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 Kuaishou Technology with a Daily Leverage of 5x

UBS AG

(Incorporated with limited liability in Switzerland)

acting through its London Branch

Issue Price: S$0.58 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 2024 (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 2001 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 27 May 2025.

As at the date hereof, the Issuer's long term credit rating by S&P Global Ratings Europe Limited is A+, by Moody's Investors Service Ltd. is Aa2 and by Fitch Ratings Ireland Limited is A+.

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.

26 May 2025

[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) in the event that the Company is subject to any sanction by governmental authorities, (i) such sanction may impact general investor interest in the Underlying Stock, which may in turn affect the liquidity and market price of the Underlying Stock, and (ii) investors should consult their own legal advisers to check whether and to what extent investing in the Certificates will be in violation of applicable laws and regulations;

(e) in the event that 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, and depending on the action taken by the Company, the market price of the Certificates could be adversely affected;

(f) 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;

(g) 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;

(h) 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;

(i) 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;

(j) 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;

(k) 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;

(l) 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;

(m) 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;

(n) 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);

(o) 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);

(p) 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;

(q) 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;

(r) 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 trading 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;

(s) 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);

(t) 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;

(u) 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 trading day closing price and the opening price of the Underlying Stock the following trading day, as the Air Bag Mechanism will only be triggered when the market (in respect of which the Underlying Stock is listed) opens the following trading day (including pre-opening session or opening auction, as the case may be) 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 41 to 42 of this document for more information;

(v) 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 28 to 29 of this document for more information;

(w) 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;

(x) 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;

(y) 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;

(z) 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;

(aa) 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;

(bb) 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;

(cc) 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;

(dd) 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;

(ee) 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;

(ff) 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) 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

(gg) 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 Kuaishou Technology traded in HKD (the "**Underlying Stock**" or the "**Underlying**")
ISIN:	CH1227877029
Company:	Kuaishou Technology (RIC: 1024.HK)
Underlying Price[3] and Source:	HK$48.50 (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 0.58
Management Fee (p.a.)[4]:	0.40%
Gap Premium (p.a.)[5]:	16.25%, 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:	19 May 2025
Closing Date:	26 May 2025

[3] These figures are calculated as at, and based on information available to the Issuer on or about 26 May 2025. 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 26 May 2025.
[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:	27 May 2025
Last Trading Date:	The date falling 5 Business Days immediately preceding the Expiry Date, currently being 23 October 2026
Expiry Date:	30 October 2026 (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:	29 October 2026 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 33 to 47 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 33 to 47 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 19 below.

Initial Exchange Rate[3]: 0.1638480431

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 to the SGX-ST's requirements of at least 15 minutes after the SGX-ST approves the request from the Issuer to resume trading on the Certificates, 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 page 19 below and the "Description of Air Bag Mechanism" section on pages 39 to 40 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, Settlement Business Day and Exchange Business Day:	A **"Business Day"** or a "**Settlement 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.

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,

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

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:

0.11%

"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

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.

$\mathrm{Rfactor}_t$ 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,

$$\mathrm{Rfactor}_t = 1 - \frac{\mathrm{Div}_t}{S_{r(t)}}$$

Otherwise,

$$\mathrm{Rfactor}_t = 1$$

Where

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.

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:

$$\mathrm{Rate}_t = \mathrm{CashRate}_t + \%\mathrm{SpreadLevel}_t$$

$\mathrm{CashRate}_t$ 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 or opening auction, as the case may be) 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) a master instrument by way of deed poll (the "**Master Instrument**") dated 28 June 2024, 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 Master 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 Master 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 Settlement Business Days (as defined in the relevant Supplemental Listing Document) 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 Master 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 Master 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 Master 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 Master 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 2001 of Singapore

Unless otherwise expressly provided in the Global Warrant, the Master 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 Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement has no rights under the Contracts (Rights of Third Parties) Act 2001 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:	Kuaishou Technology
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 28 June 2024 (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 27 May 2025.
Governing Law:	The laws of Singapore
Warrant Agent:	The Central Depository (Pte) Limited 4 Shenton Way #02-01 SGX Centre 2 Singapore 068807
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 Kuaishou Technology traded in HKD**
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:	**0.58 SGD**
Notional Amount per Certificate:	**0.58 SGD**
Management Fee (p.a.):	**0.40%**
Gap Premium (p.a.):	**16.25%**
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):

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

$$\text{HFF}\,(1) = 100\% \times \left(1 - 0.40\% \times \frac{1}{360}\right) \times \left(1 - 16.25\% \times \frac{1}{360}\right)$$

$$\text{HFF}\,(1) = 100\% \times 99.9989\% \times 99.9549\% \approx 99.9538\%$$

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

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

$$\mathrm{HFF}\ (2) = 99.9538\% \times \left(1 - 0.40\% \times \frac{3}{360}\right) \times \left(1 - 16.25\% \times \frac{3}{360}\right)$$

$$\mathrm{HFF}\ (2) = 99.9538\% \times 99.9967\% \times 99.8646\% \approx 99.8151\%$$

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

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

In this example, the Hedging Fee Factor as of the Valuation Date would be equal to 99.3084% as illustrated below:

Date	HFF
2/1/2021	100.0000%
2/2/2021	99.9538%
2/3/2021	99.9075%
2/4/2021	99.8613%
2/5/2021	99.8151%
2/8/2021	99.6766%
2/9/2021	99.6305%
2/10/2021	99.5845%
2/11/2021	99.5384%
2/12/2021	99.4924%
2/15/2021	99.3543%
2/16/2021	99.3084%

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 99.3084%

= 119.17%

Cash Settlement Amount = Closing Level x Notional Amount per Certificate

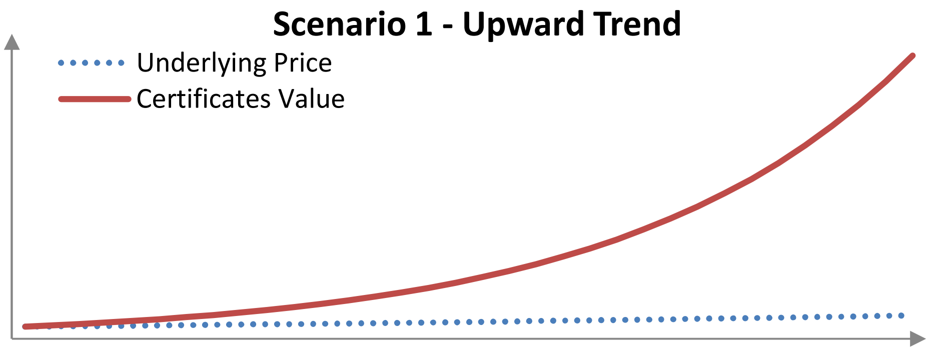
= 119.17% x 0.58 SGD

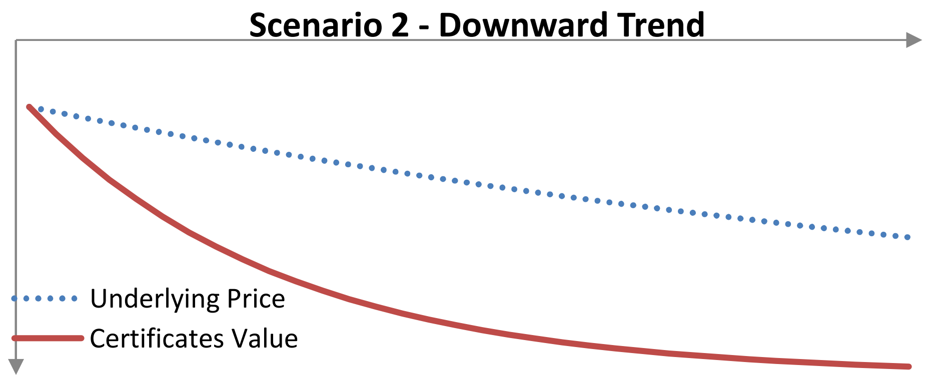
= 0.691 SGD

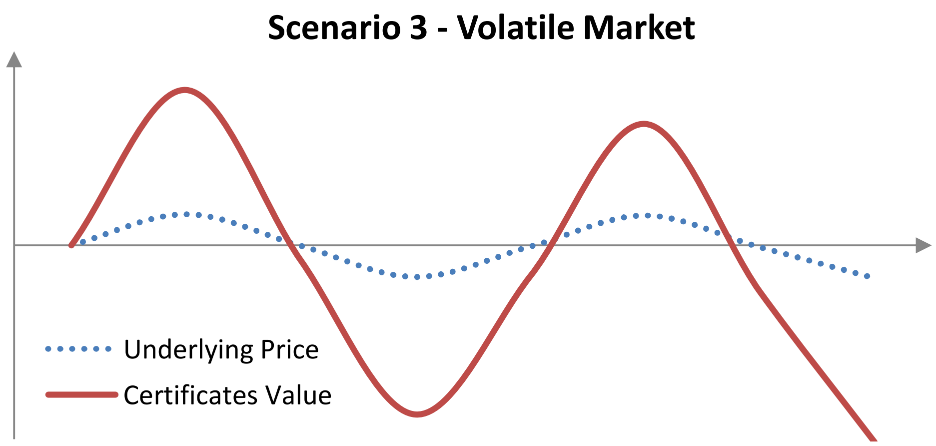
Illustration on how returns and losses can occur under different scenarios

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	0.58	0.64	0.70	0.77	0.85	0.93
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	0.58	0.52	0.47	0.42	0.38	0.34
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	0.58	0.64	0.57	0.52	0.57	0.63
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 a period of **at least** 30 minutes of continuous trading after the Air Bag is triggered, and such suspension will be based on instructions provided by the Issuer to the SGX-ST for suspension of trading. Investors cannot sell or purchase any Certificates during this period.

