to funding young university faculty and researchers in science-related fields. It plans to donate RMB500 million to 100 universities over five years. In addition, in November 2021, we officially launched the Xiaomi Public Welfare Platform, an internet-based public donation platform, to help advance public welfare causes in mainland China.

Investment

As of December 31, 2021, we had invested in more than 390 companies with an aggregate book value of RMB60.3 billion, an increase of 25.7% year-over-year. In 2021, we recorded a net gain on disposal of investments (after tax) of RMB3.3 billion. The total amount of our investments (including (i) fair value of our stakes in listed investee companies accounted for using the equity method based on the stock price on December 31, 2021 (ii) book value of our stakes in unlisted investee companies accounted for using the equity method and (iii) book value of long-term investments measured at fair value through profit or loss) reached RMB67.8 billion as of December 31, 2021. Our investments not only yield financial returns but also build business synergies that promote the development of smart manufacturing.

Our Pledge

Our mission is to relentlessly build amazing products with honest prices to let everyone in the world enjoy a better life through innovative technology. To achieve this, as approved by our Board in May 2018, we pledged to our existing and potential users that starting from 2018, the Xiaomi Hardware Business ("**HB**"), including smartphones and IoT and lifestyle products, would have an overall net profit margin that would not exceed 5.0% per year. If the net margin exceeds 5.0%, we will return the excess above 5.0% to our users. In 2021, our hardware business was profitable with an overall net margin of less than 2.0%, fulfilling our pledge. (For the definition of hardware business net margin, please refer to Hardware Business Net Margin.)

MANAGEMENT DISCUSSION AND ANALYSIS

Year Ended December 31, 2021 Compared to Year Ended December 31, 2020

The following table sets forth the comparative figures for the years ended December 31, 2021 and 2020:

	Year ended December 31,	
	2021	2020
	(RMB in millions)	
Revenue	**328,309.1**	245,865.6
Cost of sales	**(270,048.2)**	(209,113.8)
Gross profit	**58,260.9**	36,751.8
Research and development expenses	**(13,167.1)**	(9,256.1)
Selling and marketing expenses	**(20,980.8)**	(14,539.4)
Administrative expenses	**(4,738.9)**	(3,746.4)
Fair value changes on investments measured at fair value through profit or loss	**8,132.1**	13,173.5
Share of net profits of investments accounted for using the equity method	**275.0**	1,380.9
Other income	**826.9**	642.9
Other losses, net	**(2,579.5)**	(372.5)
Operating profit	**26,028.6**	24,034.7
Finance costs, net	**(1,611.6)**	(2,401.3)
Profit before income tax	**24,417.0**	21,633.4
Income tax expenses	**(5,133.8)**	(1,320.7)
Profit for the year	**19,283.2**	20,312.7
Non-IFRS Measure: Adjusted net profit	**22,039.5**	13,006.4

Revenue

Revenue increased by 33.5% to RMB328.3 billion for the Reporting Period, compared to RMB245.9 billion for the year ended December 31, 2020. The following table sets forth our revenue by line of business for the Reporting Period and the year ended December 31, 2020:

	Year ended December 31,			
	2021		2020	
	Amount	**% of total revenue**	Amount	% of total revenue
	(RMB in millions, unless specified)			
Smartphones	**208,868.9**	**63.6%**	152,190.9	61.9%
IoT and lifestyle products	**84,980.1**	**25.9%**	67,410.5	27.4%
Internet services	**28,211.7**	**8.6%**	23,755.3	9.7%
Others	**6,248.4**	**1.9%**	2,508.9	1.0%
Total revenue	**328,309.1**	**100.0%**	245,865.6	100.0%

Smartphones

Revenue from our smartphones segment increased by 37.2% from RMB152.2 billion for the year ended December 31, 2020 to RMB208.9 billion for the Reporting Period, driven by growth in both sales volume and average selling price ("**ASP**"). Our smartphone shipment increased by 30.0% from 146.4 million for the year ended December 31, 2020 to 190.3 million for the Reporting Period. The ASP of our smartphones increased by 5.6% from RMB1,039.8 per unit for the year ended December 31, 2020 to RMB1,097.5 per unit for the Reporting Period. The increase in ASP was primarily due to the increase in the proportion of premium smartphone shipment to total smartphone shipment. In 2021, premium smartphone shipment as a percentage of total smartphone shipment increased from approximately 7% in 2020 to approximately 13% in 2021.

IoT and lifestyle products

Revenue from our IoT and lifestyle products segment increased by 26.1% from RMB67.4 billion for the year ended December 31, 2020 to RMB85.0 billion for the Reporting Period, primarily due to increase in sales of smart TVs, *Xiaomi Pad 5* series tablets which we introduced in August 2021, and smart air conditioners. Revenue from smart TVs and laptops increased from RMB22.5 billion for the year ended December 31, 2020 to RMB27.4 billion for the Reporting Period, mainly due to the increase in ASP of smart TVs.

Internet services

Revenue from our internet services segment increased by 18.8% from RMB23.8 billion for the year ended December 31, 2020 to RMB28.2 billion for the Reporting Period, mainly due to the increase in revenue from our advertising business. The internet services revenue in mainland China increased by 10.3% from RMB21.1 billion for the year ended December 31, 2020 to RMB23.2 billion for the Reporting Period. The internet services revenue overseas increased by 84.3% from RMB2.7 billion for the year ended December 31, 2020 to RMB5.0 billion for the Reporting Period.

Others

Other revenue increased by 149.0% from RMB2.5 billion for the year ended December 31, 2020 to RMB6.2 billion for the Reporting Period, primarily due to the sales of buildings and materials.

Cost of Sales

Our cost of sales increased by 29.1% from RMB209.1 billion for the year ended December 31, 2020 to RMB270.0 billion for the Reporting Period. The following table sets forth our cost of sales by line of business for the Reporting Period and the year ended December 31, 2020:

	Year ended December 31,			
	2021		2020	
	Amount	**% of total revenue**	Amount	% of total revenue
	(RMB in millions, unless specified)			
Smartphones	**184,007.9**	**56.0%**	138,986.9	56.5%
IoT and lifestyle products	**73,888.6**	**22.5%**	58,804.8	23.9%
Internet services	**7,316.6**	**2.2%**	9,111.0	3.7%
Others	**4,835.1**	**1.6%**	2,211.1	1.0%
Total cost of sales	**270,048.2**	**82.3%**	209,113.8	85.1%

Smartphones

Cost of sales related to our smartphones segment increased by 32.4% from RMB139.0 billion for the year ended December 31, 2020 to RMB184.0 billion for the Reporting Period, mainly due to the increase in our smartphone shipment.

IoT and lifestyle products

Cost of sales related to our IoT and lifestyle products segment increased by 25.7% from RMB58.8 billion for the year ended December 31, 2020 to RMB73.9 billion for the Reporting Period, primarily due to the increased sales of our IoT and lifestyle products and increased prices of several key components.

Internet services

Cost of sales related to our internet services segment decreased by 19.7% from RMB9.1 billion for the year ended December 31, 2020 to RMB7.3 billion for the Reporting Period, primarily due to a decrease in overall consumer loan balance in our fintech business.

Others

Cost of sales in our others segment increased by 118.7% from RMB2.2 billion for the year ended December 31, 2020 to RMB4.8 billion for the Reporting Period, primarily due to the cost related to the sales of buildings and materials.

Gross Profit and Margin

As a result of the foregoing, our gross profit increased by 58.5% from RMB36.8 billion for the year ended December 31, 2020 to RMB58.3 billion for the Reporting Period. Our gross profit margin increased from 14.9% for the year ended December 31, 2020 to 17.7% for the Reporting Period.

The gross profit margin from our smartphones segment increased from 8.7% for the year ended December 31, 2020 to 11.9% for the Reporting Period, mainly reflected the improvement of our product mix.

The gross profit margin from our IoT and lifestyle products segment increased slightly from 12.8% for the year ended December 31, 2020 to 13.1% for the Reporting Period.

The gross profit margin from our internet services segment was 74.1% for the Reporting Period, compared with 61.6% for the year ended December 31, 2020, mainly due to higher contribution from our advertising business.

Research and Development Expenses

Our research and development expenses increased by 42.3% from RMB9.3 billion for the year ended December 31, 2020 to RMB13.2 billion for the Reporting Period, primarily due to the increase in compensation for research and development personnel.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 44.3% from RMB14.5 billion for the year ended December 31, 2020 to RMB21.0 billion for the Reporting Period, primarily due to the increase in logistics expenses and promotion and advertising expenses. Logistics expenses increased by 50.9% from RMB3.5 billion for the year ended December 31, 2020 to RMB5.3 billion for the Reporting Period, primarily due to the expansion of our overseas business. Promotion and advertising expenses increased by 32.3% from RMB5.5 billion for the year ended December 31, 2020 to RMB7.2 billion for the Reporting Period, primarily due to the increased expenditure for promotion of our products and brand marketing.

Administrative Expenses

Our administrative expenses increased by 26.5% from RMB3.7 billion for the year ended December 31, 2020 to RMB4.7 billion for the Reporting Period, primarily due to the increase in compensation for administrative personnel and professional services fees.

Fair Value Changes on Investments Measured at Fair Value Through Profit or Loss

Our fair value changes on investments measured at fair value through profit or loss decreased by 38.3% from a gain of RMB13.2 billion for the year ended December 31, 2020 to a gain of RMB8.1 billion for the Reporting Period, primarily due to the lower fair value gains of listed ordinary shares investments.

Share of Net Profits of Investments Accounted for Using the Equity Method

Our share of net profits of investments accounted for using the equity method changed from net profits of RMB1,380.9 million for the year ended December 31, 2020 to net profits of RMB275.0 million for the Reporting Period, primarily due to the higher dilution gains from our certain investees in 2020, such as the dilution gain from the initial public offering of Kingsoft Cloud Holdings Limited ("Kingsoft Cloud", Nasdaq: KC).

Other Income

Our other income increased by 28.6% from RMB642.9 million for the year ended December 31, 2020 to RMB826.9 million for the Reporting Period, primarily due to the increase in dividend income and tax refunds partially offset by decrease in government grants.

Other Losses, Net

Our other net losses changed from RMB0.4 billion for the year ended December 31, 2020 to RMB2.6 billion in the Reporting Period. This is mainly due to the impairment of investments accounted for using the equity method, partially offset by gains on disposal from our investee companies for the Reporting Period.

Finance Cost, Net

Our net finance costs decreased by 32.9% from RMB2.4 billion for the year ended December 31, 2020 to RMB1.6 billion for the Reporting Period, primarily due to the decrease in changes of value of financial liabilities to fund investors.

Income Tax Expenses

Our income tax expenses increased from RMB1.3 billion for the year ended December 31, 2020 to RMB5.1 billion for the Reporting Period, primarily due to the increase in taxable income in the Reporting Period and more deductible expense items in the year ended December 31, 2020.

Profit for the Year

As a result of the foregoing, we had a profit of RMB19.3 billion for the Reporting Period, compared with a profit of RMB20.3 billion for the year ended December 31, 2020.

Adjusted Net Profit

Our adjusted net profit increased by 69.5% from RMB13.0 billion for the year ended December 31, 2020 to RMB22.0 billion for the Reporting Period.

Fourth Quarter of 2021 Compared to Fourth Quarter of 2020

The following table sets forth the comparative figures for the fourth quarter of 2021 and the fourth quarter of 2020:

	Unaudited Three months ended	
	December 31, 2021	December 31, 2020
	(RMB in millions)	
Revenue	**85,575.2**	70,462.9
Cost of sales	**(70,915.7)**	(59,136.6)
Gross profit	**14,659.5**	11,326.3
Research and development expenses	**(3,853.2)**	(3,105.6)
Selling and marketing expenses	**(6,254.3)**	(5,090.3)
Administrative expenses	**(1,326.3)**	(1,275.8)
Fair value changes on investments measured at fair value through profit or loss	**3,879.1**	7,041.5
Share of net profits of investments accounted for using the equity method	**247.1**	368.2
Other income	**205.3**	246.9
Other (losses)/gains, net	**(3,141.6)**	90.7
Operating profit	**4,415.6**	9,601.9
Finance costs, net	**(531.1)**	(741.0)
Profit before income tax	**3,884.5**	8,860.9
Income tax expenses	**(1,442.0)**	(65.9)
Profit for the period	**2,442.5**	8,795.0
Non-IFRS Measure: Adjusted net profit	**4,473.1**	3,204.4

Revenue

Revenue increased by 21.4% to RMB85.6 billion in the fourth quarter of 2021 from RMB70.5 billion in the fourth quarter of 2020. The following table sets forth our revenue by line of business in the fourth quarter of 2021 and the fourth quarter of 2020:

	Unaudited Three months ended			
	December 31, 2021		December 31, 2020	
	Amount	**% of total revenue**	Amount	% of total revenue
	(RMB in millions, unless specified)			
Smartphones	**50,464.1**	**59.0%**	42,634.5	60.5%
IoT and lifestyle products	**25,066.6**	**29.3%**	21,054.4	29.9%
Internet services	**7,269.5**	**8.5%**	6,175.1	8.8%
Others	**2,775.0**	**3.2%**	598.9	0.8%
Total revenue	**85,575.2**	**100.0%**	70,462.9	100.0%

Smartphones

Revenue from our smartphones segment increased by 18.4% from RMB42.6 billion in the fourth quarter of 2020 to RMB50.5 billion for the fourth quarter of 2021. Our smartphone shipment increased by 4.4% from 42.3 million in the fourth quarter of 2020 to 44.1 million in the fourth quarter of 2021.

The ASP of our smartphones increased by 13.3% from RMB1,009.1 per unit in the fourth quarter of 2020 to RMB1,143.6 per unit in the fourth quarter of 2021. The increase in ASP was primarily due to the increase in the proportion of premium smartphone shipment to the total smartphone shipment in the fourth quarter of 2021.

IoT and lifestyle products

Revenue from our IoT and lifestyle products segment increased by 19.1% from RMB21.1 billion in the fourth quarter of 2020 to RMB25.1 billion in the fourth quarter of 2021, primarily due to the increase in sales of smart TVs, *Xiaomi Pad 5* series tablets and smart watches. Revenue from smart TVs and laptops increased by 22.5% from RMB7.1 billion in the fourth quarter of 2020 to RMB8.7 billion in the fourth quarter of 2021, mainly due to the increase in both shipment and ASP of smart TVs.

Internet services

Revenue from our internet services segment increased by 17.7% from RMB6.2 billion in the fourth quarter of 2020 to RMB7.3 billion in the fourth quarter of 2021, mainly due to the increase in revenue from our advertising business. The internet services revenue in mainland China increased by 7.6% from RMB5.3 billion in the fourth quarter of 2020 to RMB5.7 billion in the fourth quarter of 2021. The internet services revenue overseas increased by 79.5% from RMB0.9 billion in the fourth quarter of 2020 to RMB1.6 billion in the fourth quarter of 2021.

Others

Other revenue increased by 363.3% from RMB0.6 billion in the fourth quarter of 2020 to RMB2.8 billion in the fourth quarter of 2021, primarily due to the sales of apartment buildings and materials.

Cost of Sales

Our cost of sales increased by 19.9% from RMB59.1 billion in the fourth quarter of 2020 to RMB70.9 billion in the fourth quarter of 2021. The following table sets forth our cost of sales by line of business in the fourth quarter of 2021 and the fourth quarter of 2020:

	Unaudited Three months ended			
	December 31, 2021		December 31, 2020	
	Amount	**% of total revenue**	Amount	% of total revenue
	(RMB in millions, unless specified)			
Smartphones	**45,346.1**	**53.0%**	38,162.9	54.2%
IoT and lifestyle products	**21,795.9**	**25.5%**	18,508.1	26.3%
Internet services	**1,740.2**	**2.0%**	1,951.0	2.8%
Others	**2,033.5**	**2.4%**	514.6	0.6%
Total cost of sales	**70,915.7**	**82.9%**	59,136.6	83.9%

Smartphones

Cost of sales related to our smartphones segment increased by 18.8% from RMB38.2 billion in the fourth quarter of 2020 to RMB45.3 billion in the fourth quarter of 2021, primarily due to the increase in our smartphone shipment.

IoT and lifestyle products

Cost of sales related to our IoT and lifestyle products segment increased by 17.8% from RMB18.5 billion in the fourth quarter of 2020 to RMB21.8 billion in the fourth quarter of 2021, primarily due to the increased sales of our IoT and lifestyle products.

Internet services

Cost of sales related to our internet services segment decreased by 10.8% from RMB2.0 billion in the fourth quarter of 2020 to RMB1.7 billion in the fourth quarter of 2021, primarily due to a decrease in overall consumer loan balance in our fintech business.

Others

Cost of sales related to our others segment increased by 295.2% from RMB0.5 billion in the fourth quarter of 2020 to RMB2.0 billion in the fourth quarter of 2021, primarily due to the cost related to the sales of apartment buildings and materials.

Gross Profit and Margin

As a result of the foregoing, our gross profit increased by 29.4% from RMB11.3 billion in the fourth quarter of 2020 to RMB14.7 billion in the fourth quarter of 2021. Our gross profit margin increased from 16.1% in the fourth quarter of 2020 to 17.1% in the fourth quarter of 2021.

The gross profit margin from our smartphones segment decreased slightly from 10.5% in the fourth quarter of 2020 to 10.1% in the fourth quarter of 2021 due to the enhanced promotional efforts during major shopping festivals particularly in mainland China in the fourth quarter of 2021.

The gross profit margin from our IoT and lifestyle products segment increased from 12.1% in the fourth quarter of 2020 to 13.0% in the fourth quarter of 2021, mainly due to the increased profit margin of overseas IoT products and the introduction of certain IoT products with higher profit margin.

The gross profit margin from our internet services segment increased from 68.4% in the fourth quarter of 2020 to 76.1% in the fourth quarter of 2021, mainly due to higher contribution from our advertising business.

Research and Development Expenses

Our research and development expenses increased by 24.1% from RMB3.1 billion in the fourth quarter of 2020 to RMB3.9 billion in the fourth quarter of 2021, primarily due to the increase in compensation for research and development personnel and higher development-related expenses.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 22.9% from RMB5.1 billion in the fourth quarter of 2020 to RMB6.3 billion in the fourth quarter of 2021, primarily due to the increase in logistics expenses and promotion and advertising expenses. The logistics expenses increased by 47.8% from RMB1.1 billion in the fourth quarter of 2020 to RMB1.6 billion in the fourth quarter of 2021, primarily due to the expansion of our overseas business. Promotion and advertising expenses increased by 7.9% from RMB2.3 billion in the fourth quarter of 2020 to RMB2.4 billion in the fourth quarter of 2021, primarily due to the increased expenditure for promotion of our products in mainland China in the fourth quarter of 2021.

Administrative Expenses

Our administrative expenses increased by 4.0% from RMB1,275.8 million in the fourth quarter of 2020 to RMB1,326.3 million in the fourth quarter of 2021.