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.

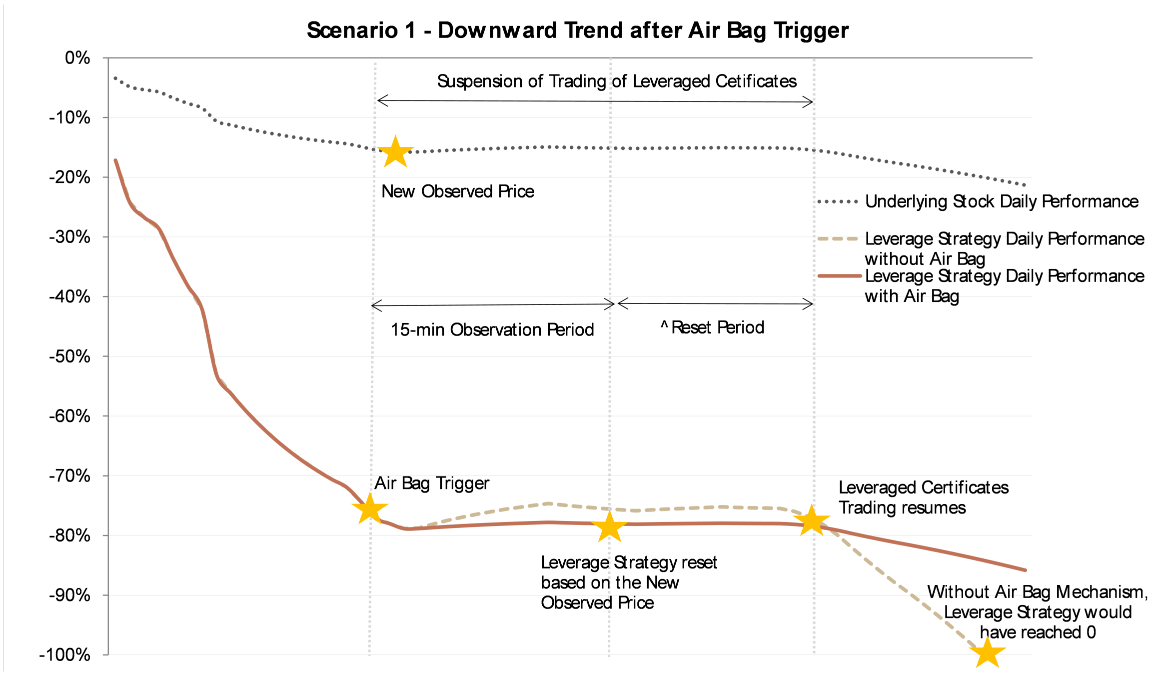
The resumption of trading is subject to the SGX-ST's requirements of at least 15 minutes after the SGX-ST approves the request from the Issuer to resume trading on the Certificates, rounded to the next quarter of an hour. The Issuer will provide at least 15 minutes' notice of the resumption of trading by making an SGXNET announcement.

With **Market Close** defined as:

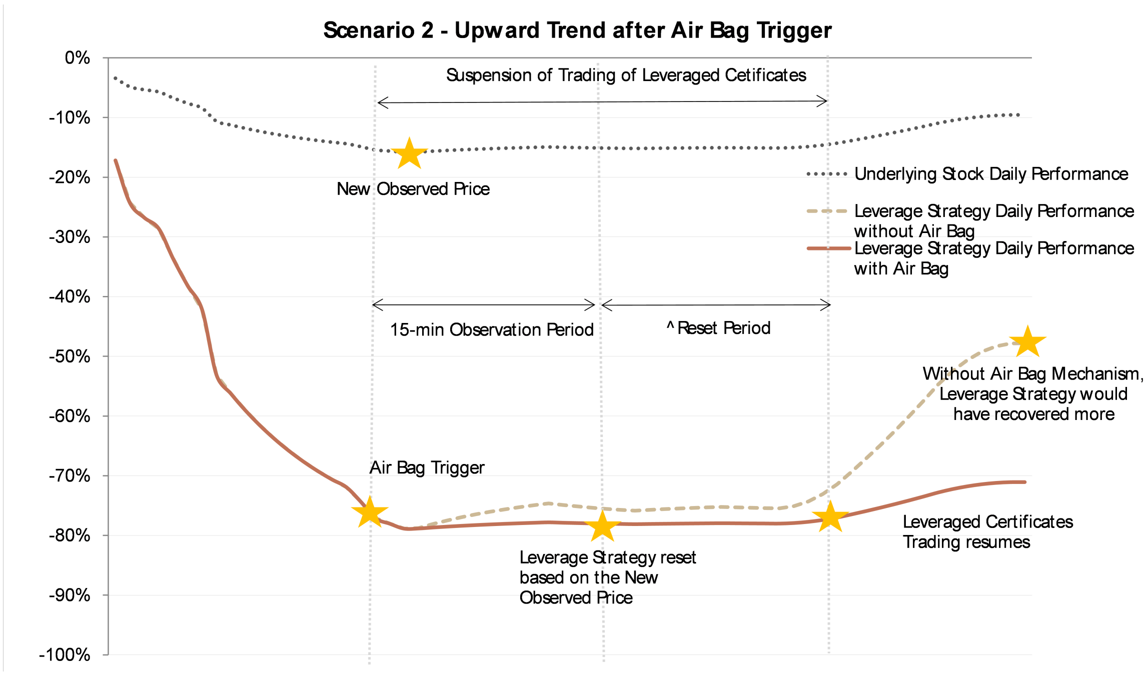
- the Underlying Stock closing time, including the closing auction session, with respect to the Observation Period; and

- the sooner of (i) the Underlying Stock closing time for continuous trading and (ii) the SGX-ST closing time, with respect to the Resumption of Trading

<u>Illustrative examples of the Air Bag Mechanism</u>[9]



^ The resumption of trading is subject to the SGX-ST's requirements of at least 15 minutes after the SGX-ST approves the request from the Issuer to resume trading on the Certificates, rounded to the next quarter of an hour.



^ The resumption of trading is subject to the SGX-ST's requirements of at least 15 minutes after the SGX-ST approves the request from the Issuer to resume trading on the Certificates, rounded to the next quarter of an hour.

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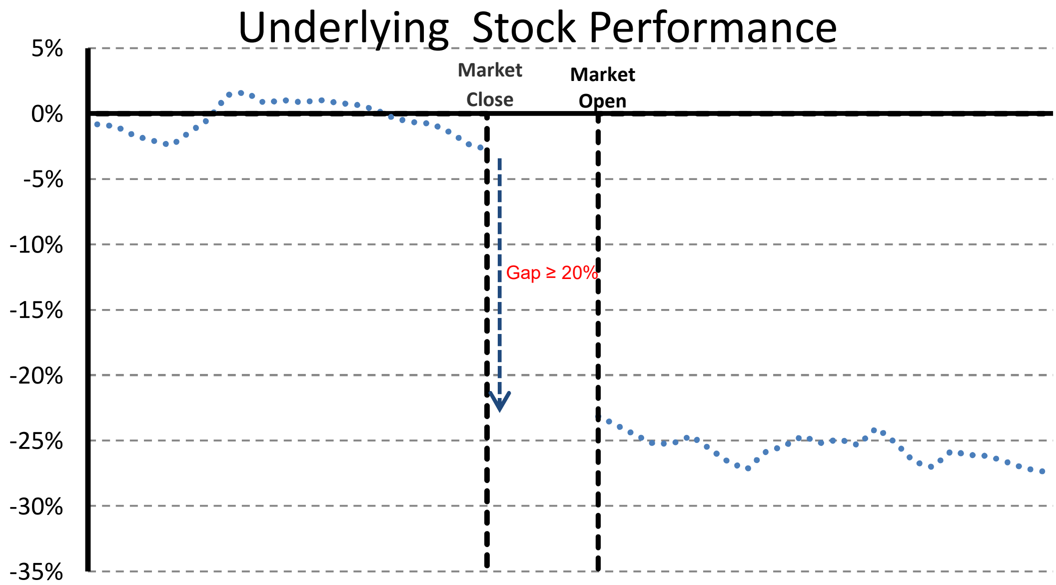
[9] The illustrative examples are not exhaustive.

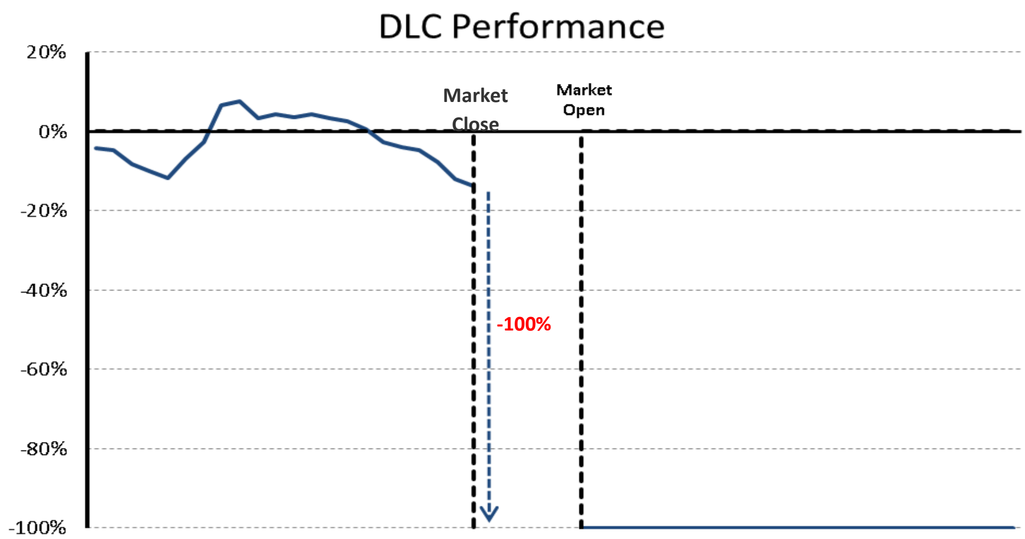
Scenarios where the investor may lose the entire value of the investment

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.

<u>*Scenario 1 – Overnight fall of the Underlying Stock*</u>

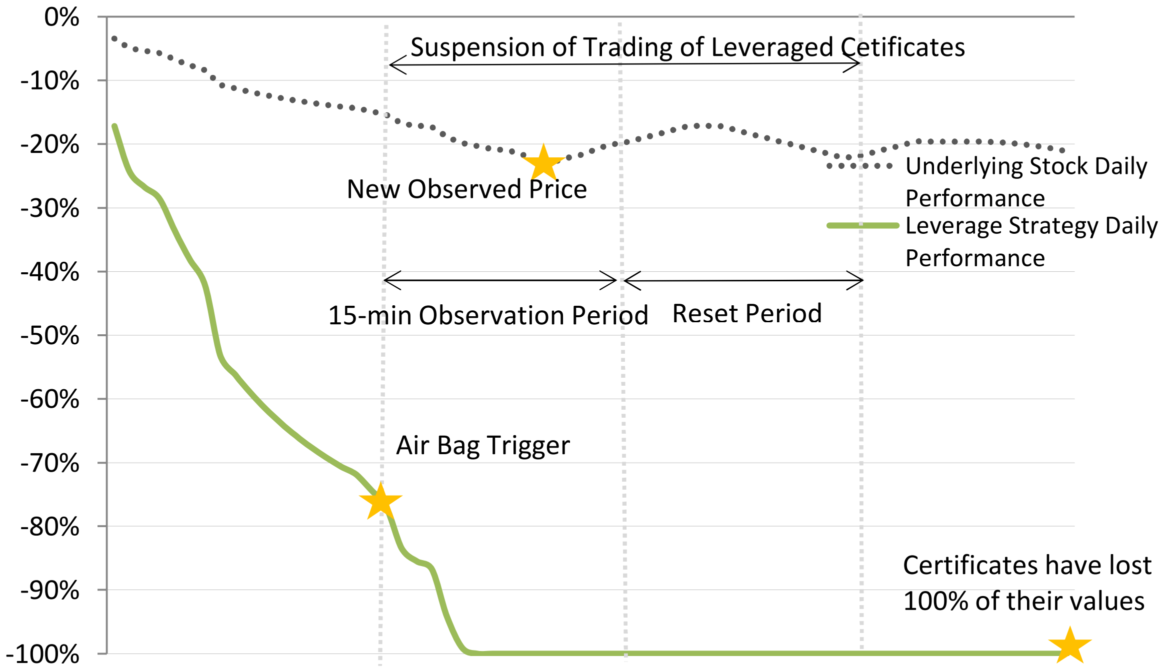
On any Underlying Stock Business Day, the opening price of the Underlying Stock may be higher or lower than the closing price on the previous trading day. The difference between the previous closing price and the opening price of the Underlying Stock is termed a “gap”. If the opening price of the Underlying Stock is 20% or more below the previous trading day closing price, the Air Bag Mechanism would only be triggered when the market (in respect of which the Underlying Stock is listed) opens the following trading day (including pre-opening session or opening auction, as the case may be), and the Certificates would lose their entire value in such event.





Scenario 2 – Sharp intraday fall of the Underlying Stock

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)
0.58	0.638	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)
0.58	0.609	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)
0.58	0.725	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. Bonus Issues

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)
0.58	0.638	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. Extraordinary Dividend

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)
0.58	0.725	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://kuaishou.com/en. The Issuer has not independently verified any of such information.*

Kuaishou Technology (the "**Company**") is an investment holding company mainly engaged in the operation of content communities and social platforms. The Company mainly provides live streaming services, online marketing services and other services. The online marketing solutions include advertising services, Kuaishou fans headline services and other marketing services. Other services include e-commerce, online games and other value-added services. The Company also develops new businesses, such as local services, Kwai Hire and Ideal Housing. The Company operates its business in domestic market and overseas markets.

The information set out in Appendix I of this document relates to the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2024 and has been extracted and reproduced from an announcement by the Company released on 25 April 2025 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 bid quotations. The DMM may provide intermittent offer quotations when it has inventory of the Certificates;

(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 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 2001 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 risk factors relating to operating environment and strategy of the Issuer.

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

The information set out in Appendix IV of this document is an extract of the unaudited consolidated financial statements of UBS AG and its subsidiaries for the first quarter ended 31 March 2025.

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 268 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 March 2025.

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 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 OF KUAISHOU TECHNOLOGY AND ITS SUBSIDIARIES

Independent Auditor's Report

To the Shareholders of Kuaishou Technology
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Kuaishou Technology (the "**Company**") and its subsidiaries (collectively, the "**Group**"), which are set out on pages 226 to 320, comprise:

- the consolidated balance sheet as of December 31, 2024;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as of December 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("**ISAs**"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("**IESBA Code**"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarized as follows:

- Revenue recognition
- Fair value determination of investments in unlisted entities classified as "financial assets at fair value through profit or loss"
- Recognition of deferred tax assets

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition Refer to notes 2.1.10 and 6 to the consolidated financial statements. The Group mainly generates revenues from provisions of online marketing services, live streaming services and other services including services for e-commerce business through the Group's platform ("**Platform**"). Revenues of RMB126.9 billion were recognized for the year ended December 31, 2024. Revenues from online marketing services derive primarily from performance-based marketing services and display-based marketing services. The revenue is recognized upon the time when the related services were delivered by the Group or over the display period. Revenues from live streaming services derive from sales of virtual items to users of the Platform which can be consumed on the Platform. The revenue is recognized when the consumable virtual items are consumed.	We performed the following procedures to address the key audit matter: • Evaluated the appropriateness of the revenue recognition policies as adopted by the Group; • Understood and evaluated the key internal controls in relation to recognition of revenue from online marketing services, live streaming services and e-commerce related services; • Understood and tested the general control environment of the IT Systems; • Tested the key automated controls in relation to recognition of revenue of the IT Systems, including testing the top-ups for purchase of virtual items (the "**Top-Ups**"), the consumption of virtual items by the users of the Platform, the delivery of online marketing services and the records of the status of sale transaction of goods related to e-commerce services in accordance with the pre-set system logics;