Fair Value Changes on Investments Measured at Fair Value Through Profit or Loss

Our fair value changes on investments measured at fair value through profit or loss decreased by 44.9% from a gain of RMB7.0 billion in the fourth quarter of 2020 to a gain of RMB3.9 billion in the fourth quarter of 2021, primarily due to the lower fair value gains of unlisted investments in the fourth quarter of 2021.

Share of net Profits of Investments Accounted for Using the Equity Method

Our share of net profits of investments accounted for using the equity method changed from net profits of RMB368.2 million in the fourth quarter of 2020 to net profits of RMB247.1 million in the fourth quarter of 2021, primarily due to the consolidation of Zimi International Incorporation ("**Zimi**") in the third of quarter of 2021, which was previously accounted for using the equity method in the fourth quarter of 2020.

Other Income

Our other income decreased by 16.8% from RMB246.9 million in the fourth quarter of 2020 to RMB205.3 million in the fourth quarter of 2021, primarily due to the decrease in government grants.

Other (Losses)/Gains, Net

Our other net (losses)/gains changed from net gains of RMB90.7 million in the fourth quarter of 2020 to net losses of RMB3,141.6 million in the fourth quarter of 2021. This is mainly due to the impairment of investments accounted for using the equity method, partially offset by gains on disposal from our investee companies in the fourth quarter of 2021.

Finance Costs, Net

Our net finance costs decreased by 28.3% from RMB741.0 million in the fourth quarter of 2020 to RMB531.1 million in the fourth quarter of 2021, primarily due to the decrease in changes of value of financial liabilities to fund investors.

Income Tax Expenses

Our income tax expenses increased from RMB65.9 million in the fourth quarter of 2020 to RMB1,442.0 million in the fourth quarter of 2021, primarily due to the increase in taxable income in the fourth quarter of 2021.

Profit for the Period

As a result of the foregoing, we had a profit of RMB2.4 billion in the fourth quarter of 2021, compared with a profit of RMB8.8 billion in the fourth quarter of 2020.

Adjusted Net Profit

Our adjusted net profit increased by 39.6% from RMB3.2 billion in the fourth quarter of 2020 to RMB4.5 billion in the fourth quarter of 2021.

Fourth Quarter of 2021 Compared to Third Quarter of 2021

The following table sets forth the comparative figures for the fourth quarter of 2021 and the third quarter of 2021:

	Unaudited Three months ended	
	December 31, 2021	September 30, 2021
	(RMB in millions)	
Revenue	**85,575.2**	78,062.9
Cost of sales	**(70,915.7)**	(63,770.6)
Gross profit	**14,659.5**	14,292.3
Research and development expenses	**(3,853.2)**	(3,237.7)
Selling and marketing expenses	**(6,254.3)**	(4,882.3)
Administrative expenses	**(1,326.3)**	(1,274.6)
Fair value changes on investments measured at fair value through profit or loss	**3,879.1**	(1,975.6)
Share of net profits of investments accounted for using the equity method	**247.1**	45.1
Other income	**205.3**	234.9
Other losses, net	**(3,141.6)**	(472.3)
Operating profit	**4,415.6**	2,729.8
Finance costs, net	**(531.1)**	(942.6)
Profit before income tax	**3,884.5**	1,787.2
Income tax expenses	**(1,442.0)**	(998.6)
Profit for the period	**2,442.5**	788.6
Non-IFRS Measure: Adjusted net profit	**4,473.1**	5,175.6

Revenue

Revenue increased by 9.6% to RMB85.6 billion in the fourth quarter of 2021 from RMB78.1 billion in the third quarter of 2021. The following table sets forth our revenue by line of business in the fourth quarter of 2021 and the third quarter of 2021:

	Unaudited Three months ended			
	December 31, 2021		September 30, 2021	
	Amount	**% of total revenue**	Amount	% of total revenue
	(RMB in millions, unless specified)			
Smartphones	**50,464.1**	**59.0%**	47,824.9	61.3%
IoT and lifestyle products	**25,066.6**	**29.3%**	20,935.6	26.8%
Internet services	**7,269.5**	**8.5%**	7,337.9	9.4%
Others	**2,775.0**	**3.2%**	1,964.5	2.5%
Total revenue	**85,575.2**	**100.0%**	78,062.9	100.0%

Smartphones

Revenue from our smartphones segment increased by 5.5% from RMB47.8 billion in the third quarter of 2021 to RMB50.5 billion in the fourth quarter of 2021. Our smartphone shipment increased from 43.9 million in the third quarter of 2021 to 44.1 million in the fourth quarter of 2021, mainly due to the increase in premium smartphone shipment. The ASP of our smartphones increased from RMB1,090.5 per unit in the third quarter of 2021 to RMB1,143.6 per unit in the fourth quarter of 2021, primarily due to the increase in the proportion of our premium smartphone shipment to total smartphone shipment of in the fourth quarter of 2021.

IoT and lifestyle products

Revenue from our IoT and lifestyle products segment increased by 19.7% from RMB20.9 billion in the third quarter of 2021 to RMB25.1 billion in the fourth quarter of 2021, primarily due to the increase in sales of smart TVs, tablets and robot vacuum cleaners. Revenue from smart TVs and laptops increased by 22.5% from RMB7.1 billion in the third quarter of 2021 to RMB8.7 billion in the fourth quarter of 2021, mainly due to the increase in smart TV shipment.

Internet services

Revenue from our internet services segment decreased by 0.9% from RMB7.3 billion in the third quarter of 2021 to RMB7.3 billion in the fourth quarter of 2021, mainly due to the decreased revenue of our other value-added services.

Others

Other revenue increased by 41.3% from RMB2.0 billion in the third quarter of 2021 to RMB2.8 billion in the fourth quarter of 2021, primarily due to the sales of apartment buildings.

Cost of Sales

Our cost of sales increased by 11.2% from RMB63.8 billion in the third quarter of 2021 to RMB70.9 billion in the fourth quarter of 2021.

	Unaudited Three months ended			
	December 31, 2021		September 30, 2021	
	Amount	**% of total revenue**	Amount	% of total revenue
	(RMB in millions, unless specified)			
Smartphones	**45,346.1**	**53.0%**	41,708.8	53.4%
IoT and lifestyle products	**21,795.9**	**25.5%**	18,509.7	23.7%
Internet services	**1,740.2**	**2.0%**	1,940.6	2.5%
Others	**2,033.5**	**2.4%**	1,611.5	2.1%
Total cost of sales	**70,915.7**	**82.9%**	63,770.6	81.7%

Smartphones

Cost of sales related to our smartphones segment increased by 8.7% from RMB41.7 billion in the third quarter of 2021 to RMB45.3 billion in the fourth quarter of 2021, primarily due to the increase in our smartphone shipment.

IoT and lifestyle products

Cost of sales in our IoT and lifestyle products segment increased by 17.8% from RMB18.5 billion in the third quarter of 2021 to RMB21.8 billion in the fourth quarter of 2021, primarily due to the increased sales of our IoT and lifestyle products.

Internet services

Cost of sales related to our internet services segment decreased by 10.3% from RMB1.9 billion in the third quarter of 2021 to RMB1.7 billion in the fourth quarter of 2021, primarily due to the decreased costs of our other value-added services.

Others

Cost of sales related to our others segment increased by 26.2% from RMB1.6 billion in the third quarter of 2021 to RMB2.0 billion in the fourth quarter of 2021, mainly due to the the cost related to the sales of apartment buildings.

Gross Profit and Margin

As a result of the foregoing, our gross profit increased by 2.6% from RMB14.3 billion in the third quarter of 2021 to RMB14.7 billion in the fourth quarter of 2021. Our gross profit margin decreased from 18.3% in the third quarter of 2021 to 17.1% in the fourth quarter of 2021.

The gross profit margin from our smartphones segment decreased from 12.8% in the third quarter of 2021 to 10.1% in the fourth quarter of 2021 due to the enhanced promotional efforts in major shopping festivals particularly in mainland China in the fourth quarter of 2021.

The gross profit margin from our IoT and lifestyle products segment increased from 11.6% in the third quarter of 2021 to 13.0% in the fourth quarter of 2021, mainly attributable to the increased profit margin of smart TVs.

The gross profit margin from our internet services segment increased from 73.6% in the third quarter of 2021 to 76.1% in the fourth quarter of 2021, mainly due to higher contribution from our advertising business.

Research and Development Expenses

Our research and development expenses increased by 19.0% from RMB3.2 billion in the third quarter of 2021 to RMB3.9 billion in the fourth quarter of 2021, primarily due to the higher development–related expenses.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 28.1% from RMB4.9 billion in the third quarter of 2021 to RMB6.3 billion in the fourth quarter of 2021, primarily due to the increase in promotion and advertising expenses. The promotion and advertising expenses increased by 53.8% from RMB1.6 billion in the third quarter of 2021 to RMB2.4 billion in the fourth quarter of 2021, primarily due to the increased expenditure for promotion of our products, for our brand marketing and for overseas market business development.

Administrative Expenses

Our administrative expenses increased by 4.1% from RMB1,274.6 million in the third quarter of 2021 to RMB1,326.3 million in the fourth quarter of 2021.

Fair Value Changes on Investments Measured at Fair Value Through Profit or Loss

Our fair value changes on investments measured at fair value through profit or loss changed from a loss of RMB2.0 billion in the third quarter of 2021 to a gain of RMB3.9 billion in the fourth quarter of 2021, primarily due to improved market sentiment towards technology sector in mainland China in the fourth quarter of 2021.

Share of Net Profits of Investments Accounted for Using the Equity Method

Our share of net profits of investments accounted for using the equity method changed from net profits of RMB45.1 million in the third quarter of 2021 to net profits of RMB247.1 million in the fourth quarter of 2021, primarily due to the dilution gain from Kingsoft Cloud in the fourth quarter of 2021.

Other Income

Our other income decreased by 12.6% from RMB234.9 million in the third quarter of 2021 to RMB205.3 million in the fourth quarter of 2021.

Other Losses, Net

Our other net losses changed from RMB0.5 billion in the third quarter of 2021 to RMB3.1 billion in the fourth quarter of 2021. This is due to the impairment of investments accounted for using the equity method, partially offset by gains on disposal from our investee companies in the fourth quarter of 2021.

Finance Costs, Net

Our net finance costs decreased by 43.7% from RMB942.6 million in the third quarter of 2021 to RMB531.1 million in the fourth quarter of 2021, primarily due to the decrease in changes of value of financial liabilities to fund investors.

Income Tax Expenses

Our income tax expenses increased by 44.4% from RMB998.6 million for the third quarter of 2021 to RMB1,442.0 million in the fourth quarter of 2021, primarily due to the increase in taxable income, partially offset by the additional deductibility of expense items in the fourth quarter of 2021.

Profit for the Period

As a result of the foregoing, we had a profit of RMB0.8 billion and a profit of RMB2.4 billion for the third and fourth quarter of 2021, respectively.

Adjusted Net Profit

Our adjusted net profit is RMB5.2 billion and RMB4.5 billion for the third and fourth quarter of 2021, respectively.

Non-IFRS Measure: Adjusted Net Profit

To supplement our consolidated results which are prepared and presented in accordance with International Financial Reporting Standards (the "**IFRS**"), we utilize non-IFRS adjusted net profit ("**Adjusted Net Profit**") as an additional financial measure. We define Adjusted Net Profit as profit for the period, as adjusted by adding back (i) share-based compensation, (ii) net fair value changes on investments, (iii) amortization of intangible assets resulting from acquisitions, (iv) changes of value of financial liabilities to fund investors, and (v) income tax effects of non-IFRS adjustments.

Adjusted Net Profit is not required by, or presented in accordance with, IFRS. We believe that the presentation of non-IFRS measures when shown in conjunction with the corresponding IFRS measures provides useful information to investors and management regarding financial and business trends in relation to our financial condition and results of operations, by eliminating any potential impact of items that our management does not consider to be indicative of our operating performance such as certain non-cash items and the impact of certain investment transactions. We also believe that the non-IFRS measures are appropriate for evaluating the Group's operating performance. However, the use of this particular non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under IFRS. In addition, this non-IFRS financial measure may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures used by other companies.

The following tables set forth reconciliations of the Group's Non-IFRS measures for the fourth quarter of 2021, the third quarter of 2021, the fourth quarter of 2020 and the years ended December 31, 2021 and 2020 to the nearest measures prepared in accordance with IFRS.

	Unaudited Three Months Ended December 31, 2021						
		Adjustments					
	As reported	**Share-based compensation**	**Net fair value changes on investments[1]**	**Amortization of intangible assets resulting from acquisitions[2]**	**Changes of value of financial liabilities to fund investors[3]**	**Income tax effects[4]**	**Non-IFRS**
	(RMB in thousand, unless specified)						
Profit for the period	**2,442,503**	**448,595**	**165,520**	**36,081**	**613,733**	**766,683**	**4,473,115**
Net margin	**2.9%**						**5.2%**

	Unaudited Three Months Ended September 30, 2021						
		Adjustments					
	As reported	Share-based compensation	Net fair value changes on investments[1]	Amortization of intangible assets resulting from acquisitions[2]	Changes of value of financial liabilities to fund investors[3]	Income tax effects[4]	Non-IFRS
	(RMB in thousand, unless specified)						
Profit for the period	788,517	298,489	3,095,450	33,112	1,030,405	(70,398)	5,175,575
Net margin	1.0%						6.6%

	Unaudited Three Months Ended December 31, 2020						
		Adjustments					
	As reported	Share-based compensation	Net fair value changes on investments[1]	Amortization of intangible assets resulting from acquisitions[2]	Changes of value of financial liabilities to fund investors[3]	Income tax effects[4]	Non-IFRS
	(RMB in thousand, unless specified)						
Profit for the period	8,794,995	660,624	(7,108,419)	79	864,430	(7,318)	3,204,391
Net margin	12.5%						4.5%

	Year Ended December 31, 2021						
		Adjustments					
	As reported	**Share-based compensation**	**Net fair value changes on investments[(1)]**	**Amortization of intangible assets resulting from acquisitions[(2)]**	**Changes of value of financial liabilities to fund investors[(3)]**	**Income tax effects[(4)]**	**Non-IFRS**
	(RMB in thousand, unless specified)						
Profit for the year	**19,283,235**	**2,035,569**	**(2,241,513)**	**69,351**	**2,057,133**	**835,699**	**22,039,474**
Net margin	**5.9%**						**6.7%**

	Year Ended December 31, 2020						
		Adjustments					
	As reported	Share-based compensation	Net fair value changes on investments[(1)]	Amortization of intangible assets resulting from acquisitions[(2)]	Changes of value of financial liabilities to fund investors[(3)]	Income tax effects[(4)]	Non-IFRS
	(RMB in thousand, unless specified)						
Profit for the year	20,312,710	2,328,319	(12,187,807)	316	2,892,323	(339,498)	13,006,363
Net margin	8.3%						5.3%

Notes:

(1) Includes fair value changes on ordinary shares investments and preferred shares investments deducting the cumulative fair value changes for investments (including the financial assets measured at fair value through profit or loss ("**FAFVPL**") and the investments using the equity method transferred from FAFVPL) disposed in the current period, net gains/(losses) on deemed disposals of investee companies, the impairment provision for investments, re-measurement of loss of significant influence in an associate and, re-measurement of investments transferring from FAFVPL to investments using the equity method.

(2) Represents amortization of intangible assets resulting from acquisitions.

(3) Represent the change of value of the financial liabilities payable to the fund investors, as a result of the change of fair value of the fund.

(4) Income tax effects of non-IFRS adjustments.

Hardware Business Net Margin

HB overall net profit margin rate[1] *= HB overall net profit/Revenue from HB*

HB overall profit before tax = Revenue from HB – Cost of sales of HB – Selling and marketing expenses of HB – Administrative expenses of HB – Research and development expenses of HB

HB overall net profit = HB overall profit before tax – Income tax expenses of HB

Share-based compensation expenses are excluded from selling and marketing expenses of HB, administrative expenses of HB, research and development expenses of HB. Income tax expenses of HB equals to the HB overall profit before tax multiplied by the effective tax rate of the Group.

Note:

The source data and calculation formulae of HB overall net profit margin rate are provided by the Group. PricewaterhouseCoopers Zhong Tian LLP was engaged by the Group to conduct certain procedures, as mutually agreed by both parties, including agreeing the source data used to the books and records and recalculating the HB overall net profit margin rate based on the formulae provided by the Group.

Liquidity, Financial Resources and Gearing

On December 4, 2020, the Company completed of a placing of a total of 1,000,000,000 placing shares at HK$23.70 for each placing share owned by Smart Mobile Holdings Limited to not less than six placees who and whose ultimate beneficial owner(s) are independent third parties and allotted and issued 1,000,000,000 subscription shares at HK$23.70 per subscription share under the general mandate to Smart Mobile Holdings (the "**2020 Placing and Subscription**"). For further details, please refer to the Company's announcements dated December 2, 2020, December 3, 2020 and December 9, 2020.

Other than the funds raised through our Global Offering in July 2018, the 2020 Placing and Subscription and the issuance of debt securities as described in "Issuance of Debt Securities" below, we have historically funded our cash requirements principally from cash generated from our operations and bank borrowings. We had cash and cash equivalents of RMB23.5 billion and RMB32.6 billion as of December 31, 2021 and September 30, 2021, respectively.

Note:

The cash resources which the Group considered in cash management including but not limited to cash and cash equivalents, restricted cash, short-term bank deposits, short-term investments measured at fair value through profit or loss, short-term investments measured at amortized cost and long-term bank deposits. As of December 31, 2021, the aggregate amount of cash resources of the Group was RMB106.0 billion.

Issuance of Debt Securities

On April 29, 2020, Xiaomi Best Time International Limited, a wholly owned subsidiary of the Company, issued US$600 million 3.375% senior notes due 2030 unconditionally and irrevocably guaranteed by the Company (the "**2030 Notes**"). For further details, please refer to the announcements of the Company published on April 20, 2020 and April 23, 2020.

On December 17, 2020, Xiaomi Best Time International Limited issued zero coupon guaranteed convertible bonds due 2027 guaranteed by the Company in the aggregate principal amount of US$855 million at an initial conversion price of HK$36.74 per conversion share (subject to adjustments) (the "**2027 Bonds**"). The 2027 Bonds are listed on the Stock Exchange. For further details, please refer to the announcements of the Company dated December 2, 2020, December 3, 2020, December 17, 2020 and December 18, 2020.

On July 14, 2021, Xiaomi Best Time International Limited issued US$800 million 2.875% senior bonds due 2031 (the "**2031 Bonds**") and US$400 million 4.100% senior green bonds due 2051, both of which were unconditionally and irrevocably guaranteed by the Company (the "**Green Bonds**"). For further details of the 2031 Bonds and Green Bonds, please refer to the announcements of the Company published on July 6, 2021, July 8, 2021, July 14, 2021 and July 15, 2021.