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenues from other services mainly derive from e-commerce related services such as allowing merchants to promote and sell goods on the Platform and charging commissions on the sales of goods. The revenue from e-commerce related services is recognized when sale transaction of goods is completed. We focused on this area as significant efforts were spent on auditing the revenues recognized from online marketing services, live streaming services and e-commerce related services due to the magnitude of the revenue amount and the significant volume of revenue transactions processed through the information technology systems (collectively the "**IT Systems**") in which the virtual items was sold and consumed and online marketing services and e-commerce related services were delivered.	• By using computer-assisted audit techniques, examined the virtual items consumption, online marketing service delivery and e-commerce business order and related delivery records in the IT systems at single transaction level on a sampling basis; • By using computer-assisted audit techniques, tested the mathematic accuracy and the completeness of the system generated reports of different services that summarized the amount of revenues; • Performed confirmation procedures for revenues from online marketing services and related trade receivables on a sampling basis; and • Compared the total amount of cash collections recorded in the general ledger against the cash collection amounts as recorded in the IT Systems for the amounts of Top-Ups received from customers. We also tested, on a sampling basis, the existence, amount and the timing of cash collections by checking to the external supporting documents for the related cash receipts. Based on the procedures performed, we considered that the revenues from online marking services, live streaming services and other services including e-commerce related services were supported by the evidence we obtained.

Key Audit Matter	How our audit addressed the Key Audit Matter
Fair value determination of investments in unlisted entities classified as "financial assets at fair value through profit or loss" Refer to notes 2.1.5, 3.3 and 20 to the consolidated financial statements. The fair value of investments in unlisted entities classified as "financial assets at fair value through profit or loss" as of December 31, 2024 amounted to approximately RMB2.7 billion. These financial assets were measured based on unobservable inputs and are classified as "level 3 financial instruments". As these entities are unlisted and not traded in an active market, management determined the fair values of these unlisted entities by using applicable valuation techniques with the assistance from an independent external valuer. The fair value determination required significant management's judgments and estimates, the use of unobservable inputs. We focused on this area since the determination of fair values for these investments was subject to high degree of estimation uncertainty. The inherent risk in relation to the determination of the fair values for these unlisted entities are considered significant due to the complexity of valuation techniques and significant management assumptions and estimates adopted, such as expected volatility, discount for lack of marketability and risk-free rate, as well as the probability weight among the timing of the liquidation, redemption or IPO event scenarios, and the selection of data used in the valuation, which are subjective.	We performed the following procedures to address the key audit matter: • Obtained an understanding on the management's internal control process for determining the fair value of investments in unlisted entities and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity and subjectivity, changes and susceptibility to management bias; • Examined the relevant legal documents and investment agreements, and assessed the implications of the key terms as set out in these documents/agreements to the valuation of the respective investments; • Assessed the competence, capabilities and objectivity of the independent external valuer engaged by the Group; • Involved our internal valuation expert in assessing and challenging the appropriateness of the valuation techniques used and the reasonableness of the significant assumptions and estimates applied by the management (including selection of comparable companies and multipliers, expected volatility, discount for lack of marketability and risk-free rate) based on external market data on a sampling basis; • Checked the accuracy of historical data used in the fair value determination to supporting documents on a sampling basis; and • Tested the mathematic accuracy of the valuation computation. Based on the procedures performed, we considered that the fair value determination of investments in unlisted entities remained appropriate and the valuation techniques, significant assumptions and data used by management in the assessment of the fair value of the investments in unlisted entities were supported by the evidence we obtained.

Key Audit Matter	How our audit addressed the Key Audit Matter
Recognition of deferred tax assets Refer to notes 2.1.8, 13 and 32 to the consolidated financial statements. As of December 31, 2024, the Group had deferred tax assets amounting to approximately RMB6.6 billion. In addition, the unrecognized deferred tax assets for tax losses as of December 31, 2024 amounted to RMB4.9 billion. Deferred tax assets are recognized only if it is probable that future taxable profits will be available to utilize the deductible temporary differences and tax losses. We focused on this area because the estimation of future taxable profits was subject to high degree of estimation uncertainty. The recognition of deferred tax assets involves significant judgment and estimates by management as to the likelihood and the period of its realization which is dependent on a number of factors, including whether there will be sufficient future taxable profits.	We performed the following procedures to address the key audit matter: • Obtained an understanding of the management's assessment process and related internal control of recognition of deferred tax assets and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias; • Obtained management's calculation sheets of deferred tax assets and tested the accuracy of the calculation sheets; • Tested and agreed available deductible tax losses, including the respective expiry periods, to tax returns of the relevant subsidiaries on a sampling basis; • Assessed the appropriateness of the input data used by management in estimating future taxable profits, including the significant assumptions of forecast revenue growth rates, profitability and R&D super deduction, etc, on a sampling basis. We reconciled the input data of forecast revenue growth rates and forecast profitability to the management's future profits forecast, strategic plan and tax planning strategies, and compared the input data with the historical data and industry data; • Evaluated the reasonableness of the recognition of deferred tax assets by comparing the estimated future taxable profits to deductible temporary differences and tax losses as of December 31, 2024; and • Tested the calculation of deferred income tax assets by reference to tax rates enacted or substantively enacted at the balance sheet date. Based on the above procedures performed, we considered that the recognition of deferred tax assets remained appropriate and the significant assumptions and data used by management in the assessment in relation to the recognition of deferred tax assets were supported by the evidence we obtained.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lo Kai Leung, Thomas.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, March 25, 2025

Consolidated Income Statement

	Note	Year ended December 31, 2024 RMB'Million	2023 RMB'Million
Revenues	6	**126,898**	113,470
Cost of revenues	9	**(57,606)**	(56,079)
Gross profit		**69,292**	57,391
Selling and marketing expenses	9	**(41,105)**	(36,496)
Administrative expenses	9	**(2,916)**	(3,514)
Research and development expenses	9	**(12,199)**	(12,338)
Other income	7	**533**	978
Other gains, net	8	**1,682**	410
Operating profit		**15,287**	6,431
Finance income, net	11	**236**	539
Share of losses of investments accounted for using the equity method	19	**(29)**	(81)
Profit before income tax		**15,494**	6,889
Income tax expenses	13	**(150)**	(490)
Profit for the year		**15,344**	6,399
Attributable to:			
— Equity holders of the Company		**15,335**	6,396
— Non-controlling interests		**9**	3
		15,344	6,399
Earnings per share attributable to equity holders of the Company (expressed in RMB per share)	14		
Basic earnings per share		**3.56**	1.48
Diluted earnings per share		**3.48**	1.44

The notes on pages 234 to 320 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

	Note	Year ended December 31, 2024 RMB'Million	2023 RMB'Million
Profit for the year		**15,344**	6,399
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Share of other comprehensive (loss)/income of investments accounted for using the equity method	*19*	**(3)**	14
Currency translation differences		**1,063**	1,286
Items that may be subsequently reclassified to profit or loss			
Currency translation differences		**(805)**	(938)
Other comprehensive income for the year, net of taxes		**255**	362
Total comprehensive income for the year		**15,599**	6,761
Attributable to:			
— Equity holders of the Company		**15,590**	6,758
— Non-controlling interests		**9**	3
		15,599	6,761

The notes on pages 234 to 320 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

	Note	As of December 31, 2024 RMB'Million	2023 RMB'Million
ASSETS			
Non-current assets			
Property and equipment	*15*	**14,831**	12,356
Right-of-use assets	*16*	**8,891**	10,399
Intangible assets	*17*	**1,059**	1,073
Investments accounted for using the equity method	*19*	**166**	214
Financial assets at fair value through profit or loss	*20*	**24,430**	5,245
Other financial assets at amortized cost	*20*	**62**	283
Deferred tax assets	*32*	**6,604**	6,108
Long-term time deposits	*23*	**19,856**	9,765
Other non-current assets		**1,105**	492
		77,004	45,935
Current assets			
Trade receivables	*21*	**6,674**	6,457
Prepayments, other receivables and other current assets	*22*	**4,646**	4,919
Financial assets at fair value through profit or loss	*20*	**27,050**	25,128
Other financial assets at amortized cost	*20*	**233**	950
Short-term time deposits	*23*	**11,522**	9,874
Restricted cash	*23*	**47**	128
Cash and cash equivalents	*23*	**12,697**	12,905
		62,869	60,361
Total assets		**139,873**	106,296