Consolidated Statement of Cash Flows

	Unaudited Three months ended	
	December 31, 2021	September 30, 2021
	(RMB in millions)	
Net cash generated from/(used in) operating activities[(1)]	**11,731.7**	(10,230.7)
Net cash (used in)/generated from investing activities	**(20,071.5)**	7,050.9
Net cash (used in)/generated from financing activities[(1)]	**(550.1)**	3,978.6
Net (decrease)/increase in cash and cash equivalents	**(8,889.9)**	798.8
Cash and cash equivalents at beginning of period	**32,649.5**	31,881.0
Effects of exchange rate changes on cash and cash equivalents	**(248.0)**	(30.3)
Cash and cash equivalents at end of period	**23,511.6**	32,649.5

Note:

(1) Excluding (1) the change of loan and interest receivables and impairment provision for loan receivables mainly resulting from the fintech business; (2) the change of trade payments resulting from the finance factoring business; (3) the change of restricted cash resulting from the fintech business; and (4) the change of deposits from customers resulting from the Airstar Bank, the net cash generated from operating activities was RMB12.0 billion in the fourth quarter of 2021 and the net cash used in operating activities was RMB12.9 billion in the third quarter of 2021, respectively. Excluding the change of borrowings for the fintech business, the net cash used in financing activities was RMB2.2 billion in the fourth quarter of 2021 and the net cash generated from financing activities was RMB4.6 billion in the third quarter of 2021, respectively. The information in this footnote is based on the management accounts of the Group, which have not been audited or reviewed by the Group's auditor. The accounting policies applied in the preparation of the management accounts are consistent with those used for other figures in this announcement.

Net Cash Generated From Operating Activities

Net cash generated from operating activities represents the cash generated from our operations minus the income tax paid. Cash generated from our operations primarily comprises our profit before income tax adjusted by non-cash items and changes in working capital.

In the fourth quarter of 2021, net cash generated from our operating activities amounted to RMB11.7 billion, representing cash generated from operations of RMB12.0 billion minus income tax paid of RMB0.3 billion. Cash generated from operations was primarily attributable to our profit before income tax of RMB3.9 billion, adjusted by a decrease in prepayments and other receivables of RMB4.6 billion, and a decrease in inventories of RMB4.3 billion.

Net Cash Used In Investing Activities

For the fourth quarter of 2021, our net cash used in investing activities was RMB20.1 billion, which was primarily attributed to the net changes of short-term investments measured at fair value through profit or loss of RMB9.3 billion, the net changes of short-term bank deposits of RMB7.2 billion and the purchase of long-term investments measured at fair value through profit or loss of RMB2.5 billion.

Net Cash Used In Financing Activities

For the fourth quarter of 2021, our net cash used in financing activities was RMB0.6 billion, which was primarily attributed to the payments for shares repurchase of RMB0.5 billion and the payment of lease liabilities of RMB0.4 billion, partially offset by the increase in borrowings of RMB0.6 billion.

Borrowings

As of September 30, 2021 and December 31, 2021, we had total borrowings of RMB25.9 billion and RMB26.2 billion, respectively.

Capital Expenditure

	Three months ended	
	December 31, 2021	September 30, 2021
	(RMB in millions)	
Capital expenditures	**2,010.3**	3,330.1
Placement of long-term investments[(1)]	**2,592.2**	5,534.5
Total	**4,602.5**	8,864.6

Note:

(1) Placement for long-term investments mainly represents ordinary shares investments and preferred shares investments.

Off-Balance Sheet Commitments and Arrangements

As of December 31, 2021, except for financial guarantee contracts, we had not entered into any significant off-balance sheet commitments or arrangements.

Future Plans for Material Investments and Capital Assets

As of December 31, 2021, we did not have other plans for material investments and capital assets.

Significant Investments

The Group did not make or hold any significant investments (including any investment in an investee company with a value of 5 percent or more of the Group's total assets as of December 31, 2021) during the Reporting Period.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

On July 5, 2021, the transaction concerning the acquisition of Zimi was closed. Zimi has become a wholly-owned subsidiary of the Group. Further details of the transaction can be found in the announcement of the Company published on March 24, 2021.

On September 22, 2021, the transaction concerning the acquisition of Deepmotion Tech Limited ("**Deepmotion**", an autonomous driving technology company) was closed. Deepmotion has become a wholly-owned subsidiary of the Group. Further details of the transaction can be found in the announcement of the Company published on August 25, 2021.

Save as disclosed above, during the Reporting Period, we did not conduct any material acquisitions or disposals of subsidiaries and affiliated companies.

Employee and Remuneration Policy

As of December 31, 2021, we had 33,427 full-time employees, 30,943 of whom were based in mainland China, primarily at our headquarters in Beijing, with the rest primarily based in India and Indonesia. We expect to continue to increase our headcount in mainland China and our key target global markets. As of December 31, 2021, our research and development personnel, totaling 14,592 employees, were staffed across our various departments.

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our human resources strategy, we offer employees competitive compensation packages. As of December 31, 2021, 14,608 employees held share-based awards. The total remuneration expenses, including share-based compensation expense, for the Reporting Period were RMB13.8 billion, representing an increase of 39.4% from the year ended December 31, 2020 of RMB9.9 billion.

Foreign Exchange Risk

The transactions of our Company are denominated and settled in our functional currency, the United States dollar. Our Group's subsidiaries primarily operate in the People's Republic of China (the "**PRC**") and other regions such as India, and are exposed to foreign exchange risk arising from various currencies exposures, primarily with respect to the United States dollar. Therefore, foreign exchange risk primarily arises from recognized assets and liabilities in our subsidiaries when receiving or to receive foreign currencies from, or paying or to pay foreign currencies to overseas business partners.

We will continue to monitor changes in currency exchange rates and will take necessary measures to mitigate exchange rate impact.

Pledge of Assets

As of December 31, 2021, we pledged restricted deposits of RMB4,319.7 million, compared with RMB2,563.7 million as of September 30, 2021. The restricted deposits as of December 31, 2021 were primarily for an ongoing tax investigation in India. We also had pledged certain buildings, construction in progress and land use right for borrowings.

Contingent Liabilities

As of December 31, 2021, we did not have any material contingent liabilities, compared with nil as of September 30, 2021.

CONSOLIDATED INCOME STATEMENT

For the year ended December 31, 2021
*(Expressed in Renminbi ("**RMB**"))*

	Note	Year ended December 31, 2021 RMB'000	Year ended December 31, 2020 RMB'000
Revenue	2	**328,309,145**	245,865,633
Cost of sales	2, 3	**(270,048,204)**	(209,113,771)
Gross profit		**58,260,941**	36,751,862
Research and development expenses	3	**(13,167,088)**	(9,256,139)
Selling and marketing expenses	3	**(20,980,765)**	(14,539,400)
Administrative expenses	3	**(4,738,919)**	(3,746,449)
Fair value changes on investments measured at fair value through profit or loss	6	**8,132,133**	13,173,479
Share of net profits of investments accounted for using the equity method		**275,013**	1,380,904
Other income		**826,856**	642,930
Other losses, net		**(2,579,507)**	(372,458)
Operating profit		**26,028,664**	24,034,729
Finance income		**1,229,826**	963,555
Finance costs		**(2,841,457)**	(3,364,852)
Profit before income tax		**24,417,033**	21,633,432
Income tax expenses	4	**(5,133,798)**	(1,320,722)
Profit for the year		**19,283,235**	20,312,710
Attributable to:			
— Owners of the Company		**19,339,321**	20,355,504
— Non-controlling interests		**(56,086)**	(42,794)
		19,283,235	20,312,710
Earnings per share (expressed in RMB per share):	5		
Basic		**0.78**	0.85
Diluted		**0.76**	0.83

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2021
(Expressed in RMB)

	Note	Year ended December 31, 2021 RMB'000	2020 RMB'000
Profit for the year		**19,283,235**	20,312,710
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss			
Share of other comprehensive loss of investments accounted for using the equity method		**(60,568)**	(14,250)
Transfer of share of other comprehensive income to profit or loss upon deemed disposal of an associate		**—**	(4,773)
Net losses from changes in fair value of financial assets at fair value through other comprehensive income		**(2,649)**	(3,385)
Currency translation differences		**(313,151)**	(307,757)
Item that will not be reclassified subsequently to profit or loss			
Currency translation differences		**(1,027,846)**	(2,032,656)
Other comprehensive loss for the year, net of tax		**(1,404,214)**	(2,362,821)
Total comprehensive income for the year		**17,879,021**	17,949,889
Attributable to:			
— Owners of the Company		**17,940,990**	17,986,452
— Non-controlling interests		**(61,969)**	(36,563)
		17,879,021	17,949,889

CONSOLIDATED BALANCE SHEET
As of December 31, 2021
(Expressed in RMB)

	Note	As of December 31, **2021** **RMB'000**	2020 RMB'000
Assets			
Non-current assets			
Property and equipment		**6,964,621**	6,305,657
Intangible assets		**5,579,159**	4,265,619
Investments accounted for using the equity method		**10,230,751**	12,781,995
Long-term investments measured at fair value through profit or loss	6	**50,113,702**	35,215,319
Deferred income tax assets		**1,661,947**	2,011,072
Long-term bank deposits		**16,195,419**	9,608,677
Long-term investments measured at amortized cost	6	**351,362**	232,798
Other non-current assets		**15,943,508**	6,975,851
		107,040,469	77,396,988
Current assets			
Inventories	8	**52,397,946**	41,670,719
Trade receivables	7	**17,985,503**	10,161,019
Loan receivables		**5,109,034**	8,919,088
Prepayments and other receivables		**19,851,884**	16,181,520
Bills receivables measured at fair value through other comprehensive income		**14,033**	200,000
Short-term investments measured at fair value through other comprehensive income	6	**710,865**	797,456
Short-term investments measured at amortized cost	6	**1,597,919**	—
Short-term investments measured at fair value through profit or loss	6	**29,311,848**	22,376,387
Short-term bank deposits		**31,041,129**	17,598,946
Restricted cash		**4,319,661**	3,625,257
Cash and cash equivalents		**23,511,579**	54,752,443
		185,851,401	176,282,835
Total assets		**292,891,870**	253,679,823

	Note	As of December 31, 2021 RMB'000	2020 RMB'000
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital		**407**	409
Reserves		**137,212,499**	123,691,287
		137,212,906	123,691,696
Non-controlling interests		**219,590**	321,819
Total equity		**137,432,496**	124,013,515
Liabilities			
Non-current liabilities			
Borrowings	9	**20,719,790**	10,634,806
Deferred income tax liabilities		**1,202,717**	300,556
Warranty provision		**895,747**	802,590
Other non-current liabilities		**16,913,649**	10,001,428
		39,731,903	21,739,380
Current liabilities			
Trade payables	10	**74,643,005**	72,198,856
Other payables and accruals		**20,224,499**	13,619,655
Advance from customers		**9,289,177**	11,999,086
Borrowings	9	**5,527,050**	6,961,937
Income tax liabilities		**2,335,124**	674,298
Warranty provision		**3,708,616**	2,473,096
		115,727,471	107,926,928
Total liabilities		**155,459,374**	129,666,308
Total equity and liabilities		**292,891,870**	253,679,823

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2021

(Expressed in RMB)

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
Net cash generated from operating activities	**9,785,288**	21,878,500
Net cash used in investing activities	**(45,007,945)**	(17,678,852)
Net cash generated from financing activities	**4,498,686**	26,215,568
Net (decrease)/increase in cash and cash equivalents	**(30,723,971)**	30,415,216
Cash and cash equivalents at the beginning of the period	**54,752,443**	25,919,861
Effects of exchange rate changes on cash and cash equivalents	**(516,893)**	(1,582,634)
Cash and cash equivalents at end of the period	**23,511,579**	54,752,443

1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**") issued by International Accounting Standards Board ("**IASB**") and disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements of the Group have been prepared under the historical cost convention, as modified by the revaluation of financial assets which are carried at fair value.

(a) New and amended standards adopted by the Group

The following new and amended standards, and annual improvements are mandatory for the first time for the Group's financial year beginning on January 1, 2021 and are applicable for the Group:

- Covid-19-related Rent Concessions — Amendments to IFRS 16
- Interest Rate Benchmark Reform — Phase 2 — Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The adoption of these interpretation and amendments to standards has had no significant impact on the results and the financial position of the Group.

(b) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the year ended December 31, 2021 and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2 Segment information

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer that makes strategic decisions. As a result of this evaluation, the Group determined that it has operating segments as follows:

- Smartphones
- IoT and lifestyle products
- Internet services
- Others

The CODM assesses the performance of the operating segments mainly based on segment revenue and gross profit of each operating segment. The selling and marketing expenses, administrative expenses and research and development expenses are not included in the measure of the segments' performance which is used by CODM as a basis for the purpose of resource allocation and assessment of segment performance. Fair value changes on investments measured at fair value through profit or loss, share of net profits of investments accounted for using the equity method, other income, other losses, net, finance income, finance costs and income tax expenses are also not allocated to individual operating segments.

The segment results for the years ended December 31, 2021 and 2020 are as follows:

	Year ended December 31, 2021				
	Smartphones RMB'000	**IoT and lifestyle products RMB'000**	**Internet services RMB'000**	**Others RMB'000**	**Total RMB'000**
Segment revenues	**208,868,944**	**84,980,097**	**28,211,739**	**6,248,365**	**328,309,145**
Cost of sales	**(184,007,856)**	**(73,888,603)**	**(7,316,598)**	**(4,835,147)**	**(270,048,204)**
Gross profit	**24,861,088**	**11,091,494**	**20,895,141**	**1,413,218**	**58,260,941**

	Year ended December 31, 2020				
	Smartphones RMB'000	IoT and lifestyle products RMB'000	Internet services RMB'000	Others RMB'000	Total RMB'000
Segment revenues	152,190,891	67,410,453	23,755,285	2,509,004	245,865,633
Cost of sales	(138,986,944)	(58,804,839)	(9,111,002)	(2,210,986)	(209,113,771)
Gross profit	13,203,947	8,605,614	14,644,283	298,018	36,751,862

The reconciliation of gross profit to profit before income tax is shown in the consolidated income statement.

For the years ended December 31, 2021 and 2020, the geographical information on the total revenues is as follows:

	Year ended December 31,			
	2021		2020	
	RMB'000	**%**	RMB'000	%
Mainland China	**164,717,704**	**50.2**	123,484,251	50.2
Rest of the world (Note(a))	**163,591,441**	**49.8**	122,381,382	49.8
	328,309,145		245,865,633	

Note:

(a) Revenues outside mainland China are mainly from India and Europe.

3 Expenses by nature

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
Cost of inventories sold and royalty fees	**251,459,641**	192,440,437
Provision for impairment of inventories	**2,831,529**	3,688,809
Employee benefit expenses	**13,821,526**	9,914,453
Depreciation of property and equipment, right-of-use assets and investment properties	**1,804,312**	1,042,895
Amortization of intangible assets	**1,257,334**	665,566
Promotion and advertising expenses	**7,245,809**	5,477,287
Content fees to game developers and video providers	**2,812,893**	2,418,008
Credit loss allowance for loan receivables	**21,413**	1,757,680
Consultancy and professional service fees	**1,429,688**	980,462
Cloud service, bandwidth and server custody fees	**1,810,655**	1,980,323
Warranty expenses	**4,550,168**	2,823,897
Auditor's remuneration		
—Audit services	**56,116**	56,865
—Non-audit services	**34,920**	31,475

4 Income tax expenses

The income tax expenses of the Group during the years ended December 31, 2021 and 2020 are analyzed as follows:

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
Current income tax	**4,135,298**	2,327,725
Deferred income tax	**998,500**	(1,007,003)
Income tax expenses	**5,133,798**	1,320,722

5 Earnings per share

(a) Basic

Basic earnings per share for the years ended December 31, 2021 and 2020 are calculated by dividing the profit attributable to the Company's owners by the weighted average number of ordinary shares in issue during the year.

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
Net profit attributable to the owners of the Company	**19,339,321**	20,355,504
Weighted average number of ordinary shares in issue (thousand shares)	**24,927,461**	23,986,829
Basic earnings per share (expressed in RMB per share)	**0.78**	0.85

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. As the inclusion of potential ordinary shares from the convertible bonds would be anti-dilutive, it is not included in the calculation of diluted earnings per share.

For the years ended December 31, 2021 and 2020, the share options and restricted shares units ("**RSUs**") granted by the Group's subsidiaries and associates had either anti-dilutive effect or insignificant dilutive effect to the Group's diluted earnings per share.

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
Net profit attributable to the owners of the Company	**19,339,321**	20,355,504
Weighted average number of ordinary shares in issue (thousand shares)	**24,927,461**	23,986,829
Adjustments for RSUs and share options granted to employees (thousand shares)	**569,667**	664,800
Adjustments for share consideration for acquisition of Zimi International Incorporation ("Zimi") (thousand shares)	**12,303**	16,651
Weighted average number of ordinary shares for calculation of diluted earnings per share (thousand shares)	**25,509,431**	24,668,280
Diluted earnings per share (expressed in RMB per share)	**0.76**	0.83

6 Investments

	As of December 31,	
	2021	2020
	RMB'000	RMB'000
Current assets		
Short-term investments measured at		
— Amortized cost	**1,597,919**	—
— Fair value through other comprehensive income	**710,865**	797,456
— Fair value through profit or loss	**29,311,848**	22,376,387
	31,620,632	23,173,843
Non-current assets		
Long-term investments measured at amortized cost	**351,362**	232,798
Long-term investments measured at fair value through profit or loss		
— Ordinary shares investments	**22,755,228**	13,969,457
— Preferred shares investments	**25,108,840**	20,913,568
— Other investments	**2,249,634**	332,294
	50,465,064	35,448,117

Amounts recognized in profit or loss of investments measured at fair value through profit or loss

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
Fair value changes on ordinary shares investments	**4,423,582**	8,425,388
Fair value changes on preferred shares investments	**3,000,810**	4,062,525
Fair value changes on short-term investments measured at fair value through profit or loss	**695,240**	679,432
Fair value change on other investments	**12,501**	6,134
	8,132,133	13,173,479

7 Trade receivables

The Group usually allows a credit period within 180 days to its customers. Ageing analysis of trade receivables based on invoice date is as follows:

	As of December 31,	
	2021	2020
	RMB'000	RMB'000
Trade receivables		
Up to 3 months	**15,740,356**	9,400,187
3 to 6 months	**1,477,059**	534,660
6 months to 1 year	**652,701**	234,844
1 to 2 years	**184,058**	110,291
Over 2 years	**95,306**	81,797
	18,149,480	10,361,779
Less: credit loss allowance	**(163,977)**	(200,760)
	17,985,503	10,161,019

8 Inventories

	As of December 31,	
	2021	2020
	RMB'000	RMB'000
Raw materials	**19,314,001**	15,684,698
Finished goods	**23,934,395**	17,909,963
Work in progress	**4,627,210**	4,135,024
Spare parts	**3,896,430**	1,967,593
Others	**1,957,057**	3,199,153
	53,729,093	42,896,431
Less: provision for impairment	**(1,331,147)**	(1,225,712)
	52,397,946	41,670,719

9 Borrowings

	As of December 31,	
	2021	2020
	RMB'000	RMB'000
Included in non-current liabilities		
Asset-backed securities	**—**	465,000
Secured borrowings	**1,576,761**	1,594,936
Unsecured borrowings	**15,004,487**	4,530,856
Convertible bonds	**4,138,542**	4,044,014
	20,719,790	10,634,806
Included in current liabilities		
Asset-backed securities	**—**	3,589,629
Fund raised through trusts	**—**	547,500
Secured borrowings	**507,217**	460,257
Unsecured borrowings	**5,019,833**	2,364,551
	5,527,050	6,961,937

10 Trade payables

Trade payables primarily include payables for inventories. As of December 31, 2021 and 2020, the carrying amounts of trade payables were primarily denominated in RMB, US$ and India Rupees.

Trade payables and their ageing analysis based on invoice date are as follows:

	As of December 31,	
	2021	2020
	RMB'000	RMB'000
Up to 3 months	**70,187,231**	68,909,758
3 to 6 months	**2,526,217**	2,312,665
6 months to 1 year	**1,343,318**	873,537
1 to 2 years	**490,484**	34,200
Over 2 years	**95,755**	68,696
	74,643,005	72,198,856

11 Dividends

No dividends have been paid or declared by the Company during the years ended December 31, 2021 and 2020.

12 Business combination

(a) Step-up acquisition of Zimi

On July 5, 2021, the Company completed the acquisition of the remaining 50.09% equity interest of Zimi at a total consideration of approximately RMB1,461 million. Prior to the above acquisition, the Company held 49.91% equity interests of Zimi and accounted for as an associate. As a result, Zimi was accounted for as a subsidiary of the Group upon the completion of the transaction ("**Step-up Acquisition**"). The equity interests previously held under investment in an associate was accounted for a deemed disposal at its fair value and resulted in step up losses of approximately RMB409 million.

Goodwill of approximately RMB1,382 million was recognized as a result of the Step-up Acquisition. It was mainly attributable to the operating synergies and economies of scale expected to be derived from integration of the operations with the Group. None of the goodwill is expected to be deductible for income tax purpose.

The following table summarises the purchase consideration, fair value of assets acquired and liabilities assumed recognized as at the acquisition date of Zimi.

	As of July 5, 2021
	RMB'000
Total consideration:	
Cash consideration	**1,140,445**
Share consideration	**187,427**
Deemed consideration arising from the grant of RSUs on Zimi's existing share options	**133,007**
Fair value of the previously held interests	**1,317,460**
	2,778,339
Recognized amounts of identifiable assets acquired and liabilities assumed:	
Intangible assets	**904,332**
Inventories	**83,103**
Trade receivables	**400,970**
Prepayments and other receivables	**19,267**
Cash and cash equivalents	**164,448**
Investments accounted for using the equity method	**5,082**
Property and equipment	**24,587**
Deferred income tax assets	**13,767**
Long-term investments measured at fair value through profit or loss	**203,165**
Other assets	**359,551**
Deferred income tax liabilities	**(252,303)**
Trade payables	**(481,260)**
Other payables and accruals	**(48,513)**
Total identifiable net assets:	**1,396,196**
Goodwill	**1,382,143**
	2,778,339

Note:

The Group's revenue for the year would be increased by not more than 3% and results for the year would not be materially different should the Step-up Acquisition have occurred on 1 January 2021.

The related transaction costs of the Step-up Acquisition are not material to the Group's consolidated financial statements.

For the period from the closing date to December 31, 2021, the revenue and the results contributed by Zimi were insignificant to the Group. The Group's revenue and results for the year would not be material different if the Step-up Acquisition had occurred on 1 January 2021.

*(b) Deepmotion Tech Limited ("**Deepmotion**") acquisition*

On September 22, 2021, the Group completed the acquisition of Deepmotion at a total consideration of approximately US$77.37 million (approximately RMB500,555,000), among which US$24.40 million (approximately RMB 157,850,000) should be settled by cash. The remaining consideration of US$52.97 million (approximately RMB342,705,000) will be paid evenly in future 4 years by equivalent shares of the Company ("**Xiaomi Shares**") determined by reference to the average closing price of Xiaomi Shares for the last ten consecutive trading days prior to the fifth day of each delivery, but no later than August 31 of each year. All such amount is accounted for separately from the business combination and recognized as compensation cost in the post-acquisition period.

Upon closing, Deepmotion became a wholly-owned subsidiary of the Group. Deepmotion has technological and research and development capabilities in providing full software stack solutions including perception, localization, planning and control for advanced driver-assistance systems (ADAS) and automated driving applications, which can enhance the technological competitiveness of the Group's smart electric vehicle business.

Goodwill of RMB61,245,000 was recognized as a result of the Deepmotion acquisition. It was mainly attributable to the operating synergies and economies of scale expected to be derived from combining operations of the Group and Deepmotion. None of the goodwill recognized is expected to be deductible for income tax purposes.

The following table summarises the purchase consideration, fair value of assets acquired and liabilities assumed recognized as at the acquisition date of the Deepmotion.

	As of September 22, 2021 RMB'000
Total consideration:	
Cash consideration	**157,850**
Recognized amounts of identifiable assets acquired and liabilities assumed:	
Intangible assets	**95,000**
Cash and cash equivalents	**5,335**
Trade receivables	**1,882**
Prepayments and other receivables	**2,380**
Property and equipment	**283**
Other assets	**6,076**
Deferred income tax liabilities	**(14,250)**
Other payables and accruals	**(101)**
Total identifiable net assets:	**96,605**
Goodwill	**61,245**
	157,850

13 Contingencies

On December 21, 2021, the Income Tax Department of India ("Income Tax Department") commenced an investigation on mobile phone manufacturing companies, including Xiaomi India, in relation to their compliance with relevant income tax regulations. As of the date of this announcement, as the investigation on Xiaomi India was still in progress, the Group has not received any notice on the findings of the investigation by the Income Tax Department. As such, the impact of any outcome, if any, is presently not ascertainable. As a result, as of December 31, 2021, the Group did not make any provisions for potential loss contingencies pertaining to this investigation. The management believes any impact to the financial position and results of operations as of and for the year ended December 31, 2021 would not be material.

On January 5, 2022, the Directorate of Revenue Intelligence of India ("**DRI**") issued notices ("**Notices**") to Xiaomi India for demand and recovery of duty amounting to Rs. 653 crore (equivalent to approximately RMB560 million) owed for the period from April 1, 2017 to June 30, 2020. Xiaomi India is in the process of preparing responses to the Notices to the DRI. Based on external professional opinion, management assessed and concluded that the likelihood of material resource outflow as a result of the Notices is remote. As a result, as of December 31, 2021, the Group did not make any provisions for potential loss contingencies pertaining to this matter.

Other than the matters mentioned above, the Group, in the ordinary course of its business, is involved in various claims, suits, and legal proceedings that arise from time to time. Although based on currently available information, the Group does not expect that the outcome in any of these legal proceedings, individually or collectively, will have a material adverse effect on its financial position or result of operations, litigations are inherently unpredictable. Therefore, the Group could incur judgments or enter into settlements of claims that could adversely affect its operating results or cash flows in a particular period. As of December 31, 2021 and 2020, no material provisions were recorded.

OTHER INFORMATION

Purchase, Sale or Redemption of the Company's Listed Securities

During the Reporting Period and up to the date of the announcement, the Company repurchased a total of 357,813,400 Class B Shares (the "**Shares Repurchased**") of the Company on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") at an aggregate consideration of approximately HK$8,677,976,089. Particulars of the Shares Repurchased are as follows:

Month of Repurchase	No. of Shares Repurchased	Price paid per share Highest *(HK$)*	Price paid per share Lowest *(HK$)*	Aggregate Consideration *(HK$)*
2021				
March	19,307,600	26.20	25.50	498,900,661
April	173,381,600	27.20	24.60	4,494,026,504
July	15,250,000	26.40	25.20	393,626,650
August	16,150,000	24.90	24.20	396,677,775
September	85,229,400	25.00	21.25	1,965,668,178
October	13,985,400	21.25	20.40	291,663,583
November	2,604,000	19.12	19.06	49,723,380
December	17,610,400	19.52	17.64	326,366,744
2022				
January	14,295,000	18.64	17.70	261,322,614
Total	357,813,400			8,677,976,089

As at the date of this announcement, the number of Class B Shares in issue was reduced by 357,813,400 as a result of the cancellation of the Shares Repurchased. Upon cancellation of the Shares Repurchased, the weighted voting rights ("**WVR**") beneficiaries of the Company, simultaneously reduced their WVR in the Company proportionately by way of converting their Class A ordinary shares ("**Class A Shares**") into Class B Shares on a one-to-one ratio pursuant to 8A.21 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), such that the proportion of shares carrying WVR of the Company shall not be increased, pursuant to the requirements under 8A.13 and 8A.15 of the Listing Rules.

The Shares Repurchased in March 2021 and April 2021 were subsequently cancelled on June 3, 2021. A total of 35,794,228 Class A Shares were converted into Class B Shares on a one-to-one ratio on June 3, 2021, of which Mr. Lei Jun, through Smart Mobile Holdings Limited, converted 32,236,626 Class A Shares and Mr. Lin Bin, through Bin Lin 2021 A Trust, converted 3,557,602 Class A Shares. The Shares Repurchased in July 2021 were subsequently cancelled on August 20, 2021. A total of 2,831,101 Class A Shares were converted into Class B Shares on a one-to-one ratio on August 20, 2021, of which Mr. Lei Jun, through Smart Mobile Holdings Limited, converted 2,549,717 Class A Shares and Mr. Lin Bin, through Bin Lin 2021 A Trust, converted 281,384 Class A Shares. The Shares Repurchased in August 2021, September 2021 and October 2021 were subsequently cancelled on November 12, 2021. A total of 21,394,443 Class A Shares were converted into Class B Shares on a one-to-one ratio on November 12, 2021, of which Mr. Lei Jun, through Smart Mobile Holdings

Limited, converted 19,268,041 Class A Shares and Mr. Lin Bin, through Bin Lin 2021 A Trust, converted 2,126,402 Class A Shares. The Shares Repurchased in November 2021, December 2021 and January 2022 were subsequently cancelled on March 11, 2022. A total of 6,392,324 Class A Shares were converted into Class B Shares on a one-to-one ratio on March 11, 2022, of which Mr. Lei Jun, through Smart Mobile Holdings Limited, converted 5,756,989 Class A Shares and Mr. Lin Bin, through Bin Lin 2021 A Trust, converted 635,335 Class A Shares.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange during the Reporting Period and up to the date of this announcement.

Compliance with the Corporate Governance Code

The Company is committed to maintaining and promoting stringent corporate governance standards. The principles of the Company's corporate governance are to promote effective internal control measures and to enhance the transparency and accountability of the Board to all shareholders.

Save for code provision C.2.1 of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules, the Company has complied with all the code provisions set out in the CG Code throughout the Reporting Period.

Pursuant to code provision C.2.1 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. The Company does not have a separate chairman and chief executive officer and Mr. Lei Jun currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enabling more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider segregating the roles of chairman of the Board and chief executive officer of the Company at an appropriate time, taking into account the circumstances of the Group as a whole.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules the code of conduct regarding the Directors' dealings in the securities of the Company. Having made specific enquiries of all the Directors, all the Directors confirmed that they have complied with the provisions of the Model Code during the Reporting Period and up to the date of this announcement.

Audit Committee

The Audit Committee (comprising one non-executive Director and two independent non-executive Directors, namely, Mr. Liu Qin, Dr. Chen Dongsheng and Mr. Wong Shun Tak) has reviewed the audited consolidated financial statements of the Group for the Reporting Period. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members and the Auditor.

Auditor's Procedures Performed on this Results Announcement

The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and the related notes thereto for the Reporting Period as set out in this announcement have been agreed by the Auditor to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Auditor in this respect did not constitute an assurance engagement and consequently no assurance has been expressed by the Auditor on this announcement.

Material Litigation

The Company was not involved in any material litigation or arbitration during the Reporting Period nor were the Directors aware of any material litigation or claims that were pending or threatened against the Company.

Use of Net Proceeds

1. *Use of Net Proceeds from Issue of the 2030 Notes*

   The net proceeds received by the Company from the 2030 Notes were approximately US$ 589.9 million. The Company intends to use the net proceeds of the 2030 Notes primarily for (i) general corporate purposes and (ii) to repay existing borrowings. There has been no change in the intended use of net proceeds as previously disclosed in the announcement dated April 20, 2020.

2. *Use of Net Proceeds from Issue of the 2020 Placing and Subscription*

   The net proceeds received by the Company from the 2020 Placing and Subscription were approximately US$3.1 billion. The Company intends to use the estimated net proceeds for (a) strengthening our working capital for business expansion; (b) investments to increase market share in key markets; (c) strategic ecosystem investments and (d) other general corporate purposes. There has been no change in the intended use of net proceeds as previously disclosed in the announcement dated December 2, 2020.

3. *Use of Net Proceeds from Issue of the 2027 Bonds*

The net proceeds received by the Company from the 2027 Bonds were approximately US$889.6 million. The Company intends to use the estimated net proceeds for (a) strengthening our working capital for business expansion; (b) investments to increase market share in key markets; (c) strategic ecosystem investments and (d) other general corporate purposes. There has been no change in the intended use of net proceeds as previously disclosed in the announcement dated December 2, 2020.

4. *Use of Net Proceeds from Issue of the 2031 Bonds and Green Bonds*

The net proceeds received by the Company from the 2031 Bonds were approximately US$789.0 million. The Group intends to use these proceeds for general corporate purposes. There has been no change in the intended use of net proceeds as previously disclosed in the announcement dated July 8, 2021.

The net proceeds received by the Company from the Green Bonds were approximately US$392.8 million. The Group intends to use these proceeds or an equivalent amount thereof for financing or refinancing, in whole or in part, one or more of the Group's new or existing eligible projects pursuant to the Group's Green Finance Framework. There has been no change in the intended use of net proceeds as previously disclosed in the announcement dated July 8, 2021.

Final Dividend

The Board has resolved not to declare any final dividend for the Reporting Period.

Events after the End of the Reporting Period

Save as disclosed in this announcement, there has been no other significant events that might affect the Group since the end of the Reporting Period and up to the date of this announcement.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement has been published on the website of the Stock Exchange at *www.hkexnews.hk* and the website of the Company at *www.mi.com*. The annual report of the Company will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched to the Company's shareholders in due course.

By order of the Board
Xiaomi Corporation
Lei Jun
Chairman

Hong Kong, March 22, 2022

As at the date of this announcement, the Board comprises Mr. Lei Jun as Chairman and Executive Director, Mr. Lin Bin as Vice-Chairman and Executive Director, Mr. Liu De as Executive Director, Mr. Liu Qin as Non-executive Director, and Dr. Chen Dongsheng, Mr. Wong Shun Tak and Prof. Tong Wai Cheung Timothy as Independent Non-executive Directors.

APPENDIX II

RECENT DEVELOPMENTS IN THE ISSUER'S BUSINESS

This section supersedes in its entirety the section in the Base Listing Document entitled "Information Relating to UBS AG".

1. Overview

UBS AG ("**Issuer**") with its subsidiaries (together, "**UBS AG consolidated**", or "**UBS AG Group**"; together with UBS Group AG, which is the holding company of UBS AG, and its subsidiaries, "**UBS Group**", "**Group**", "**UBS**" or "**UBS Group AG consolidated**") provides financial advice and solutions to private, institutional and corporate clients worldwide, as well as private clients in Switzerland. The operational structure of the Group is comprised of the Group Functions and four business divisions: Global Wealth Management, Personal & Corporate Banking, Asset Management and the Investment Bank.

On 31 December 2021, UBS Group's common equity tier 1 ("**CET1**") capital ratio was 15.0%, the CET1 leverage ratio was 4.24%, the total loss-absorbing capacity ratio was 34.7%, and the total loss-absorbing capacity leverage ratio was 9.8%.[1] On the same date, invested assets stood at USD 4,596 billion, equity attributable to shareholders was USD 60,662 million and market capitalisation was USD 61,230 million. On the same date, UBS employed 71,385 people.[2]

On 31 December 2021, UBS AG consolidated CET1 capital ratio was 13.9%, the CET1 leverage ratio was 3.90%, the total loss-absorbing capacity ratio was 33.3%, and the total loss-absorbing capacity leverage ratio was 9.3%.[1] On the same date, invested assets stood at USD 4,596 billion and equity attributable to UBS AG shareholders was USD 58,102 million. On the same date, UBS AG Group employed 47,067 people.[2]

The rating agencies S&P Global Ratings Europe Limited ("**S&P**"), Moody's Deutschland GmbH ("**Moody's**"), and Fitch Ratings Limited ("**Fitch**") have published solicited credit ratings reflecting their assessment of the creditworthiness of UBS AG, i.e. its ability to fulfil in a timely manner payment obligations, such as principal or interest payments on long-term loans, also known as debt servicing. The ratings from Fitch and S&P may be attributed a plus or minus sign, and those from Moody's a number. These supplementary attributes indicate the relative position within the respective rating class. UBS AG has a long-term counterparty credit rating of A+ from S&P, long-term senior debt rating of Aa3 from Moody's, and long-term issuer default rating of AA- from Fitch.

An explanation of the significance of ratings may be obtained from the rating agencies. Generally, rating agencies base their ratings on such material and information, and such of their own investigations, studies and assumptions, as they deem appropriate. The ratings of UBS AG should be evaluated independently from similar ratings of other entities, and from the rating, if any, of its securities. A credit rating is not a recommendation to buy, sell or hold securities issued or guaranteed by the rated entity and may be subject to review, revision, suspension, reduction or withdrawal at any time by the assigning rating agency. Fitch is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of domestic law of the UK by virtue of the EUWA (the "**UK CRA Regulation**") and currently appears on the list of credit rating agencies registered or certified with the Financial Conduct Authority published on its website www.fca.org.uk/markets/credit-rating-agencies/registered-certified-cras. Ratings given by Fitch are endorsed by Fitch Ratings Ireland Limited, which is established in the EEA and registered under Regulation (EU) No 1060/2009, as

[1] All figures based on the Swiss systemically relevant bank framework. Refer to the "Capital management" section of the Annual Report 2021 for more information.
[2] Full-time equivalents.

amended (the "**EU CRA Regulation**") and currently appears on the list of credit ratings agencies published by ESMA on its website www.esma.europa.eu in accordance with the EU CRA Regulation. S&P and Moody's are established in the European Union and registered under the EU CRA Regulation and currently appear on the list of credit ratings agencies published by ESMA on its website in accordance with the EU CRA Regulation. Ratings given by S&P and Moody's are endorsed by Standard & Poor's Global Ratings UK Limited and Moody's Investors Service Ltd, respectively, which are established in the UK and registered under the UK CRA Regulation and currently appear on the list of credit rating agencies registered or certified with the FCA published on its website.

No profit forecasts or estimates are included in this document.