	Note	As of December 31, 2024 RMB'Million	2023 RMB'Million
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	24	—	—
Share premium	24	268,733	273,459
Treasury shares		(341)	(88)
Other reserves	25	35,776	33,183
Accumulated losses		(242,164)	(257,491)
		62,004	49,063
Non-controlling interests		20	11
Total equity		62,024	49,074
LIABILITIES			
Non-current liabilities			
Borrowings	28	11,100	—
Financial liabilities at fair value through profit or loss		124	—
Lease liabilities	16	6,765	8,405
Deferred tax liabilities	32	13	18
Other non-current liabilities		19	21
		18,021	8,444
Current liabilities			
Accounts payables	29	27,470	23,601
Other payables and accruals	30	23,113	16,592
Advances from customers	31	4,696	4,036
Financial liabilities at fair value through profit or loss		5	—
Income tax liabilities		873	1,222
Lease liabilities	16	3,671	3,327
		59,828	48,778
Total liabilities		77,849	57,222
Total equity and liabilities		139,873	106,296

The notes on pages 234 to 320 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 226 to 320 were approved by the Board of Directors on March 25, 2025 and were signed on its behalf:

CHENG Yixiao
Director

SU Hua
Director

Consolidated Statement of Changes in Equity

	Note	Share capital RMB'Million	Share premium RMB'Million	Treasury shares RMB'Million	Other reserves RMB'Million	Accumulated losses RMB'Million	Subtotal RMB'Million	Non-controlling interests RMB'Million	Total RMB'Million
		Attributable to equity holders of the Company							
Balance at January 1, 2024		–	273,459	(88)	33,183	(257,491)	49,063	11	49,074
Profit for the year		–	–	–	–	15,335	15,335	9	15,344
Other comprehensive income									
Share of other comprehensive loss of investments accounted for using the equity method	19	–	–	–	(3)	–	(3)	–	(3)
Currency translation differences	25	–	–	–	258	–	258	–	258
Total comprehensive income for the year		–	–	–	255	15,335	15,590	9	15,599
Share of other changes in net assets of investments accounted for using the equity method	19	–	–	–	(19)	–	(19)	–	(19)
Transactions with owners in their capacity as owners									
Share-based compensation	27	–	–	–	2,349	–	2,349	–	2,349
Exercise of share options and vesting of restricted share units ("**RSUs**")	24	–	29	–	–	–	29	–	29
Appropriations to statutory reserves	25	–	–	–	8	(8)	–	–	–
Repurchase of shares (to be canceled)		–	–	(5,008)	–	–	(5,008)	–	(5,008)
Cancelation of shares	24	–	(4,755)	4,755	–	–	–	–	–
Total transactions with owners in their capacity as owners		–	(4,726)	(253)	2,357	(8)	(2,630)	–	(2,630)
Balance at December 31, 2024		–	268,733	(341)	35,776	(242,164)	62,004	20	62,024

Consolidated Statement of Changes in Equity

		Attributable to equity holders of the Company							
	Note	Share capital *RMB'Million*	Share premium *RMB'Million*	Treasury shares *RMB'Million*	Other reserves *RMB'Million*	Accumulated losses *RMB'Million*	Subtotal *RMB'Million*	Non-controlling interests *RMB'Million*	Total *RMB'Million*
Balance at January 1, 2023		—	274,473	—	29,239	(263,882)	39,830	8	39,838
Profit for the year		—	—	—	—	6,396	6,396	3	6,399
Other comprehensive income									
Share of other comprehensive income of investments accounted for using the equity method	*19*	—	—	—	14	—	14	—	14
Currency translation differences	*25*	—	—	—	348	—	348	—	348
Total comprehensive income for the year		—	—	—	362	6,396	6,758	3	6,761
Share of other changes in net assets of investments accounted for using the equity method	*19*	—	—	—	7	—	7	—	7
Transactions with owners in their capacity as owners									
Share-based compensation	*27*	—	—	—	3,570	—	3,570	—	3,570
Exercise of share options and vesting of RSUs	*24*	—	199	—	—	—	199	—	199
Appropriations to statutory reserves	*25*	—	—	—	5	(5)	—	—	—
Repurchase of shares (to be canceled)		—	—	(1,301)	—	—	(1,301)	—	(1,301)
Cancelation of shares	*24*	—	(1,213)	1,213	—	—	—	—	—
Total transactions with owners in their capacity as owners		—	(1,014)	(88)	3,575	(5)	2,468	—	2,468
Balance at December 31, 2023		—	273,459	(88)	33,183	(257,491)	49,063	11	49,074

The notes on pages 234 to 320 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

	Note	Year ended December 31, 2024 RMB'Million	2023 RMB'Million
Cash flows from operating activities			
Cash generated from operations	*33(a)*	**30,808**	22,004
Income tax paid		**(1,021)**	(1,223)
Net cash generated from operating activities		**29,787**	20,781
Cash flows from investing activities			
Purchase of property, equipment and intangible assets		**(8,063)**	(4,897)
Proceeds from disposal of property, equipment and intangible assets		**17**	10
Purchase of investments in financial assets at fair value through profit or loss		**(96,665)**	(61,263)
Proceeds from disposal of investments in financial assets at fair value through profit or loss		**77,882**	48,101
Purchase of investments in other financial assets at amortized cost		**—**	(520)
Proceeds from disposal of investments in other financial assets at amortized cost		**984**	765
Purchase of time deposits with initial terms over three months		**(24,103)**	(12,299)
Proceeds from maturity of time deposits with initial terms over three months		**12,489**	9,926
Interest income received		**772**	259
Repayment of loans by a third party		**10**	—
Withdraw of restricted cash		**—**	53
Net cash used in investing activities		**(36,677)**	(19,865)

Consolidated Statement of Cash Flows

	Note	Year ended December 31, 2024 RMB'Million	2023 RMB'Million
Cash flows from financing activities			
Proceeds from borrowings		**12,379**	—
Repayments of borrowings and related interests		**(1,454)**	—
Payments for principal elements of lease and related interests		**(3,228)**	(3,451)
Proceeds from exercise of share options and vesting of RSUs		**29**	219
Proceeds received under notes payable transaction		**14,892**	7,524
Proceeds received from notes receivable factoring to banks		**9,734**	3,735
Payments for principal of matured notes and related interests		**(20,754)**	(8,091)
Payments for shares repurchase		**(4,884)**	(1,300)
Net cash generated from/(used in) financing activities		**6,714**	(1,364)
Net decrease in cash and cash equivalents		**(176)**	(448)
Cash and cash equivalents at the beginning of the year	*23(a)*	**12,905**	13,274
Effects of exchange rate changes on cash and cash equivalents		**(32)**	79
Cash and cash equivalents at the end of the year	*23(a)*	**12,697**	12,905

The notes on pages 234 to 320 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

Kuaishou Technology (the "**Company**") was incorporated in the Cayman Islands on February 11, 2014 as an exempted company with limited liability. The registered office is at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company's Class B Shares have been listed on the Main Board of the Hong Kong Stock Exchange.

The Company is an investment holding company. The Company and its subsidiaries, including structured entities (collectively, the "**Group**"), provides online marketing services, live streaming services and other services to its customers.

The consolidated financial statements are presented in Renminbi ("**RMB**"), unless otherwise stated.

2 SUMMARY OF ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out as below. These policies have been consistently applied throughout all the years presented, unless otherwise stated.

2.1 Summary of material accounting policies

2.1.1 Basis of preparation and change in accounting policy and disclosures

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

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value.

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.1 Basis of preparation and change in accounting policy and disclosures (Continued)

(a) Amendments adopted by the Group

The following amendments are mandatory for the first time for the Group's financial year beginning on January 1, 2024 and are applicable for the Group:

- Classification of Liabilities as Current or Non-current — Amendments to IAS 1
- Lease Liability in a Sale and Leaseback — Amendments to IFRS 16
- Non-current Liabilities with Covenants — Amendments to IAS 1
- Supplier Finance Arrangements — Amendments to IAS 7 and IFRS 7

The adoption of these amendments does not have significant impact on the results and the financial position of the Group.

(i) Supplier Finance Arrangements — Amendments to IAS 7 and IFRS 7

As a result of the adoption of the amendments to IAS 7 and IFRS 7, the Group provided disclosures for liabilities under notes payable arrangements as well as the associated cash flows in Note 30 and Note 33(c).

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.1 Basis of preparation and change in accounting policy and disclosures (Continued)

(b) New standards and amendments not yet adopted

Certain new standards and amendments as set out below have been issued but are not yet effective for the financial year beginning on January 1, 2024 and have not been early adopted by the Group. These new standards and amendments are not expected to have a material impact on the Group's consolidated financial position and performance.