No recent events particular to the Issuer have occurred which are to a material extent relevant to the evaluation of the Issuer’s solvency.

2. Information about the Issuer

2.1 Corporate Information

The legal and commercial name of the Issuer is UBS AG.

The Issuer was incorporated under the name SBC AG on 28 February 1978 for an unlimited duration and entered in the Commercial Register of Canton Basel-City on that day. On 8 December 1997, the Issuer changed its name to UBS AG. The Issuer in its present form was created on 29 June 1998 by the merger of Union Bank of Switzerland (founded 1862) and Swiss Bank Corporation (founded 1872). UBS AG is entered in the Commercial Registers of Canton Zurich and Canton Basel-City. The registration number is CHE-101.329.561.

UBS AG is incorporated and domiciled in Switzerland and operates under the Swiss Code of Obligations as an Aktiengesellschaft, a corporation limited by shares. UBS AG’s Legal Entity Identifier (LEI) code is BFM8T61CT2L1QCEMIK50.

According to article 2 of the articles of association of UBS AG dated 26 April 2018 (“**Articles of Association**”), the purpose of UBS AG is the operation of a bank. Its scope of operations extends to all types of banking, financial, advisory, trading and service activities in Switzerland and abroad. UBS AG may establish branches and representative offices as well as banks, finance companies and other enterprises of any kind in Switzerland and abroad, hold equity interests in these companies, and conduct their management. UBS AG is authorized to acquire, mortgage and sell real estate and building rights in Switzerland and abroad. UBS AG may borrow and invest money on the capital markets. UBS AG is part of the group of companies controlled by the group parent company UBS Group AG. It may promote the interests of the group parent company or other group companies. It may provide loans, guarantees and other kinds of financing and security for group companies.

The addresses and telephone numbers of UBS AG’s two registered offices and principal places of business are: Bahnhofstrasse 45, CH-8001 Zurich, Switzerland, telephone +41 44 234 1111; and Aeschenvorstadt 1, CH-4051 Basel, Switzerland, telephone +41 61 288 5050.

2.2 UBS’s borrowing and funding structure and financing of UBS's activities

For information on UBS’s expected financing of its business activities, please refer to "*Liquidity and funding management*" in the "*Capital, liquidity and funding, and balance sheet*" section of the Annual Report 2021.

3. Business Overview

3.1 Organisational Structure of the Issuer

UBS AG is a Swiss bank and the parent company of the UBS AG Group. It is 100% owned by UBS

Group AG, which is the holding company of the UBS Group. UBS operates as a group with four business divisions and Group Functions.

In 2014, UBS began adapting its legal entity structure in response to too-big-to-fail requirements and other regulatory initiatives. First, UBS Group AG was established as the ultimate parent holding company for the Group. In 2015, UBS AG transferred its personal & corporate banking and Swiss-booked wealth management businesses to the newly established UBS Switzerland AG, a banking subsidiary of UBS AG in Switzerland. That same year, UBS Business Solutions AG, a wholly owned subsidiary of UBS Group AG, was established and acts as the Group service company. In 2016, UBS Americas Holding LLC became the intermediate holding company for UBS's US subsidiaries and UBS's wealth management subsidiaries across Europe were merged into UBS Europe SE, UBS's German-headquartered European subsidiary. In 2019, UBS Limited, UBS's UK headquartered subsidiary, was merged into UBS Europe SE.

UBS Group AG's interests in subsidiaries and other entities as of 31 December 2021, including interests in significant subsidiaries, are discussed in "Note 29 Interests in subsidiaries and other entities" to the UBS Group AG's consolidated financial statements included in the UBS Group AG and UBS AG Annual Report 2021 published on 07 March 2022 ("**Annual Report 2021**").

UBS AG's interests in subsidiaries and other entities as of 31 December 2021, including interests in significant subsidiaries, are discussed in "Note 29 Interests in subsidiaries and other entities" to the UBS AG's consolidated financial statements included in the Annual Report 2021.

UBS AG is the parent company of, and conducts a significant portion of its operations through, its subsidiaries. UBS AG has contributed a significant portion of its capital and provides substantial liquidity to subsidiaries. In addition, UBS Business Solutions AG provides substantial services to group companies including UBS AG and its subsidiaries. To this extent, UBS AG is dependent on certain of the entities of the UBS AG Group and of the UBS Group.

3.2 Principal activities

UBS businesses are organised globally into four business divisions: Global Wealth Management, Personal & Corporate Banking, Asset Management, and the Investment Bank. All four business divisions are supported by Group Functions. Each of the business divisions and Group Functions are described below. A description of the businesses, organisational structures, products and services and targeted markets of the business divisions and Group Functions can be found under "*Our businesses*" in the "*Our strategy, business model and environment*" section of the Annual Report 2021.

– *Global Wealth Management* provides financial services, advice and solutions to private clients, in particular in the ultrahigh net worth and high net worth segments. Its offering ranges from investment management to estate planning and corporate finance advice, in addition to specific wealth management products and services. The business division is managed globally across the regions.

– *Personal & Corporate Banking* serves its private, corporate, and institutional clients' needs, from basic banking to retirement, financing, investments and strategic transactions, in Switzerland, through its branch network and digital channels.

– Asset Management is a large-scale and diversified global asset manager. It offers investment capabilities and styles across all major traditional and alternative asset classes, as well as advisory support to institutions, wholesale intermediaries and wealth management clients globally.

– The *Investment Bank* provides a range of services to institutional, corporate and wealth management clients globally, to help them raise capital, grow their businesses, invest and manage risks. Its offerings include advisory services, facilitating clients raising debt and equity from the public and private markets and capital markets, cash and derivatives trading across equities and fixed income, and financing.

– *Group Functions* is made up of the following major areas: Group Services (which consists of Technology, Corporate Services, Human Resources, Finance, Legal, Risk Control, Compliance, Regulatory & Governance, Communications & Branding and Group Sustainability and Impact), Group Treasury and Non-core and Legacy Portfolio.

3.3 Competition

The financial services industry is characterized by intense competition, continuous innovation, restrictive, detailed, and sometimes fragmented regulation and ongoing consolidation. UBS faces competition at the level of local markets and individual business lines, and from global financial institutions that are comparable to UBS in their size and breadth, as well as competition from new technology-based market entrants, which may not be subject to the same level of regulation. Barriers to entry in individual markets and pricing levels are being eroded by new technology. UBS expects these trends to continue and competition to increase.

Any statements regarding the competitive position of UBS AG, UBS AG Group or the Group contained in this document are made on the basis of the opinion of UBS AG or the Group.

3.4 Recent Developments

3.4.1 UBS AG consolidated key figures

UBS AG derived the selected consolidated financial information included in the table below for the years ended 31 December 2021, 2020 and 2019 from the Annual Report 2021, except where noted.

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**").

Information for the years ended 31 December 2021, 2020 and 2019 which is indicated as being unaudited in the table below was included in the Annual Report 2021, but has not been audited on the basis that the respective disclosures are not required under IFRS, and therefore are not part of the audited financial statements. Prospective investors should read the whole of this document, the Annual Report 2021 and should not rely solely on the summarized information set out below.

	As of or for the year ended		
USD million, except where indicated	31.12.21	31.12.20	31.12.19
	audited, except where indicated		
Results			
Income statement			
Operating income	35,976	32,780	29,307
Net interest income	6,605	5,788	4,415
Net fee and commission income	22,438	19,207	17,460
Credit loss (expense) / release	148	(695)	(78)
Other net income from financial instruments measured at fair value through profit or loss	5,844	6,930	6,833
Operating expenses	27,012	25,081	24,138

Operating profit / (loss) before tax	8,964	7,699	5,169
Net profit / (loss) attributable to shareholders	7,032	6,196	3,965
Balance sheet [1]			
Total assets	1,116,145	1,125,327	971,927
Total financial liabilities measured at amortized cost	744,762	732,364	617,429
of which: customer deposits	544,834	527,929	450,591
of which: debt issued measured at amortized cost	82,432	85,351	62,835
of which: subordinated debt	5,163	7,744	7,431
Total financial liabilities measured at fair value through profit or loss	300,916	325,080	291,452
of which: debt issued designated at fair value	71,460	59,868	66,592
Loans and advances to customers	398,693	380,977	327,992
Total equity	58,442	58,073	53,896
Equity attributable to shareholders	58,102	57,754	53,722
Profitability and growth			
Return on equity (%) [2]	12.3*	10.9*	7.4*
Return on tangible equity (%) [3]	13.9*	12.4*	8.5*
Return on common equity tier 1 capital (%) [4]	17.6*	16.6*	11.3*
Return on risk-weighted assets, gross (%) [5]	12.3*	11.9*	11.2*
Return on leverage ratio denominator, gross (%) [6, 7]	3.4*	3.4*	3.2*
Cost / income ratio (%) [8]	75.4*	74.9*	82.1*
Net profit growth (%) [9]	13.5*	56.3*	(3.4)*
Resources			
Common equity tier 1 capital [10]	41,594	38,181	35,233*
Risk-weighted assets [10]	299,005*	286,743*	257,831*
Common equity tier 1 capital ratio (%) [10]	13.9*	13.3*	13.7*
Going concern capital ratio (%) [10]	18.5*	18.3*	18.3*
Total loss-absorbing capacity ratio (%) [10]	33.3*	34.2*	33.9*
Leverage ratio denominator [6, 10]	1,067,679*	1,036,771*	911,228*
Common equity tier 1 leverage ratio (%) [6, 10]	3.90*	3.68*	3.87*
Going concern leverage ratio (%) [6, 10]	5.2*	5.1*	5.2*
Total loss-absorbing capacity leverage ratio (%) [10]	9.3*	9.5*	9.6*
Other			
Invested assets (USD billion) [11]	4,596	4,187	3,607
Personnel (full-time equivalents)	47,067*	47,546*	47,005*

* unaudited

1 Except for *Total assets*, *Total equity* and *Equity attributable to shareholders*, balance sheet information for year ended 31 December 2019 is derived from the Annual Report 2020.
2 Calculated as net profit attributable to shareholders (annualized as applicable) divided by average equity attributable to shareholders. This measure provides information about the profitability of the business in relation to equity.
3 Calculated as net profit attributable to shareholders (annualized as applicable) divided by average equity attributable to shareholders less average goodwill and intangible assets. This measure provides information about the profitability of the business in relation to tangible equity.

[4] Calculated as net profit attributable to shareholders (annualized as applicable) divided by average common equity tier 1 capital. This measure provides information about the profitability of the business in relation to common equity tier 1 capital.
[5] Calculated as operating income before credit loss expense or release (annualized as applicable) divided by average risk-weighted assets. This measure provides information about the revenues of the business in relation to risk-weighted assets.
[6] Leverage ratio denominators and leverage ratios for year 2020 do not reflect the effects of the temporary exemption that applied from 25 March 2020 until 1 January 2021 and was granted by FINMA in connection with COVID-19.
[7] Calculated as operating income before credit loss expense or release (annualized as applicable) divided by average leverage ratio denominator. This measure provides information about the revenues of the business in relation to leverage ratio denominator.
[8] Calculated as operating expenses divided by operating income before credit loss expense or release (annualized as applicable). This measure provides information about the efficiency of the business by comparing operating expenses with gross income.
[9] Calculated as change in net profit attributable to shareholders from continuing operations between current and comparison periods divided by net profit attributable to shareholders from continuing operations of comparison period. This measure provides information about profit growth in comparison with the prior period.
[10] Based on the applicable Swiss systemically relevant bank framework as of 1 January 2020.
[11] Consists of invested assets for Global Wealth Management, Asset Management and Personal & Corporate Banking. Calculated as the sum of managed fund assets, managed institutional assets, discretionary and advisory wealth management portfolios, fiduciary deposits, time deposits, savings accounts, and wealth management securities or brokerage accounts. This measure provides information about the volume of client assets managed by or deposited with UBS for investment purposes.

3.4.2 Regulatory, legal and other developments

Refer to "*Our environment" and "Regulatory and legal developments*" in the Annual Report 2021, for information on key regulatory, legal and other developments.

3.5 Trend Information

For information on trends, refer to the "*Our environment*" section, and to "*Top and emerging risks*" and "*Country risk*" in the "*Risk management and control*" section of the Annual Report 2021. In addition, please refer to the "*Risk factors*" and the "*Recent Developments*" sections of this document for more information.

4. Administrative, Management and Supervisory Bodies of the Issuer

UBS AG complies with all relevant Swiss legal and regulatory corporate governance requirements. As a foreign private issuer with debt securities listed on the New York Stock Exchange ("**NYSE**"), UBS AG also complies with the relevant NYSE corporate governance standards applicable to foreign private issuers.

UBS AG operates under a strict dual board structure, as mandated by Swiss banking law. The Board of Directors ("**BoD**") exercises the ultimate supervision over management, whereas the Executive Board ("**EB**"), headed by the President of the Executive Board ("**President of the EB**"), has executive management responsibility. The functions of Chairman of the BoD and President of the EB are assigned to two different people, ensuring a separation of power. This structure establishes checks and balances and preserves the institutional independence of the BoD from the executive management of UBS AG Group, for which responsibility is delegated to the EB under the leadership of the President of the EB. No member of one board may simultaneously be a member of the other.

Supervision and control of the EB remain with the BoD. The authorities and responsibilities of the two bodies are governed by the Articles of Association and the Organization Regulations of UBS AG.

4.1 Board of Directors

The BoD consists of between 5 and 12 members. All the members of the BoD are elected individually by the shareholders at the Annual General Meeting ("**AGM**") for a term of office of one year, which expires after the completion of the next AGM. Shareholders also elect the Chairman upon proposal of the BoD.

The BoD meets as often as business requires, and at least six times a year.

4.1.1 Members of the Board of Directors

The current members of the BoD are listed below. In addition, UBS announced that at the next AGM Colm Kelleher will be nominated for election to the BoD as Chairman and Lukas Gähwiler will be nominated for election to the BoD as Vice Chairman.

Member	Title	Term of office	Current principal activities outside UBS AG
Axel A. Weber	Chairman	2022	Chairman of the Board of Directors of UBS Group AG; vice chairman of the Swiss Bankers Association; Trustees Board member of Avenir Suisse; board member of the Swiss Finance Council; chairman of the board of the Institute of International Finance; member of the European Financial Services Round Table; member of the European Banking Group; member of the International Advisory Councils of the China Banking and Insurance Regulatory Commission and the China Securities Regulatory Commission; member of the International Advisory Panel, Monetary Authority of Singapore; member of the Group of Thirty, Washington, D.C.; Advisory Board member of the Department of Economics, University of Zurich; member of the Trilateral Commission.
Jeremy Anderson	Vice Chairman	2022	Vice-Chairman and Senior Independent Director of the Board of Directors of UBS Group AG; board member of Prudential plc; trustee of the UK's Productivity Leadership Group; trustee of Kingham Hill Trust; trustee of St. Helen Bishopsgate.
Claudia Böckstiegel	Member	2022	Member of the Board of Directors of UBS Group AG; General Counsel and member of the Enlarged Executive Committee of Roche Holding AG.
William C. Dudley	Member	2022	Member of the Board of Directors of UBS Group AG; member of the board of Treliant LLC; senior advisor to the Griswold Center for Economic Policy Studies at Princeton University; member of the Group of Thirty; member of the Council on Foreign Relations; chair of the Bretton Woods Committee board of directors; member of the board of the Council for Economic Education.
Patrick Firmenich	Member	2022	Member of the Board of Directors of UBS Group AG; chairman of the board of Firmenich International SA;

			member of the board of Jacobs Holding AG; member of the Board of INSEAD and INSEAD World Foundation; member of the Advisory Council of the Swiss Board Institute.
Reto Francioni	Member	2022	Member of the Board of Directors of UBS Group AG; professor at the University of Basel; board member of Coca-Cola HBC AG (Senior Independent Non-Executive Director, chair of the nomination committee); chairman of the board of Swiss International Air Lines AG; board member of economiesuisse.
Fred Hu	Member	2022	Member of the Board of Directors of UBS Group AG; non-executive chairman of the board of Yum China Holdings (chair of the nomination and governance committee); board member of Industrial and Commercial Bank of China; chairman of Primavera Capital Ltd and of Primavera Capital Group; member of the Board of Ant Group; board member of Minsheng Financial Leasing Co.; trustee of the China Medical Board; Governor of the Chinese International School in Hong Kong; co-chairman of the Nature Conservancy Asia Pacific Council; member of the Board of Trustees of the Institute for Advanced Studies (IAS).
Mark Hughes	Member	2022	Member of the Board of Directors of UBS Group AG; chair of the Board of Directors of the Global Risk Institute; visiting lecturer at the University of Leeds; senior advisor to McKinsey & Company.
Nathalie Rachou	Member	2022	Member of the Board of Directors of UBS Group AG; member of the board of Euronext N.V. (chair of the remuneration committee); member of the board of Veolia Environnement SA (chair of the audit committee); member of the board of the African Financial Institutions Investment Platform.
Julie G. Richardson	Member	2022	Member of the Board of Directors of UBS Group AG; member of the board of Yext (chair of the audit committee); member of the board of Datalog (chair of the audit committee).
Dieter Wemmer	Member	2022	Member of the Board of Directors of UBS Group AG; board member of Ørsted A/S (chair of the audit and risk committee); chairman of Marco Capital Holdings Limited and Marco Insurance, Malta; member of the Berlin Center of Corporate Governance.
Jeanette Wong	Member	2022	Member of the Board of Directors of UBS Group AG; member of the board of Prudential plc; member of the board of Singapore Airlines Limited; member of the Board Risk Committee of GIC Pte Ltd; board member of Jurong Town Corporation; board member of PSA International; chairman of the CareShield Life Council;

			member of the Securities Industry Council; member of the Board of Trustees of the National University of Singapore.

4.2 Executive Board ("EB")

Under the leadership of the President of the EB, the EB has executive management responsibility for UBS AG and its business. All EB members (with the exception of the President of the EB) are proposed by the President of the EB. The appointments are made by the BoD.

4.2.1 Members of the Executive Board

The current members of the EB are listed below. In addition, Sarah Youngwood joined the GEB at the beginning of March 2022, and will take over as Group Chief Financial Officer in May succeeding Kirt Gardner, who will retire from the firm.

Member and business address	Function	Current principal activities outside UBS AG
Ralph Hamers UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	President of the Executive Board	Member of the Group Executive Board and Group Chief Executive Officer of UBS Group AG; member of the Board of the Swiss-American Chamber of Commerce; member of the Institut International D'Etudes Bancaires; member of the IMD Foundation Board; member of the McKinsey Advisory Council; member of the World Economic Forum International Business Council; Governor of the World Economic Forum (Financial Services).
Christian Bluhm UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Chief Risk Officer	Member of the Group Executive Board and Group Chief Risk Officer of UBS Group AG; board member of UBS Switzerland AG; member of the Foundation Board of the UBS Pension Fund; member of the Foundation Board – International Financial Risk Institute.
Mike Dargan UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Chief Digital and Information Officer	Member of the Group Executive Board and Chief Digital and Information Officer of UBS Group AG; President of the Executive Board and board member of UBS Business Solutions AG; member of the Board of Directors of Done Next Holdings AG; member of the Board of Trustees of the Inter-Community School Zurich.
Kirt Gardner UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Chief Financial Officer	Member of the Group Executive Board and Group Chief Financial Officer of UBS Group AG; board member of UBS Business Solutions AG.
Suni Harford	President Asset	Member of the Executive Board and President

UBS AG, 1285 Avenue of the Americas, New York, NY 10019 USA	Management	Asset Management of UBS Group AG; chairman of the Board of Directors of UBS Asset Management AG; chair of the Board of UBS Optimus Foundation; member of the Leadership Council of the Bob Woodruff Foundation.
Robert Karofsky UBS AG, 1285 Avenue of the Americas, New York, NY 10019, USA	President Investment Bank	Member of the Group Executive Board and President Investment Bank of UBS Group AG; president of UBS Securities LLC; member of the board of UBS Americas Holding LLC; member of the board of UBS Optimus Foundation; trustee of the UBS Americas Inc. Political Action Committee.
Iqbal Khan UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Co-President Global Wealth Management and President UBS Europe, Middle East and Africa	Member of the Executive Board, co-President Global Wealth Management and President UBS Europe, Middle East and Africa of UBS Group AG; member of the Supervisory Board of UBS Europe SE; member of the board of UBS Optimus Foundation; board member of Room to Read Switzerland.
Edmund Koh UBS AG, One Raffles Quay North Tower, Singapore 048583	President UBS Asia Pacific	Member of the Group Executive Board and President UBS Asia Pacific of UBS Group AG; member of a sub-committee of the Singapore Ministry of Finance's Committee on the Future Economy; member of the Financial Centre Advisory Panel of the Monetary Authority of Singapore; council member of the Asian Bureau of Finance and Economic Research; member of the Board of Trustees of the Wealth Management Institute, Singapore; board member of Next50 Limited, Singapore; board member of Medico Suites (S) Pte Ltd; Council member of the KidSTART program of the Early Childhood Development Agency Singapore; trustee of the Cultural Matching Fund, Singapore; member of University of Toronto's International Leadership Council for Asia.
Barbara Levi UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	General Counsel	Member of the Group Executive Board and Group General Counsel of UBS Group AG; member of the Employers' Board of the Global Institute for Women's Leadership, King's College London; member of the Board of Directors of the European General Counsel Association.
Tom Naratil UBS AG, 1285 Avenue of the	Co-President Global Wealth Management and President UBS Americas	Member of the Group Executive Board and co-President Global Wealth Management and President UBS Americas of UBS Group AG; CEO and board member of UBS Americas Holding

Americas, New York, NY 10019 USA		LLC; board member of the American Swiss Foundation.
Markus Ronner UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Chief Compliance and Governance Officer	Member of the Group Executive Board and Group Chief Compliance and Governance Officer of UBS Group AG.
Sarah Youngwood UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Designated Chief Financial Officer as of May 2022	Member of the Group Executive Board of UBS Group AG, and Designated Group Chief Financial Officer as of May 2022; Advisory Board Member – Wall Street Women's Alliance.

4.3 Potential Conflicts of Interest

Members of the BoD and the EB may act as directors or executive officers of other companies (for current principal positions outside UBS AG, if any, of BoD and EB members, please see sections 4.1.1 and 4.2.1 above, respectively) and may have economic or other private interests that differ from those of UBS AG. Conflicts of interest may potentially arise from these positions or interests. For example, it cannot be excluded that a member of the BoD or EB has or will have a function within a company, the shares of which are or will be traded by UBS AG or which has or will have a business relationship with UBS AG. UBS AG is confident that its internal corporate governance practices and its compliance with relevant legal and regulatory provisions reasonably ensure that any conflicts of interest of the type described above are appropriately managed, including through disclosure when appropriate.

Other than as indicated above, UBS is not aware of potential conflicts of interests between any duties to the Issuer of the members of the BoD and the EB and their private interests or other duties.

5. Auditors

Based on article 31 of the Articles of Association, UBS AG shareholders elect the auditors for a term of office of one year. At the AGMs of 18 April 2019, 27 April 2020 and 7 April 2021, Ernst & Young Ltd., Aeschengraben 9, CH-4002 Basel, Switzerland ("**Ernst & Young**") was elected as auditor for the consolidated and standalone financial statements of UBS AG for a one-year term.

Ernst & Young is a member of EXPERTsuisse, the Swiss Expert Association for Audit, Tax and Fiduciary. Ernst & Young is also registered with the Swiss Federal Audit Oversight Authority, which is responsible for the licensing and supervision of audit firms and individuals that provide audit services in Switzerland.

6. Major Shareholders of the Issuer

UBS Group AG owns 100% of the outstanding shares of UBS AG. UBS AG is a wholly owned subsidiary of UBS Group AG. While UBS has no specific corporate measures intended to prevent abuse of control to the detriment of minority shareholders, UBS has adopted a comprehensive and integrated governance framework which takes into account the specific requirements of each relevant jurisdiction. This governance framework includes separate articles of association and organizational regulations for UBS Group AG and UBS AG. In addition, as UBS AG is regulated as a bank in Switzerland, it is subject to capital regulation and close supervisory oversight. This includes the general requirement under Swiss law that contracts of UBS AG with affiliates are subject to an arm's length principle of negotiation.

7. Financial Information concerning the Issuer’s Assets and Liabilities, Financial Position and Profits and Losses

7.1 Historical Annual Financial Information

Detailed information about UBS AG consolidated and UBS AG assets and liabilities, financial position and profits and losses for financial year 2021 is available in the section "*UBS AG consolidated financial statements*" of the Annual Report 2021 and in the UBS AG's standalone financial statements for the year ended 31 December 2021 (the "**Standalone Financial Statements 2021**"), respectively; and for financial year 2020 it is available in the "*UBS AG consolidated financial statements*" section of the UBS Group AG and UBS AG annual report 2020, published on 5 March 2021 ("**Annual Report 2020**") and in the UBS AG's standalone financial statements for the year ended 31 December 2020 published on 5 March 2021 (the "**Standalone Financial Statements 2020**"). The consolidated and standalone financial accounts are closed on 31 December of each year.

The annual financial reports form an essential part of UBS AG’s reporting. They include the audited consolidated financial statements of UBS AG, prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board. The annual reports also include discussions and analysis of the consolidated financial and business results of UBS, its business divisions and Group Functions. In addition, UBS AG prepares and publishes standalone financial statements in accordance with Swiss GAAP, as well as certain additional disclosures required under US Securities and Exchange Commission regulations.

7.2 Auditing of Historical Annual Financial Information

The consolidated financial statements and the standalone financial statements of UBS AG for the financial years 2021 and 2020 were audited by Ernst & Young. The reports of the auditors on the consolidated financial statements can be found on pages 422-428 (inclusive) of the Annual Report 2021 and on pages 417-428 (inclusive) of the Annual Report 2020. The reports of the auditors on the standalone financial statements of UBS AG can be found on pages 37-42 (inclusive) of the Standalone Financial Statements 2021 and on pages 34-39 (inclusive) of the Standalone Financial Statements 2020.

There are no qualifications in the auditors' reports on the consolidated financial statements of UBS AG and the standalone financial statements of UBS AG for the years ended on 31 December 2021 and 31 December 2020.

7.3 Litigation, Regulatory and Similar Matters

UBS operates in a legal and regulatory environment that exposes it to significant litigation and similar risks arising from disputes and regulatory proceedings. As a result, UBS is involved in various disputes and legal proceedings, including litigation, arbitration, and regulatory and criminal investigations. Such matters are subject to many uncertainties, and the outcome and the timing of resolution are often difficult to predict, particularly in the earlier stages of a case. The uncertainties inherent in all such matters affect the amount and timing of any potential outflows for both matters with respect to which provisions have been established and other contingent liabilities. Litigation, regulatory and similar matters may also result in non-monetary penalties and consequences. A guilty plea to, or conviction of, a crime could have material consequences for UBS. Resolution of regulatory proceedings may require UBS to obtain waivers of regulatory disqualifications to maintain certain operations, may entitle regulatory authorities to limit, suspend or terminate licenses and regulatory authorizations and may permit financial market utilities to limit, suspend or terminate UBS’s participation in such utilities. Failure to obtain such waivers, or any limitation, suspension or termination of licenses, authorizations or participations, could have material consequences for UBS.

Specific litigation, regulatory and other matters, including all such matters that management considers to be material and others that management believes to be of significance due to potential financial, reputational and other effects, are described in "*Note 18 Provisions and contingent liabilities*" of the Annual Report 2021. The amount of damages claimed, the size of a transaction or other information is provided where available and appropriate in order to assist users in considering the magnitude of potential exposures.

7.4 Material Contracts

Except as otherwise disclosed in this document (including the documents incorporated herein by reference), no material contracts have been entered into outside of the ordinary course of UBS AG's or UBS AG Group's business which could result in any member of the UBS AG Group being under an obligation or entitlement that is material to UBS AG's ability to meet its obligations to the investors in relation to the issued securities.

7.5 Significant Changes in the Financial Position and Performance; Material Adverse Change in Prospects

Except as otherwise indicated in this document (including the documents incorporated herein by reference), no material changes have occurred in UBS AG's assets and liabilities, financial position or profits and losses since 31 December 2021.

8. Share Capital

As reflected in the Articles of Association most recently registered with the Commercial Register of the Canton of Zurich and the Commercial Register of Basel-City, UBS AG has (i) fully paid and issued share capital of CHF 385,840,846.60, divided into 3,858,408,466 registered shares with a par value of CHF 0.10 each (article 4), and (ii) conditional capital in the amount of CHF 38,000,000, comprising 380,000,000 registered shares with a par value of CHF 0.10 each that can be issued upon the voluntary or mandatory exercise of conversion rights and/or warrants (article 4a).

9. Documents Available

The most recent Articles of Association of UBS AG are available on UBS's Corporate Governance website, at www.ubs.com/governance. Save as otherwise indicated herein, information on or accessible through the Group's corporate website, www.ubs.com, does not form part of and is not incorporated into this document.

APPENDIX III

EXTRACT OF
THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF
UBS AG AND ITS SUBSIDIARIES
FOR THE FULL YEAR ENDED 31 DECEMBER 2021

UBS Group AG interim consolidated financial information (unaudited)

Income statement

	For the quarter ended			For the year ended	
USD million	31.12.21	30.9.21	31.12.20	31.12.21	31.12.20
Interest income from financial instruments measured at amortized cost and fair value through other comprehensive income	2,152	2,178	2,111	8,533	8,810
Interest expense from financial instruments measured at amortized cost	(768)	(822)	(857)	(3,259)	(4,247)
Net interest income from financial instruments measured at fair value through profit or loss	387	338	368	1,431	1,299
Net interest income	1,770	1,693	1,622	6,705	5,862
Other net income from financial instruments measured at fair value through profit or loss	1,365	1,697	1,453	5,850	6,960
Credit loss (expense) / release	27	14	(66)	148	(694)
Fee and commission income	6,042	6,119	5,543	24,372	20,961
Fee and commission expense	(513)	(510)	(459)	(1,985)	(1,775)
Net fee and commission income	5,529	5,610	5,084	22,387	19,186
Other income	40	115	24	452	1,076
Total operating income	8,732	9,128	8,117	35,542	32,390
Personnel expenses	4,216	4,598	3,989	18,387	17,224
General and administrative expenses	2,212	1,148	1,515	5,553	4,885
Depreciation, amortization and impairment of non-financial assets	574	518	627	2,118	2,126
Total operating expenses	7,003	6,264	6,132	26,058	24,235
Operating profit / (loss) before tax	1,729	2,865	1,985	9,484	8,155
Tax expense / (benefit)	370	576	341	1,998	1,583
Net profit / (loss)	1,359	2,289	1,645	7,486	6,572
Net profit / (loss) attributable to non-controlling interests	11	9	9	29	15
Net profit / (loss) attributable to shareholders	1,348	2,279	1,636	7,457	6,557

Earnings per share (USD)

Basic	0.39	0.66	0.46	2.14	1.83
Diluted	0.38	0.63	0.44	2.06	1.77

Statement of comprehensive income

	For the quarter ended			For the year ended	
USD million	31.12.21	30.9.21	31.12.20	31.12.21	31.12.20
Comprehensive income attributable to shareholders[1]					
Net profit / (loss)	1,348	2,279	1,636	7,457	6,557
Other comprehensive income that may be reclassified to the income statement					
Foreign currency translation					
Foreign currency translation movements related to net assets of foreign operations, before tax	315	(392)	1,143	(1,076)	2,103
Effective portion of changes in fair value of hedging instruments designated as net investment hedges, before tax	(183)	175	(539)	498	(936)
Foreign currency translation differences on foreign operations reclassified to the income statement	0	7	0	(2)	(7)
Effective portion of changes in fair value of hedging instruments designated as net investment hedges reclassified to the income statement	3	0	0	10	2
Income tax relating to foreign currency translations, including the impact of net investment hedges	(24)	53	(52)	35	(67)
Subtotal foreign currency translation, net of tax	111	(156)	552	(535)	1,095
Financial assets measured at fair value through other comprehensive income					
Net unrealized gains / (losses), before tax	(49)	(44)	0	(203)	223
Net realized gains / (losses) reclassified to the income statement from equity	0	0	(3)	(9)	(40)
Income tax relating to net unrealized gains / (losses)	13	11	3	55	(48)
Subtotal financial assets measured at fair value through other comprehensive income, net of tax	(37)	(33)	0	(157)	136
Cash flow hedges of interest rate risk					
Effective portion of changes in fair value of derivative instruments designated as cash flow hedges, before tax	(250)	(112)	(191)	(992)	2,012
Net (gains) / losses reclassified to the income statement from equity	(269)	(282)	(256)	(1,073)	(770)
Income tax relating to cash flow hedges	98	77	87	390	(231)
Subtotal cash flow hedges, net of tax	(421)	(316)	(360)	(1,675)	1,011
Cost of hedging					
Cost of hedging, before tax	(14)	5	(1)	(32)	(13)
Income tax relating to cost of hedging	6	0	0	6	0
Subtotal cost of hedging, net of tax	(8)	5	(1)	(26)	(13)
Total other comprehensive income that may be reclassified to the income statement, net of tax	(355)	(500)	191	(2,393)	2,230
Other comprehensive income that will not be reclassified to the income statement					
Defined benefit plans					
Gains / (losses) on defined benefit plans, before tax	149	10	37	2	(327)
Income tax relating to defined benefit plans	(25)	(9)	49	(7)	109
Subtotal defined benefit plans, net of tax	124	2	86	(5)	(218)
Own credit on financial liabilities designated at fair value					
Gains / (losses) from own credit on financial liabilities designated at fair value, before tax	55	(98)	(211)	46	(293)
Income tax relating to own credit on financial liabilities designated at fair value	0	0	0	0	0
Subtotal own credit on financial liabilities designated at fair value, net of tax	55	(98)	(211)	46	(293)
Total other comprehensive income that will not be reclassified to the income statement, net of tax	178	(96)	(126)	42	(511)
Total other comprehensive income	(177)	(596)	65	(2,351)	1,719
Total comprehensive income attributable to shareholders	1,171	1,683	1,701	5,106	8,276
Comprehensive income attributable to non-controlling interests					
Net profit / (loss)	11	9	9	29	15
Total other comprehensive income that will not be reclassified to the income statement, net of tax	(4)	(14)	18	(16)	21
Total comprehensive income attributable to non-controlling interests	7	(5)	27	13	36
Total comprehensive income					
Net profit / (loss)	1,359	2,289	1,645	7,486	6,572
Other comprehensive income	(181)	(610)	83	(2,367)	1,740
of which: other comprehensive income that may be reclassified to the income statement	*(355)*	*(500)*	*191*	*(2,393)*	*2,230*
of which: other comprehensive income that will not be reclassified to the income statement	*175*	*(110)*	*(108)*	*26*	*(490)*
Total comprehensive income	1,178	1,678	1,728	5,119	8,312

1 Refer to the "Group performance" section of this report for more information.

Balance sheet

USD million	31.12.21	30.9.21	31.12.20
Assets			
Cash and balances at central banks	192,817	174,478	158,231
Loans and advances to banks	15,480	16,378	15,444
Receivables from securities financing transactions	75,012	74,476	74,210
Cash collateral receivables on derivative instruments	30,514	31,654	32,737
Loans and advances to customers	397,761	390,369	379,528
Other financial assets measured at amortized cost	26,209	27,082	27,194
Total financial assets measured at amortized cost	737,794	714,437	687,345
Financial assets at fair value held for trading	130,821	125,471	125,397
of which: assets pledged as collateral that may be sold or repledged by counterparties	*43,397*	*47,683*	*47,098*
Derivative financial instruments	118,142	121,189	159,617
Brokerage receivables	21,839	20,746	24,659
Financial assets at fair value not held for trading	60,080	60,799	80,364
Total financial assets measured at fair value through profit or loss	330,882	328,205	390,037
Financial assets measured at fair value through other comprehensive income	8,844	8,397	8,258
Investments in associates	1,243	1,188	1,557
Property, equipment and software	12,888	12,827	13,109
Goodwill and intangible assets	6,378	6,401	6,480
Deferred tax assets	8,876	8,830	9,212
Other non-financial assets	10,277	8,489	9,768
Total assets	1,117,182	1,088,773	1,125,765
Liabilities			
Amounts due to banks	13,101	13,292	11,050
Payables from securities financing transactions	5,533	5,256	6,321
Cash collateral payables on derivative instruments	31,798	33,062	37,312
Customer deposits	542,007	517,697	524,605
Debt issued measured at amortized cost	139,155	133,662	139,232
Other financial liabilities measured at amortized cost	9,001	9,569	9,729
Total financial liabilities measured at amortized cost	740,595	712,537	728,250
Financial liabilities at fair value held for trading	31,688	34,650	33,595
Derivative financial instruments	121,309	121,162	161,102
Brokerage payables designated at fair value	44,045	45,557	38,742
Debt issued designated at fair value	73,799	71,898	61,243
Other financial liabilities designated at fair value	30,074	30,248	30,387
Total financial liabilities measured at fair value through profit or loss	300,916	303,515	325,069
Provisions	3,518	2,810	2,828
Other non-financial liabilities	11,151	9,359	9,854
Total liabilities	1,056,180	1,028,221	1,066,000
Equity			
Share capital	322	322	338
Share premium	15,928	15,828	16,753
Treasury shares	(4,675)	(3,847)	(4,068)
Retained earnings	43,851	42,330	38,776
Other comprehensive income recognized directly in equity, net of tax	5,236	5,586	7,647
Equity attributable to shareholders	60,662	60,219	59,445
Equity attributable to non-controlling interests	340	333	319
Total equity	61,002	60,552	59,765
Total liabilities and equity	1,117,182	1,088,773	1,125,765

Provisions and contingent liabilities

a) Provisions

The table below presents an overview of total provisions.