New standards and amendments	Effective for financial years beginning on or after
Lack of Exchangeability — Amendments to IAS 21	January 1, 2025
Classification and Measurement of Financial Instruments — Amendments to IFRS 9 and IFRS 7	January 1, 2026
Annual improvements to IFRS — Volume 11	January 1, 2026
Presentation and Disclosure in Financial Statements — IFRS 18	January 1, 2027

2.1.2 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses (if any). Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Depreciation on property and equipment is calculated using the straight-line method to allocate their cost, net of residual values, over their estimated useful lives, as follows:

• Buildings	19–49 years
• Servers, computers and equipment	3–4 years
• Office equipment	3–5 years
• Leasehold improvements	The shorter of the term of the lease or the estimated useful lives of the assets

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.2 Property and equipment (Continued)

Property and equipment arising from business acquisition are depreciated over the remaining useful life.

The residual values and useful lives of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

Construction in progress mainly represents buildings and leasehold improvements under construction, which is stated at actual construction costs less any impairment loss. Construction in progress is transferred to appropriate categories of property and equipment when completed and ready for use.

A carrying amount of property and equipment is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "other gains, net" in the consolidated income statement.

2.1.3 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the aggregate purchase consideration transferred, the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses (if any).

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("**CGUs**"), or group of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

The carrying value of the CGUs containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately in the consolidated income statement as an expense and is not subsequently reversed.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.3 Intangible assets (Continued)

(b) Trademarks and domain names, licenses and copyrights, software

Separately acquired trademarks, domain names, internet audio/video program transmission licenses, operating licenses, copyrights and software are initially recognized and measured at historical cost. The assets acquired in a business combination are recognized at fair value at the acquisition date. They have a finite useful life and are carried at cost less accumulated amortization and impairment losses (if any).

Costs associated with maintaining software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. For details, refer to Note 2.1.3(c).

(c) Research and development

Research expenditures are recognized as an expense as incurred. Costs incurred on development projects are capitalized as intangible assets when recognition criteria are met, including (a) it is technically feasible to complete the software so that it will be available for use; (b) management intends to complete the software and use or sell it; (c) there is an ability to use or sell the software; (d) it can be demonstrated how the software will generate probable future economic benefits; (e) adequate technical, financial and other resources to complete the development and to use or sell the software are available; and (f) the expenditure attributable to the software during its development can be reliably measured. Other development costs that do not meet those criteria are expensed as incurred. There were no development costs meeting these criteria and capitalized as intangible assets for the years ended December 31, 2024 and 2023.

(d) Amortization methods and periods

Length of estimated useful life is determined to be the shorter of the period of contractual rights or estimated period during which such intangible assets can bring economic benefits to the Group.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.3 Intangible assets (Continued)

(d) Amortization methods and periods (Continued)

The Group amortizes intangible assets with a finite useful life using the straight-line method over the following periods:

Licenses and copyrights	2–10 years	Shorter of contractual license and copyrights period or the estimated period during which such intangible assets can bring economic benefits
Trademarks and domain name	2–10 years	The period of effective registration during which such trademark and domain name can bring economic benefits
Software	2–7 years	Shorter of the period of contractual rights or estimated period during which such software can bring economic benefits
Others	3–4 years	Shorter of the period of contractual rights or estimated period during which such assets can bring economic benefits

2.1.4 Impairment of non-financial assets

Goodwill is not subject to amortization and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.5 Investments and other financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured at fair value (either through other comprehensive income ("**OCI**") or through profit or loss); and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("**FVOCI**").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("**FVPL**"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are immediately expensed.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.5 Investments and other financial assets (Continued)

(c) Measurement (Continued)

(i) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income from these financial assets are included in finance income and other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in the consolidated income statement together with foreign exchange gains and losses.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognized in the consolidated income statement. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in finance income using the effective interest rate method.

- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in the consolidated income statement and presented net within "other gains, net" in the period in which it arises.

(ii) Equity instruments

The Group subsequently measures all equity investments at fair value, except the investment accounted for using equity method. Changes in the fair value of financial assets at fair value through profit or loss are recognized in "other gains, net" in the consolidated income statement as applicable.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.5 Investments and other financial assets (Continued)

(c) Measurement (Continued)

(iii) Derivative financial instruments

Derivatives are initially measured at FVPL on the date a derivative agreement is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative, which are recognized under "financial assets at fair value through profit or loss" and "financial liabilities at fair value through profit or loss" in the consolidated balanced sheet, respectively.

Changes in the fair value of any derivative that does not qualify for hedge accounting criteria are recognized immediately in the consolidated income statement and included in net foreign exchange (losses)/gains and net fair value gains on financial assets at fair value through profit or loss of "other gains, net" as applicable.

(d) Impairment

The Group mainly has two types of financial assets that are subject to IFRS 9's expected credit losses (the "**ECL**") model (Note 3.1(b)):

- Trade receivables; and
- Other receivables.

The Group assesses on a forward-looking basis of the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. While cash and cash equivalents, restricted cash, time deposits and other financial assets at amortized cost are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.6 Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade receivables is expected within one year (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognized at fair value. They are subsequently measured at amortized cost using the effective interest method, less loss allowance. See Note 21 for further information about the Group's trade receivables and Note 2.1.5 (d) for a description of the Group's impairment policies.

2.1.7 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. The borrowings are subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are derecognized when the obligation specified in the contract is extinguished, canceled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated income statement.

The borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification.

All of the borrowings costs are recognized in the consolidated income statement in the period when they are incurred.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.8 Current and deferred income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company, its subsidiaries and structured entities operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. The Group establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax assets is realized or the deferred tax liabilities is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those deductible temporary differences and tax losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.8 Current and deferred income tax (Continued)

(b) Deferred income tax (Continued)

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax are recognized in the consolidated income statement, except to the extent that they relate to items recognized in OCI or directly in equity. In this case, the tax is recognized in OCI or directly in equity.

2.1.9 Share-based compensation

The Group has operated the Pre-IPO ESOP Plan, the Post-IPO Share Option Scheme, the Post-IPO RSU Scheme and 2023 Share Incentive Scheme (together, the "**Share Incentive Plan**"), under which the Group receives services from employees, directors and other eligible persons as consideration for equity instruments (including share options and RSUs) of the Company. The fair value of the services received in exchange for the grant of the equity instruments is recognized as an expense in the consolidated income statement.

(a) Share options

For share options, the total amount to be expensed is determined by reference to the fair value of the options granted by using Binomial models:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.9 Share-based compensation (Continued)

(b) RSUs

For RSUs, the total amount to be expensed is determined by reference to the fair value of the Company's shares at the grant date.

The total expense of share options and RSUs is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied, using accelerated method. Under this method, each vesting installment of a graded vesting award is treated as a separate share-based award, and accordingly each vesting installment is separately measured and attributed to expense, resulting in accelerated recognition of share-based compensation expenses. At the end of each period, the Company revises its estimates of the number of equity instruments that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognizing the expense during the period between service commencement period and grant date.

2.1.10 Revenue recognition

The Group derives revenue from online marketing services, sales of virtual items on its live streaming platform and other services. The Group recognizes revenue when or as the control of the promised goods or services is transferred to a customer, net of value-added taxes ("**VAT**"), rebates and certain sales incentives. If control of the services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods and services.

Contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates transaction price to each performance obligation based on its relative standalone selling price. The Group generally determines standalone selling prices based on the prices charged to customers.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.10 Revenue recognition (Continued)

(a) The accounting policy for the Group's principal revenue sources

(i) Online marketing services

The Group offers diversified online marketing solutions, primarily including performance-based marketing service that are based on actual performance measurement and display-based marketing services that are display of marketing contents for an agreed period of time. The Group provides rebates to customers including agencies based on contracted rebate rates and estimated revenue volume, which are accounted for as variable consideration. Revenue is recognized based on the price charged to customers, net of rebates provided to customers.

To fulfill contracts with certain customers, the Group enters into cooperation agreements with third party platforms and places the marketing contents of the Group's customers displayed on third party platforms. For above services mentioned, the Group is the principal for fulfilling these marketing service contracts as it has obtained controls over third party platform services through cooperation contracts and, in some cases, integrated with other services before they are transferred to the Group's customers. The Group is also primarily responsible for fulfilling these marketing services as it is the only party that the Group's customers entered agreements with. As such, the Group recognizes revenues from contracts with customers on a gross basis and records charges from third party platforms as cost of revenues.

Performance-based marketing services

The Group provides performance-based marketing services which allow customers to promote on the Group's mobile platforms and third parties' internet properties. Performance-based marketing services are primarily presented and delivered in the way of short video or live streaming exposure with clickable thumbnails or marketing contents. Revenue from performance-based marketing services is recognized when relevant specific performance measures are fulfilled.

Display-based marketing services

Display-based marketing services allow customers to promote in the form of opening-page splash, traditional banners and logos, etc. on various interfaces of the platform. The revenue is recognized ratably over the period that the marketing content is displayed. Generally, the terms of these display-based marketing services are short.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.10 Revenue recognition (Continued)

(a) The accounting policy for the Group's principal revenue sources (Continued)

(ii) Live streaming

The Group operates and maintains mobile platforms whereby users can enjoy live stream performances provided by the live streamers (the "**streamers**") and interact with the streamers on a real-time basis for free. The Group operates a virtual item system, under which viewers can purchase virtual items and present them as gifts to streamers to show their support and appreciation. The Group generates revenues from the sales of virtual items on the platform, and viewers are the Group's customers. The virtual items are produced and delivered by the Group. Sales of virtual items are recognized as revenues when the virtual items are gifted by viewers to streamers as the Group has no further obligations related to virtual items once they are gifted to streamers. The proceeds received from the sales of virtual items before they are gifted by viewers to streamers are recorded as advances from customers.

In order to attract streamers to the platforms, the Group shares revenues with the streamers in accordance with the agreements between the Group and streamers.

The Group has evaluated and concluded that it is the principal for the sales of the virtual items on the platforms. The Group produces and controls virtual items before they are transferred to customers. The prices of virtual items are set by the Group. Therefore, revenue from the sales of virtual items is recorded on a gross basis and the revenue sharing paid to streamers based on the predetermined percentage in the agreements is recognized as "cost of revenues" in the consolidated income statement.

(iii) Other services

Other services revenues primarily include revenues from e-commerce business, online games and other value-added services. For the e-commerce business, the Group allows merchants to promote and sell goods on its platform and charges commissions on the sales of goods completed through its platform based on agreed commission rates. The Group does not take controls of goods sold through its platform. Commission revenues related to e-commerce business are recognized at a point in time when the underlying transaction is completed. For online games and other value-added services, revenues are recognized when the Group satisfied the performance obligations under the service contracts.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.10 Revenue recognition (Continued)

(b) Incentives and coupons

In order to promote its platform and attract more users, the Group at its own discretion provides various types of incentives offered to users in the form of cash incentives, red packets, coupons, etc. Evaluations of the varying features of different incentive programs are made to determine whether incentives offered represent consideration payable to customers. Such evaluations include the consideration of whether the users would be considered as customers of the Group.

The incentives are awarded to users upon their completion of certain tasks. The incentives are recorded as reduction of revenue if there is no distinct service identified and the incentives are related to past, current or future revenues, such as reward to customers, and coupons to be used in future transactions, etc. Incentives for distinct services received from the users such as inviting friends to download or log into Kuaishou's platforms, publishing or watching short videos which have marketing contents, etc., are recorded as selling and marketing expenses.

(c) Contract balances

When either party to a customer contract has performed, the Group presents the contract in the balance sheet as a contract asset or a contract liability, depending on the relationship between the Group's performance and the customer's payment. Contract balances include trade receivables and advances from customers.

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of the consideration is due.

Payment terms and conditions vary by contract and service type. A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.10 Revenue recognition (Continued)

(d) Practical expedients and exemptions

The Group has elected to use the practical expedient to not disclose the remaining performance obligations for contracts that have durations of one year or less, as substantially all of the Group's contracts have duration of one year or less.

The revenue standard requires the Group to recognize an asset for the incremental costs of obtaining a contract with a customer if the benefit of those costs is expected to be longer than one year. The Group has determined that sales commission for sales personnel meet the definition of incremental costs of obtaining a contract. However, the Group applies a practical expedient to expense the costs as incurred for costs to obtain a contract with a customer when the amortization period would have been one year or less.

(e) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group has applied the practical expedient of not to adjust any of the transaction prices for the time value of money.

2.1.11 Earnings per share

Basic earnings per share is calculated by dividing:

(a) the earnings attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares; and

(b) by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

(a) the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and

(b) the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.1 Summary of material accounting policies (Continued)

2.1.12 Leases

The Group, as a lessee, leases internet data centers, office buildings and land. Lease contracts other than land are typically made for fixed periods of several months to twelve years. Lease is recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments). Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use assets are depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated income statement. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise of lease of certain office spaces.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of other accounting policies

2.2.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet and consolidated statement of changes in equity respectively.

(a) Subsidiaries controlled through Contractual Arrangements

In order to comply with the People's Republic of China ("**PRC**") laws and regulations which prohibit or restrict foreign ownership of companies involved in provision of internet content and other restricted businesses, the Group operates its website and other restricted businesses in the PRC through certain PRC operating entities, which are held by registered shareholders ("**Nominee Shareholders**"). The Group signed contractual arrangements with the PRC operating entities ("**Contractual Arrangements**"). The Contractual Arrangements include exclusive technical consultation and service agreements, exclusive option agreements, equity pledge agreements and powers of attorney, which enable the Group to:

- govern the financial and operating policies of the PRC operating entities;
- exercise equity holder voting rights of the PRC operating entities;
- receive substantially all of the economic interest returns generated by the PRC operating entities in consideration for the technical support, consulting and other services provided exclusively by the WFOE, at the WFOE's discretion;
- obtain an irrevocable and exclusive right to purchase part or all of the equity interests in the PRC operating entities at any time and from time to time, at the minimum consideration permitted by the relevant law in China at the time of transfer; and
- obtain a pledge over all of its equity interests from its respective Nominee Shareholders as collateral for all of the PRC entities' payments due to the Group to secure performance of entities' obligation under the Contractual Arrangements.

Accordingly, the Group has rights to control these entities. As a result, they are presented as entities controlled by the Group.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of other accounting policies (Continued)

2.2.1 Subsidiaries (Continued)

(b) Business combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gain or loss arising from such remeasurement is recognized in the consolidated income statement.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of other accounting policies (Continued)

2.2.1 Subsidiaries (Continued)

(c) Company's separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes directly attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.2.2 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. The Group's investments in associates in the form of convertible redeemable preferred shares are accounted as financial assets measured at FVPL. All investments in associates in the form of ordinary shares with significant influence are accounted for using the equity method of accounting, after initially being recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in the consolidated income statement, and the Group's share of movements in OCI of the investee in OCI. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group determines at each reporting date whether there is any objective evidence that investments accounted for using the equity method are impaired. If this is the case, the Group calculated the amount of impairment as the difference between the recoverable amount of the investment and its carrying value and recognizes the amount in "other gains, net" in the consolidated income statement.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of other accounting policies (Continued)

2.2.2 Associates (Continued)

Gains or losses on dilution of equity interest in the associate is recognized in the consolidated income statement. If the ownership interest in the associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in OCI are reclassified to income statement where appropriate.

2.2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer of the Group.

2.2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The functional currency of the Company and certain of its overseas subsidiaries is USD. The Company's primary subsidiaries and structured entities are incorporated in the PRC and for these subsidiaries and structured entities, the RMB is the functional currency. The Group's presentation currency is RMB.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated income statement on a net basis within "other gains, net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gains or losses. For example, translation differences on non-monetary assets and liabilities such as equity instruments held at FVPL are recognized in consolidated income statement as part of the "other gains, net".

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of other accounting policies (Continued)

2.2.4 Foreign currency translation (Continued)

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting currency translation differences are recognized in OCI.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to OCI.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.2.5 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.2.6 Cash and cash equivalents and restricted cash

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash at bank, time deposits with initial terms within three months, deposits held at call with banks and cash held in other financial institutions that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash that is restricted from withdrawal, from use or from being pledged as security is reported separately on the face of the consolidated balance sheet, and is not included in the total cash and cash equivalents in the consolidated statement of cash flows.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of other accounting policies (Continued)

2.2.7 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or share options are shown in equity as a deduction from the proceeds.

2.2.8 Accounts and other payables

Accounts and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Accounts and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

2.2.9 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations, which are included in other payables and accruals in the consolidated balance sheet.

(b) Pension obligations

The Group has a defined contribution plan in which the Group pays fixed contributions to publicly administered pension insurance plans on a mandatory basis. Contributions to these plans are charged to the consolidated income statement as and when incurred and not reduced by contributions forfeited by those who leave the plans prior to vesting fully in the contributions. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of other accounting policies (Continued)

2.2.10 Government grants

Grants from the government are recognized at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property and equipment are included in non-current liabilities as deferred income and are credited to the consolidated income statement on a straight-line basis over the expected lives of the related assets.

2.2.11 Finance income

Interest income from financial assets at fair value through profit or loss is included in the net fair value gains on these assets, see Note 8 below.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see Note 11 below.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.2.12 Provisions

Provisions are recognized when 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 to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of other accounting policies (Continued)

2.2.13 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk primarily arises from recognized assets and liabilities denominated in a currency other than the functional currency of the Group entities.