USD million	31.12.21	30.9.21	31.12.20
Provisions other than provisions for expected credit losses	3,322	2,607	2,571
Provisions for expected credit losses	196	203	257
Total provisions	3,518	2,810	2,828

The following table presents additional information for provisions other than provisions for expected credit losses.

USD million	Litigation, regulatory and similar matters[1]	Restructuring[2]	Other[3]	Total
Balance as of 31 December 2020	2,135	72	363	2,571
Balance as of 30 September 2021	2,084	170	352	2,607
Increase in provisions recognized in the income statement	856	78	25	959
Release of provisions recognized in the income statement	(30)	(14)	(18)	(62)
Provisions used in conformity with designated purpose	(101)	(64)	(17)	(181)
Capitalized reinstatement costs	0	0	4	4
Foreign currency translation / unwind of discount	(12)	1	6	(5)
Balance as of 31 December 2021	2,798	172	352	3,322

1 Comprises provisions for losses resulting from legal, liability and compliance risks. 2 Includes personnel-related restructuring provisions of USD 125 million as of 31 December 2021 (30 September 2021: USD 122 million; 31 December 2020: USD 18 million) and provisions for onerous contracts of USD 47 million as of 31 December 2021 (30 September 2021: USD 48 million; 31 December 2020: USD 49 million). 3 Mainly includes provisions related to real estate, employee benefits and operational risks.

Restructuring provisions primarily relate to personnel-related provisions and onerous contracts. Personnel-related restructuring provisions are used within a short period of time but potential changes in amount may be triggered when natural staff attrition reduces the number of people affected by a restructuring event and therefore the estimated costs. Onerous contracts for property are recognized when UBS is committed to pay for non-lease components, such as utilities, service charges, taxes and maintenance, when a property is vacated or not fully recovered from sub-tenants.

Information about provisions and contingent liabilities in respect of litigation, regulatory and similar matters, as a class, is included in part b). There are no material contingent liabilities associated with the other classes of provisions.

b) Litigation, regulatory and similar matters

The Group operates in a legal and regulatory environment that exposes it to significant litigation and similar risks arising from disputes and regulatory proceedings. As a result, UBS (which for purposes of this disclosure may refer to UBS Group AG and/or one or more of its subsidiaries, as applicable) is involved in various disputes and legal proceedings, including litigation, arbitration, and regulatory and criminal investigations.

Such matters are subject to many uncertainties, and the outcome and the timing of resolution are often difficult to predict, particularly in the earlier stages of a case. There are also situations where the Group may enter into a settlement agreement. This may occur in order to avoid the expense, management distraction or reputational implications of continuing to contest liability, even for those matters for which the Group believes it should be exonerated. The uncertainties inherent in all such matters affect the amount and timing of any potential outflows for both matters with respect to which provisions have been established and other contingent liabilities. The Group makes provisions for such matters brought against it when, in the opinion of management after seeking legal advice, it is more likely than not that the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required, and the amount can be reliably estimated. Where these factors are otherwise satisfied, a provision may be established for claims that have not yet been asserted against the Group, but are nevertheless expected to be, based on the Group's experience with similar asserted claims. If any of those conditions is not met, such matters result in contingent liabilities. If the amount of an obligation cannot be reliably estimated, a liability exists that is not recognized even if an outflow of resources is probable. Accordingly, no provision is established even if the potential outflow of resources with respect to such matters could be significant. Developments relating to a matter that occur after the relevant reporting period, but prior to the issuance of financial statements, which affect management's assessment of the provision for such matter (because, for example, the developments provide evidence of conditions that existed at the end of the reporting period), are adjusting events after the reporting period under IAS 10 and must be recognized in the financial statements for the reporting period.

Provisions and contingent liabilities (continued)

Specific litigation, regulatory and other matters are described below, including all such matters that management considers to be material and others that management believes to be of significance due to potential financial, reputational and other effects. The amount of damages claimed, the size of a transaction or other information is provided where available and appropriate in order to assist users in considering the magnitude of potential exposures.

In the case of certain matters below, we state that we have established a provision, and for the other matters, we make no such statement. When we make this statement and we expect disclosure of the amount of a provision to prejudice seriously our position with other parties in the matter because it would reveal what UBS believes to be the probable and reliably estimable outflow, we do not disclose that amount. In some cases we are subject to confidentiality obligations that preclude such disclosure. With respect to the matters for which we do not state whether we have established a provision, either: (a) we have not established a provision, in which case the matter is treated as a contingent liability under the applicable accounting standard; or (b) we have established a provision but expect disclosure of that fact to prejudice seriously our position with other parties in the matter because it would reveal the fact that UBS believes an outflow of resources to be probable and reliably estimable.

With respect to certain litigation, regulatory and similar matters for which we have established provisions, we are able to estimate the expected timing of outflows. However, the aggregate amount of the expected outflows for those matters for which we are able to estimate expected timing is immaterial relative to our current and expected levels of liquidity over the relevant time periods.

The aggregate amount provisioned for litigation, regulatory and similar matters as a class is disclosed in the "Provisions" table in part a) above. It is not practicable to provide an aggregate estimate of liability for our litigation, regulatory and similar matters as a class of contingent liabilities. Doing so would require UBS to provide speculative legal assessments as to claims and proceedings that involve unique fact patterns or novel legal theories, that have not yet been initiated or are at early stages of adjudication, or as to which alleged damages have not been quantified by the claimants. Although UBS therefore cannot provide a numerical estimate of the future losses that could arise from litigation, regulatory and similar matters, UBS believes that the aggregate amount of possible future losses from this class that are more than remote substantially exceeds the level of current provisions.

Litigation, regulatory and similar matters may also result in non-monetary penalties and consequences. A guilty plea to, or conviction of, a crime could have material consequences for UBS. Resolution of regulatory proceedings may require UBS to obtain waivers of regulatory disqualifications to maintain certain operations, may entitle regulatory authorities to limit, suspend or terminate licenses and regulatory authorizations, and may permit financial market utilities to limit, suspend or terminate UBS's participation in such utilities. Failure to obtain such waivers, or any limitation, suspension or termination of licenses, authorizations or participations, could have material consequences for UBS.

The risk of loss associated with litigation, regulatory and similar matters is a component of operational risk for purposes of determining capital requirements. Information concerning our capital requirements and the calculation of operational risk for this purpose is included in the "Capital management" section of this report.

Provisions for litigation, regulatory and similar matters by business division and in Group Functions[1]

USD million	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Group Functions	Total
Balance as of 31 December 2020	861	115	0	227	932	2,135
Balance as of 30 September 2021	765	98	8	275	938	2,084
Increase in provisions recognized in the income statement	709	83	0	39	24	856
Release of provisions recognized in the income statement	(29)	0	0	0	0	(30)
Provisions used in conformity with designated purpose	(98)	(1)	0	(2)	0	(101)
Foreign currency translation / unwind of discount	(9)	0	0	(3)	0	(12)
Balance as of 31 December 2021	1,338	181	8	310	962	2,798

1 Provisions, if any, for the matters described in items 3 and 4 of this disclosure are recorded in Global Wealth Management, and provisions, if any, for the matters described in item 2 are recorded in Group Functions. Provisions, if any, for the matters described in items 1 and 6 are allocated between Global Wealth Management and Personal & Corporate Banking, and provisions, if any, for the matters described in item 5 are allocated between the Investment Bank and Group Functions.

1. Inquiries regarding cross-border wealth management businesses

Tax and regulatory authorities in a number of countries have made inquiries, served requests for information or examined employees located in their respective jurisdictions relating to the cross-border wealth management services provided by UBS and other financial institutions. It is possible that the implementation of automatic tax information exchange and other measures relating to cross-border provision of financial services could give rise to further inquiries in the future. UBS has received disclosure orders from the Swiss Federal Tax Administration (FTA) to transfer information based on requests for international administrative assistance in tax matters. The requests concern a number of UBS account numbers pertaining to current and former clients and are based on data from 2006 and 2008. UBS has taken steps to inform affected clients about the administrative assistance proceedings and their procedural rights, including the right to appeal. The requests are based on data received from the German authorities, who seized certain data related to UBS clients booked in Switzerland during their investigations and have apparently shared this data with other European countries. UBS expects additional countries to file similar requests.

Since 2013, UBS (France) S.A., UBS AG and certain former employees have been under investigation in France for alleged complicity in unlawful solicitation of clients on French territory, regarding the laundering of proceeds of tax fraud, and banking and financial solicitation by unauthorized persons. In connection with this investigation, the investigating judges ordered UBS AG to provide bail ("*caution*") of EUR 1.1 billion and UBS (France) S.A. to post bail of EUR 40 million, which was reduced on appeal to EUR 10 million.

On 20 February 2019, the court of first instance returned a verdict finding UBS AG guilty of unlawful solicitation of clients on French territory and aggravated laundering of the proceeds of tax fraud, and UBS (France) S.A. guilty of aiding and abetting unlawful solicitation and of laundering the proceeds of tax fraud. The court imposed fines aggregating EUR 3.7 billion on UBS AG and UBS (France) S.A. and awarded EUR 800 million of civil damages to the French state. A trial in the French Court of Appeal took place in March 2021. On 13 December 2021, the Court of Appeal found UBS AG guilty of unlawful solicitation and aggravated laundering of the proceeds of tax fraud. The court ordered a fine of EUR 3.75 million, the confiscation of EUR 1 billion, and awarded civil damages to the French state of EUR 800 million. The court also found UBS (France) SA guilty of the aiding and abetting of unlawful solicitation and ordered it to pay a fine of EUR 1.875 million. UBS AG has filed an appeal with the French Supreme Court to preserve its rights. The appeal enables UBS AG to thoroughly assess the verdict of the Court of Appeal and to determine next steps in the best interest of its stakeholders. The fine and confiscation imposed by the Court of Appeal are suspended during the appeal. The award of civil damages is payable upon request by the French state.

Our balance sheet at 31 December 2021 reflected provisions with respect to this matter in an amount of EUR 1.1 billion (USD 1.252 billion at 31 December 2021). The wide range of possible outcomes in this case contributes to a high degree of estimation uncertainty and the provision reflects our best estimate of possible financial implications, although actual penalties and civil damages could exceed (or may be less than) the provision amount.

In 2016, UBS was notified by the Belgian investigating judge that it was under formal investigation ("*inculpé*") regarding the allegations of laundering of proceeds of tax fraud, banking and financial solicitation by unauthorized persons, and serious tax fraud. In November 2021, the Council Chamber approved a settlement with the Brussels Prosecution Office for EUR 49 million without recognition of guilt with regard to the allegations of banking and financial solicitation by unauthorized persons and serious tax fraud. The allegation of laundering of proceeds of tax fraud was dismissed.

Our balance sheet at 31 December 2021 reflected provisions with respect to matters described in this item 1 in an amount that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which we have established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that we have recognized.

2. Claims related to sales of residential mortgage-backed securities and mortgages

From 2002 through 2007, prior to the crisis in the US residential loan market, UBS was a substantial issuer and underwriter of US residential mortgage-backed securities (RMBS) and was a purchaser and seller of US residential mortgages.

In November 2018, the DOJ filed a civil complaint in the District Court for the Eastern District of New York. The complaint seeks unspecified civil monetary penalties under the Financial Institutions Reform, Recovery and Enforcement Act of 1989 related to UBS's issuance, underwriting and sale of 40 RMBS transactions in 2006 and 2007. UBS moved to dismiss the civil complaint on 6 February 2019. On 10 December 2019, the district court denied UBS's motion to dismiss.

Our balance sheet at 31 December 2021 reflected a provision with respect to matters described in this item 2 in an amount that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which we have established provisions, the future outflow of resources in respect of this matter cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that we have recognized.

Provisions and contingent liabilities (continued)

3. Madoff

In relation to the Bernard L. Madoff Investment Securities LLC (BMIS) investment fraud, UBS AG, UBS (Luxembourg) S.A. (now UBS Europe SE, Luxembourg branch) and certain other UBS subsidiaries have been subject to inquiries by a number of regulators, including the Swiss Financial Market Supervisory Authority (FINMA) and the Luxembourg Commission de Surveillance du Secteur Financier. Those inquiries concerned two third-party funds established under Luxembourg law, substantially all assets of which were with BMIS, as well as certain funds established in offshore jurisdictions with either direct or indirect exposure to BMIS. These funds faced severe losses, and the Luxembourg funds are in liquidation. The documentation establishing both funds identifies UBS entities in various roles, including custodian, administrator, manager, distributor and promoter, and indicates that UBS employees serve as board members.

In 2009 and 2010, the liquidators of the two Luxembourg funds filed claims against UBS entities, non-UBS entities and certain individuals, including current and former UBS employees, seeking amounts totaling approximately EUR 2.1 billion, which includes amounts that the funds may be held liable to pay the trustee for the liquidation of BMIS (BMIS Trustee).

A large number of alleged beneficiaries have filed claims against UBS entities (and non-UBS entities) for purported losses relating to the Madoff fraud. The majority of these cases have been filed in Luxembourg, where decisions that the claims in eight test cases were inadmissible have been affirmed by the Luxembourg Court of Appeal, and the Luxembourg Supreme Court has dismissed a further appeal in one of the test cases.

In the US, the BMIS Trustee filed claims against UBS entities, among others, in relation to the two Luxembourg funds and one of the offshore funds. The total amount claimed against all defendants in these actions was not less than USD 2 billion. In 2014, the US Supreme Court rejected the BMIS Trustee's motion for leave to appeal decisions dismissing all claims except those for the recovery of approximately USD 125 million of payments alleged to be fraudulent conveyances and preference payments. In 2016, the bankruptcy court dismissed these claims against the UBS entities. In February 2019, the Court of Appeals reversed the dismissal of the BMIS Trustee's remaining claims, and the US Supreme Court subsequently denied a petition seeking review of the Court of Appeals' decision. The case has been remanded to the Bankruptcy Court for further proceedings.

4. Puerto Rico

Declines since 2013 in the market prices of Puerto Rico municipal bonds and of closed-end funds (funds) that are sole-managed and co-managed by UBS Trust Company of Puerto Rico and distributed by UBS Financial Services Incorporated of Puerto Rico (UBS PR) led to multiple regulatory inquiries, which in 2014 and 2015, led to settlements with the Office of the Commissioner of Financial Institutions for the Commonwealth of Puerto Rico, the US Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority.

Since then, UBS clients in Puerto Rico who own the funds or Puerto Rico municipal bonds and/or who used their UBS account assets as collateral for UBS non-purpose loans filed customer complaints and arbitration demands seeking aggregate damages of USD 3.4 billion, of which USD 3.1 billion have been resolved through settlements, arbitration or withdrawal of claims. Allegations include fraud, misrepresentation and unsuitability of the funds and of the loans.

A shareholder derivative action was filed in 2014 against various UBS entities and current and certain former directors of the funds, alleging hundreds of millions of US dollars in losses in the funds. In 2021, the parties reached an agreement to settle this matter for USD 15 million, subject to court approval.

In 2011, a purported derivative action was filed on behalf of the Employee Retirement System of the Commonwealth of Puerto Rico (System) against over 40 defendants, including UBS PR, which was named in connection with its underwriting and consulting services. Plaintiffs alleged that defendants violated their purported fiduciary duties and contractual obligations in connection with the issuance and underwriting of USD 3 billion of bonds by the System in 2008 and sought damages of over USD 800 million. In 2016, the court granted the System's request to join the action as a plaintiff. In 2017, the court denied defendants' motion to dismiss the complaint. In 2020, the court denied plaintiffs' motion for summary judgment.

Beginning in 2015, certain agencies and public corporations of the Commonwealth of Puerto Rico (Commonwealth) defaulted on certain interest payments on Puerto Rico bonds. In 2016, US federal legislation created an oversight board with power to oversee Puerto Rico's finances and to restructure its debt. The oversight board has imposed a stay on the exercise of certain creditors' rights. In 2017, the oversight board placed certain of the bonds into a bankruptcy-like proceeding under the supervision of a Federal District Judge.

In May 2019, the oversight board filed complaints in Puerto Rico federal district court bringing claims against financial, legal and accounting firms that had participated in Puerto Rico municipal bond offerings, including UBS, seeking a return of underwriting and swap fees paid in connection with those offerings. UBS estimates that it received approximately USD 125 million in fees in the relevant offerings.

In August 2019, and February and November 2020, four US insurance companies that insured issues of Puerto Rico municipal bonds sued UBS and several other underwriters of Puerto Rico municipal bonds in three separate cases. The actions collectively seek recovery of an aggregate of USD 955 million in damages from the defendants. The plaintiffs in these cases claim that defendants failed to reasonably investigate financial statements in the offering materials for the insured Puerto Rico bonds issued between 2002 and 2007, which plaintiffs argue they relied upon in agreeing to insure the bonds notwithstanding that they had no contractual relationship with the underwriters. Defendants' motions to dismiss were granted in two of the cases; those decisions are being appealed by the plaintiffs. In the third case, defendants' motion to dismiss was denied, but on appeal that ruling was reversed and the motion to dismiss was granted.

Our balance sheet at 31 December 2021 reflected provisions with respect to matters described in this item 4 in amounts that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which we have established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provisions that we have recognized.

5. Foreign exchange, LIBOR and benchmark rates, and other trading practices

Foreign exchange-related regulatory matters: Beginning in 2013, numerous authorities commenced investigations concerning possible manipulation of foreign exchange markets and precious metals prices. As a result of these investigations, UBS entered into resolutions with Swiss, US and United Kingdom regulators and the European Commission. UBS was granted conditional immunity by the Antitrust Division of the DOJ and by authorities in other jurisdictions in connection with potential competition law violations relating to foreign exchange and precious metals businesses.

Foreign exchange-related civil litigation: Putative class actions have been filed since 2013 in US federal courts and in other jurisdictions against UBS and other banks on behalf of putative classes of persons who engaged in foreign currency transactions with any of the defendant banks. UBS has resolved US federal court class actions relating to foreign currency transactions with the defendant banks and persons who transacted in foreign exchange futures contracts and options on such futures under a settlement agreement that provides for UBS to pay an aggregate of USD 141 million and provide cooperation to the settlement classes. Certain class members have excluded themselves from that settlement and have filed individual actions in US and English courts against UBS and other banks, alleging violations of US and European competition laws and unjust enrichment.

In 2015, a putative class action was filed in federal court against UBS and numerous other banks on behalf of persons and businesses in the US who directly purchased foreign currency from the defendants and alleged co-conspirators for their own end use. In March 2017, the court granted UBS's (and the other banks') motions to dismiss the complaint. The plaintiffs filed an amended complaint in August 2017. In March 2018, the court denied the defendants' motions to dismiss the amended complaint.

LIBOR and other benchmark-related regulatory matters: Numerous government agencies conducted investigations regarding potential improper attempts by UBS, among others, to manipulate LIBOR and other benchmark rates at certain times. UBS reached settlements or otherwise concluded investigations relating to benchmark interest rates with the investigating authorities. UBS was granted conditional leniency or conditional immunity from authorities in certain jurisdictions, including the Antitrust Division of the DOJ and the Swiss Competition Commission (WEKO), in connection with potential antitrust or competition law violations related to certain rates. However, UBS has not reached a final settlement with WEKO, as the Secretariat of WEKO has asserted that UBS does not qualify for full immunity.

LIBOR and other benchmark-related civil litigation: A number of putative class actions and other actions are pending in the federal courts in New York against UBS and numerous other banks on behalf of parties who transacted in certain interest rate benchmark-based derivatives. Also pending in the US and in other jurisdictions are a number of other actions asserting losses related to various products whose interest rates were linked to LIBOR and other benchmarks, including adjustable rate mortgages, preferred and debt securities, bonds pledged as collateral, loans, depository accounts, investments and other interest-bearing instruments. The complaints allege manipulation, through various means, of certain benchmark interest rates, including USD LIBOR, Euroyen TIBOR, Yen LIBOR, EURIBOR, CHF LIBOR, GBP LIBOR, SGD SIBOR and SOR and Australian BBSW, and seek unspecified compensatory and other damages under varying legal theories.

USD LIBOR class and individual actions in the US: In 2013 and 2015, the district court in the USD LIBOR actions dismissed, in whole or in part, certain plaintiffs' antitrust claims, federal racketeering claims, CEA claims, and state common law claims, and again dismissed the antitrust claims in 2016 following an appeal. In December 2021, the Second Circuit affirmed the district court's dismissal in part and reversed in part and remanded to the district court for further proceedings. The Second Circuit, among other things, held that there was personal jurisdiction over UBS and other foreign defendants based on allegations that at least one alleged co-conspirator undertook an overt act in the United States. Separately, in 2018, the Second Circuit reversed in part the district court's 2015 decision dismissing certain individual plaintiffs' claims and certain of these actions are now proceeding. In 2018, the district court denied plaintiffs' motions for class certification in the USD class actions for claims pending against UBS, and plaintiffs sought permission to appeal that ruling to the Second Circuit. In July 2018, the Second Circuit denied the petition to appeal of the class of USD lenders and in November 2018 denied the petition of the USD exchange class. In January 2019, a putative class action was filed in the District Court for the Southern District of New York against UBS and numerous other banks on behalf of US residents who, since 1 February 2014, directly transacted with a defendant bank in USD LIBOR instruments. The complaint asserts antitrust claims. The defendants moved to dismiss the complaint in August 2019. On 26 March 2020 the court granted defendants' motion to dismiss the complaint in its entirety. Plaintiffs have appealed the dismissal. In August 2020, an individual action was filed in the Northern District of California against UBS and numerous other banks alleging that the defendants conspired to fix the interest rate used as the basis for loans to consumers by jointly setting the USD LIBOR rate and monopolized the market for LIBOR-based consumer loans and credit cards. Defendants moved to dismiss the complaint in September 2021.

Provisions and contingent liabilities (continued)

Other benchmark class actions in the US:

Yen LIBOR / Euroyen TIBOR – In 2014, 2015 and 2017, the court in one of the Yen LIBOR / Euroyen TIBOR lawsuits dismissed certain of the plaintiffs' claims, including the plaintiffs' federal antitrust and racketeering claims. In August 2020, the court granted defendants' motion for judgment on the pleadings and dismissed the lone remaining claim in the action as impermissibly extraterritorial. Plaintiffs have appealed. In 2017, the court dismissed the other Yen LIBOR / Euroyen TIBOR action in its entirety on standing grounds. In April 2020, the appeals court reversed the dismissal and in August 2020 plaintiffs in that action filed an amended complaint focused on Yen LIBOR. The court granted in part and denied in part defendants' motion to dismiss the amended complaint in September 2021 and plaintiffs and the remaining defendants have moved for reconsideration.

CHF LIBOR – In 2017, the court dismissed the CHF LIBOR action on standing grounds and failure to state a claim. Plaintiffs filed an amended complaint following the dismissal, and the court granted a renewed motion to dismiss in September 2019. Plaintiffs appealed. In September 2021, the Second Circuit granted the parties' joint motion to vacate the dismissal and remand the case for further proceedings.

EURIBOR – In 2017, the court in the EURIBOR lawsuit dismissed the case as to UBS and certain other foreign defendants for lack of personal jurisdiction. Plaintiffs have appealed.

SIBOR / SOR – In October 2018, the court in the SIBOR / SOR action dismissed all but one of plaintiffs' claims against UBS. Plaintiffs filed an amended complaint following the dismissal, and the court granted a renewed motion to dismiss in July 2019. Plaintiffs appealed. In March 2021, the Second Circuit reversed the dismissal. Plaintiffs filed an amended complaint in October 2021, which defendants have moved to dismiss.

BBSW – In November 2018, the court in the BBSW lawsuit dismissed the case as to UBS and certain other foreign defendants for lack of personal jurisdiction. Following that dismissal, plaintiffs filed an amended complaint in April 2019, which UBS and other defendants named in the amended complaint moved to dismiss. In February 2020, the court in the BBSW action granted in part and denied in part defendants' motions to dismiss the amended complaint. In August 2020, UBS and other BBSW defendants joined a motion for judgment on the pleadings, which the court denied in May 2021.

GBP LIBOR – The court dismissed the GBP LIBOR action in August 2019. Plaintiffs have appealed.

Government bonds: Putative class actions have been filed since 2015 in US federal courts against UBS and other banks on behalf of persons who participated in markets for US Treasury securities since 2007. A consolidated complaint was filed in 2017 in the US District Court for the Southern District of New York alleging that the banks colluded with respect to, and manipulated prices of, US Treasury securities sold at auction and in the secondary market and asserting claims under the antitrust laws and for unjust enrichment. Defendants' motions to dismiss the consolidated complaint was granted in March 2021. Plaintiffs filed an amended complaint, which defendants moved to dismiss in June 2021. Similar class actions have been filed concerning European government bonds and other government bonds.

In May 2021, the European Commission issued a decision finding that UBS and six other banks breached European Union antitrust rules in 2007–2011 relating to European government bonds. The European Commission fined UBS EUR 172 million. UBS is appealing the amount of the fine.

With respect to additional matters and jurisdictions not encompassed by the settlements and orders referred to above, our balance sheet at 31 December 2021 reflected a provision in an amount that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which we have established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that we have recognized.

6. Swiss retrocessions

The Federal Supreme Court of Switzerland ruled in 2012, in a test case against UBS, that distribution fees paid to a firm for distributing third-party and intra-group investment funds and structured products must be disclosed and surrendered to clients who have entered into a discretionary mandate agreement with the firm, absent a valid waiver. FINMA issued a supervisory note to all Swiss banks in response to the Supreme Court decision. UBS has met the FINMA requirements and has notified all potentially affected clients.

The Supreme Court decision has resulted, and continues to result, in a number of client requests for UBS to disclose and potentially surrender retrocessions. Client requests are assessed on a case-by-case basis. Considerations taken into account when assessing these cases include, among other things, the existence of a discretionary mandate and whether or not the client documentation contained a valid waiver with respect to distribution fees.

Our balance sheet at 31 December 2021 reflected a provision with respect to matters described in this item 6 in an amount that UBS believes to be appropriate under the applicable accounting standard. The ultimate exposure will depend on client requests and the resolution thereof, factors that are difficult to predict and assess. Hence, as in the case of other matters for which we have established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that we have recognized.

UBS AG interim consolidated financial information (unaudited)

This section contains a comparison of selected financial and capital information between UBS Group AG consolidated and UBS AG consolidated. Information for UBS AG consolidated does not differ materially from UBS Group AG on a consolidated basis.

Comparison between UBS Group AG consolidated and UBS AG consolidated

The accounting policies applied under International Financial Reporting Standards (IFRS) to both the UBS Group AG and the UBS AG consolidated financial statements are identical. However, there are certain scope and presentation differences as noted below.

- Assets, liabilities, operating income, operating expenses and operating profit before tax relating to UBS Group AG and its directly held subsidiaries, including UBS Business Solutions AG, are reflected in the consolidated financial statements of UBS Group AG but not in those of UBS AG. UBS AG's assets, liabilities, operating income and operating expenses related to transactions with UBS Group AG and its directly held subsidiaries, including UBS Business Solutions AG and other shared services subsidiaries, are not subject to elimination in the consolidated financial statements of UBS AG, but are eliminated in the consolidated financial statements of UBS Group AG. UBS Business Solutions AG and other shared services subsidiaries of UBS Group AG charge other legal entities within the UBS AG consolidation scope for services provided, including a markup on costs incurred.
- The equity of UBS Group AG consolidated was USD 2.6 billion higher than the equity of UBS AG consolidated as of 31 December 2021. This difference was mainly driven by higher dividends paid by UBS AG to UBS Group AG compared with the dividend distributions of UBS Group AG, as well as higher retained earnings in the consolidated financial statements of UBS Group AG, largely related to the aforementioned markup charged by shared services subsidiaries of UBS Group AG to other legal entities in the UBS AG scope of consolidation. In addition, UBS Group AG is the grantor of the majority of the compensation plans of the Group and recognizes share premium for equity-settled awards granted. These effects were partly offset by treasury shares acquired as part of our share repurchase programs and those held to hedge share delivery obligations associated with Group compensation plans, as well as additional share premium recognized at the UBS AG consolidated level related to the establishment of UBS Group AG and UBS Business Solutions AG, a wholly owned subsidiary of UBS Group AG.
- The going concern capital of UBS Group AG consolidated was USD 5.1 billion higher than the going concern capital of UBS AG consolidated as of 31 December 2021, reflecting higher common equity tier 1 (CET1) capital of USD 3.7 billion and going concern loss-absorbing additional tier 1 (AT1) capital of USD 1.4 billion.
- The CET1 capital of UBS Group AG consolidated was USD 3.7 billion higher than that of UBS AG consolidated as of 31 December 2021. The higher CET1 capital of UBS Group AG consolidated was primarily due to higher UBS Group AG consolidated IFRS equity of USD 2.6 billion, as described above, and lower UBS Group AG accruals for future capital returns to shareholders, partly offset by compensation-related regulatory capital accruals at the UBS Group AG level.
- The going concern loss-absorbing AT1 capital of UBS Group AG consolidated was USD 1.4 billion higher than that of UBS AG consolidated as of 31 December 2021, mainly reflecting deferred contingent capital plan awards granted at the Group level to eligible employees for the performance years 2016 to 2020, partly offset by two loss-absorbing AT1 capital instruments on-lent by UBS Group AG to UBS AG.

Comparison between UBS Group AG consolidated and UBS AG consolidated

	As of or for the quarter ended 31.12.21		
USD million, except where indicated	UBS Group AG consolidated	UBS AG consolidated	Difference (absolute)
Income statement			
Operating income	8,732	8,846	(114)
Operating expenses	7,003	7,227	(224)
Operating profit / (loss) before tax	1,729	1,619	109
of which: Global Wealth Management	*563*	*541*	*22*
of which: Personal & Corporate Banking	*365*	*362*	*3*
of which: Asset Management	*334*	*328*	*6*
of which: Investment Bank	*713*	*710*	*3*
of which: Group Functions	*(246)*	*(321)*	*75*
Net profit / (loss)	1,359	1,266	93
of which: net profit / (loss) attributable to shareholders	*1,348*	*1,255*	*93*
of which: net profit / (loss) attributable to non-controlling interests	*11*	*11*	*0*
Statement of comprehensive income			
Other comprehensive income	(181)	(197)	16
of which: attributable to shareholders	*(177)*	*(194)*	*16*
of which: attributable to non-controlling interests	*(4)*	*(4)*	*0*
Total comprehensive income	1,178	1,069	109
of which: attributable to shareholders	*1,171*	*1,062*	*109*
of which: attributable to non-controlling interests	*7*	*7*	*0*
Balance sheet			
Total assets	1,117,182	1,116,145	1,037
Total liabilities	1,056,180	1,057,702	(1,522)
Total equity	61,002	58,442	2,559
of which: equity attributable to shareholders	*60,662*	*58,102*	*2,559*
of which: equity attributable to non-controlling interests	*340*	*340*	*0*
Capital information			
Common equity tier 1 capital	45,281	41,594	3,687
Going concern capital	60,488	55,434	5,054
Risk-weighted assets	302,209	299,005	3,204
Common equity tier 1 capital ratio (%)	15.0	13.9	1.1
Going concern capital ratio (%)	20.0	18.5	1.5
Total loss-absorbing capacity ratio (%)	34.7	33.3	1.3
Leverage ratio denominator	1,068,862	1,067,679	1,183
Common equity tier 1 leverage ratio (%)	4.24	3.90	0.34
Going concern leverage ratio (%)	5.7	5.2	0.5
Total loss-absorbing capacity leverage ratio (%)	9.8	9.3	0.5

As of or for the quarter ended 30.9.21			As of or for the quarter ended 31.12.20		
UBS Group AG consolidated	UBS AG consolidated	Difference (absolute)	UBS Group AG consolidated	UBS AG consolidated	Difference (absolute)
9,128	9,224	(95)	8,117	8,220	(103)
6,264	6,512	(248)	6,132	6,324	(192)
2,865	2,712	152	1,985	1,896	89
1,516	*1,500*	*16*	*864*	*855*	*9*
478	*479*	*(1)*	*353*	*353*	*(1)*
214	*214*	*0*	*401*	*401*	*0*
837	*833*	*4*	*529*	*528*	*1*
(180)	*(314)*	*134*	*(161)*	*(241)*	*79*
2,289	2,163	125	1,645	1,572	73
2,279	*2,154*	*125*	*1,636*	*1,563*	*73*
9	*9*	*0*	*9*	*9*	*0*
(610)	(598)	(12)	83	54	29
(596)	*(584)*	*(12)*	*65*	*36*	*29*
(14)	*(14)*	*0*	*18*	*18*	*0*
1,678	1,565	113	1,728	1,626	102
1,683	*1,570*	*113*	*1,701*	*1,599*	*102*
(5)	*(5)*	*0*	*27*	*27*	*0*
1,088,773	1,088,246	528	1,125,765	1,125,327	438
1,028,221	1,030,828	(2,607)	1,066,000	1,067,254	(1,254)
60,552	57,418	3,134	59,765	58,073	1,691
60,219	*57,085*	*3,134*	*59,445*	*57,754*	*1,691*
333	*333*	*0*	*319*	*319*	*0*
45,022	41,356	3,665	39,890	38,181	1,709
60,369	55,334	5,035	56,178	52,610	3,567
302,426	299,612	2,814	289,101	286,743	2,358
14.9	13.8	1.1	13.8	13.3	0.5
20.0	18.5	1.5	19.4	18.3	1.1
34.0	32.6	1.4	35.2	34.2	1.0
1,044,916	1,044,438	479	1,037,150	1,036,771	379
4.31	3.96	0.35	3.85	3.68	0.16
5.8	5.3	0.5	5.4	5.1	0.3
9.8	9.4	0.5	9.8	9.5	0.3

UBS AG consolidated key figures

	As of or for the quarter ended			As of or for the year ended	
USD million, except where indicated	31.12.21	30.9.21	31.12.20	31.12.21	31.12.20
Results					
Operating income	8,846	9,224	8,220	35,976	32,780
Operating expenses	7,227	6,512	6,324	27,012	25,081
Operating profit / (loss) before tax	1,619	2,712	1,896	8,964	7,699
Net profit / (loss) attributable to shareholders	1,255	2,154	1,563	7,032	6,196
Profitability and growth					
Return on equity (%)	8.7	15.3	10.9	12.3	10.9
Return on tangible equity (%)	9.8	17.3	12.2	13.9	12.4
Return on common equity tier 1 capital (%)	12.1	21.1	16.3	17.6	16.6
Return on risk-weighted assets, gross (%)	11.8	12.5	11.7	12.3	11.9
Return on leverage ratio denominator, gross (%)[1]	3.3	3.5	3.3	3.4	3.4
Cost / income ratio (%)	81.9	70.7	76.3	75.4	74.9
Net profit growth (%)	(19.7)	6.8	151.3	13.5	56.3
Resources					
Total assets	1,116,145	1,088,246	1,125,327	1,116,145	1,125,327
Equity attributable to shareholders	58,102	57,085	57,754	58,102	57,754
Common equity tier 1 capital[2]	41,594	41,356	38,181	41,594	38,181
Risk-weighted assets[2]	299,005	299,612	286,743	299,005	286,743
Common equity tier 1 capital ratio (%)[2]	13.9	13.8	13.3	13.9	13.3
Going concern capital ratio (%)[2]	18.5	18.5	18.3	18.5	18.3
Total loss-absorbing capacity ratio (%)[2]	33.3	32.6	34.2	33.3	34.2
Leverage ratio denominator[1,2]	1,067,679	1,044,438	1,036,771	1,067,679	1,036,771
Common equity tier 1 leverage ratio (%)[1,2]	3.90	3.96	3.68	3.90	3.68
Going concern leverage ratio (%)[1,2]	5.2	5.3	5.1	5.2	5.1
Total loss-absorbing capacity leverage ratio (%)[2]	9.3	9.4	9.5	9.3	9.5
Other					
Invested assets (USD billion)[3]	4,596	4,432	4,187	4,596	4,187
Personnel (full-time equivalents)	47,067	47,293	47,546	47,067	47,546

1 Leverage ratio denominators and leverage ratios for the respective periods in 2020 do not reflect the effects of the temporary exemption that applied from 25 March 2020 until 1 January 2021 and was granted by FINMA in connection with COVID-19. Refer to the "Regulatory and legal developments" section of our Annual Report 2020 for more information. 2 Based on the Swiss systemically relevant bank framework as of 1 January 2020. Refer to the "Capital management" section of this report for more information. 3 Consists of invested assets for Global Wealth Management, Asset Management and Personal & Corporate Banking. Refer to "Note 32 Invested assets and net new money" in the "Consolidated financial statements" section of our Annual Report 2020 for more information.

Currency translation rates

The following table shows the rates of the main currencies used to translate the financial information of UBS's operations with a functional currency other than the US dollar into US dollars.

	Closing exchange rate			Average rate[1]				
	As of			For the quarter ended			For the year ended	
	31.12.21	30.9.21	31.12.20	31.12.21	30.9.21	31.12.20	31.12.21	31.12.20
1 CHF	1.10	1.07	1.13	1.09	1.09	1.11	1.09	1.07
1 EUR	1.14	1.16	1.22	1.14	1.17	1.19	1.18	1.15
1 GBP	1.35	1.35	1.37	1.35	1.37	1.33	1.37	1.29
100 JPY	0.87	0.90	0.97	0.88	0.90	0.96	0.91	0.94

1 Monthly income statement items of operations with a functional currency other than the US dollar are translated into US dollars using month-end rates. Disclosed average rates for a quarter or a year represent an average of three month-end rates or an average of twelve month-end rates, respectively, weighted according to the income and expense volumes of all operations of the Group with the same functional currency for each month. Weighted average rates for individual business divisions may deviate from the weighted average rates for the Group.

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