For the year ended December 31, 2024, most transactions of the Group were settled in RMB and USD, while a limited number of transactions was denominated in foreign currencies such as Brazilian real. Thus, except the borrowings mentioned below, the Group's business was not exposed to significant foreign exchange risk and the exposure was limited in general, as the Group has no significant assets or liabilities denominated in the currencies other than the respective functional currencies of the entities within the Group.

As of December 31, 2024, the Group had unsecured RMB bank loans which were borrowed by a subsidiary of the Group, whose functional currency is USD. Details of the bank loans are disclosed in Note 28. If RMB had strengthened/weakened by 3% against USD with all other variables held constant, the profit before income tax for the year ended December 31, 2024 would have been approximately RMB269 million lower/higher (2023:Nil), as a result of foreign exchange gains or losses on translation of the bank loans and related proceeds (2023: Nil) denominated in RMB. The above sensitivity analysis did not consider any influence of economic hedge.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

The Group managed its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and tried to minimize these exposures through natural hedges, wherever possible and entered into certain foreign exchange option and forward agreements to economically hedge its exposure to foreign exchange risk mainly arising from the borrowings. Under these contracts, the Group had a right or agreed with the counterparties for settlement at specified foreign exchange rate. As of December 31, 2024, the aggregate notional principal amounts of these outstanding contracts were USD1,230 million (December 31, 2023: Nil). The Group will continue to monitor changes in currency exchange rates and will take necessary measures to mitigate foreign exchange risks.

(ii) Interest rate risk

The Group's interest rate risk primarily arises from time deposits, cash and cash equivalents, investments measured at amortized cost, notes payable and borrowings. Those carried at floating rates expose the Group to cash flow interest rate risk whereas those carried at fixed rates expose the Group to fair value interest rate risk.

If the interest rate of borrowings carried at floating rate had been 50 basis points higher/lower, the profit before income tax for the year ended December 31, 2024 would have been RMB27.2 million lower/higher (2023: Nil).

The Group does not anticipate significant impact to the assets carried at floating rate resulted from the changes in interest rate because the interest rates of these assets are not expected to change significantly.

The Group regularly monitors its interest rate risk to ensure there is no undue exposure to significant interest rate movements.

(iii) Price risk

The Group is exposed to equity price risk in respect of investments in listed and unlisted entities that are classified as financial assets at fair value through profit or loss. The Group is generally not exposed to commodity price risk. To manage its price risk arising from the investments, the Group diversifies its investment portfolio. The sensitivity analysis is performed by management, see Note 3.3 for details.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk

Credit risk mainly arises from cash and cash equivalents, time deposits, restricted cash, trade receivables, other receivables, other financial assets at amortized cost and investments in wealth management products and others classified as financial assets at fair value through profit or loss. The carrying amount of these financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

(i) Risk management

Trade and other receivables are managed on a group basis. The finance team is responsible for managing and analyzing the credit risk for each new customer/debtor before standard credit payment terms are offered. The Group assesses the credit quality of its customers and other debtors by taking into account various factors including their financial position, past operational and financial performance and other factors.

Cash and cash equivalents, time deposits, restricted cash, other financial assets at amortized cost and investments in wealth management products and others classified as financial assets at fair value through profit or loss are mainly placed with reputable financial institutions in the PRC and international financial institutions outside of the PRC. There has been no recent history of default in relation to these financial institutions. The expected credit loss is not material.

(ii) Impairment of financial assets

Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses under which the lifetime expected credit losses for all trade receivables are estimated. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and credit rating.

The expected loss rates are based on the historical payment profiles, historical loss rates and data published by external credit rating institution, adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has considered the expected changes in macroeconomic factors, such as Consumer Price Index, Gross Domestic Products and Producer Price Index of the PRC, and accordingly adjusts the historical loss rates based on expected changes in these factors.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables (Continued)

On that basis, the loss allowances of trade receivables as of December 31, 2024 and 2023 were determined as follows:

	As of December 31,	
	2024	2023
	RMB	*RMB*
	in millions, except for percentages	
Expected loss rate	**2.24%**	2.09%
Gross carrying amount	**6,827**	6,595
Loss allowance provision	**153**	138

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and indicators of severe financial difficulty.

Impairment losses on trade receivables are presented as "administrative expenses" within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other receivables

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit loss. Management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Other receivables (Continued)

On that basis, the loss allowances of other receivables as of December 31, 2024 and 2023 were determined as follows:

	As of December 31,	
	2024	2023
	RMB	*RMB*
	in millions, except for percentages	
Expected loss rate	**3.11%**	2.03%
Gross carrying amount	**1,574**	2,270
Loss allowance provision	**49**	46

(c) Liquidity risk

The Group intends to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate liquid assets or to retain adequate financing arrangements to meet the Group's liquidity requirements.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The table below analyzes the Group's financial liabilities into relevant maturity grouping based on the remaining period at each balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year *RMB'Million*	Between 1 and 2 years *RMB'Million*	Between 2 and 5 years *RMB'Million*	Over 5 years *RMB'Million*	Total *RMB'Million*
As of December 31, 2024					
Non-derivative financial instruments					
— Accounts payables	27,470	—	—	—	27,470
— Borrowings	349	349	11,272	—	11,970
— Other payables and accruals (excluding non-financial liabilities)	17,523	—	—	—	17,523
— Lease liabilities	3,792	3,316	3,266	1,221	11,595
Total	49,134	3,665	14,538	1,221	68,558
Derivative financial instruments					
— Gross settled foreign currency forwards					
(Inflow)	—	—	(4,260)	—	(4,260)
Outflow	—	—	4,396	—	4,396
Total	—	—	136	—	136

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

	Less than 1 year *RMB'Million*	Between 1 and 2 years *RMB'Million*	Between 2 and 5 years *RMB'Million*	Over 5 years *RMB'Million*	Total *RMB'Million*
As of December 31, 2023					
Non-derivative financial instruments					
— Accounts payables	23,601	—	—	—	23,601
— Other payables and accruals (excluding non-financial liabilities)	11,363	—	—	—	11,363
— Lease liabilities	3,388	3,330	4,869	1,505	13,092
Total	38,352	3,330	4,869	1,505	48,056

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance shareholders' value in the long-term.

The Group monitors capital by regularly reviewing the capital structure. As a part of this review, the Group considers the cost of capital and the risks associated with the issued share capital. The Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or repurchase the Company's shares. In the opinion of the directors of the Company, the Group's capital risk is low. As a result, capital risk is not significant for the Group and measurement of capital management is not a tool currently used in the internal management reporting procedures of the Group.

3.3 Fair value estimation

(a) Fair value hierarchy

The table below analyzes the Group's financial instruments carried at fair value as of each balance sheet date, by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

(1) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

(2) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(a) Fair value hierarchy (Continued)

(3) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets and liabilities that are measured at fair value at December 31, 2024:

	Level 1 RMB'Million	Level 2 RMB'Million	Level 3 RMB'Million	Total RMB'Million
Assets				
Financial assets at fair value through profit or loss				
— Investments in listed entities	86	—	—	86
— Investments in unlisted entities	—	—	2,719	2,719
— Derivative financial instruments	—	293	—	293
— Wealth management products and others	—	236	48,146	48,382
	86	529	50,865	51,480
Liabilities				
Financial liabilities at fair value through profit or loss				
— Derivative financial instruments	—	129	—	129
	—	129	—	129

The following table presents the Group's financial assets that are measured at fair value at December 31, 2023:

	Level 1 RMB'Million	Level 2 RMB'Million	Level 3 RMB'Million	Total RMB'Million
Assets				
Financial assets at fair value through profit or loss				
— Investments in listed entities	60	—	—	60
— Investments in unlisted entities	—	—	2,609	2,609
— Wealth management products and others	—	333	27,371	27,704
	60	333	29,980	30,373

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(a) Fair value hierarchy (Continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at each of the reporting dates. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in level 2.

Level 2 instruments of the Group's assets and liabilities mainly include foreign exchange options, foreign exchange forwards and perpetual bonds in wealth management products and others.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Level 3 instruments of the Group's assets mainly include investments in unlisted entities (Note 20) and investments in wealth management products and others (excluding investments in perpetual bonds) (Note 20).

(b) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;

- Discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate;

- The fair values of foreign currency forwards are determined with reference to the discounted value of the differential between the contracted strike/forward rate to the market forward exchange rate with same maturity;

- The fair value of foreign currency options are determined by using option pricing model, such as Garman-Kohlhagen's Model, with reference to the spot rate and volatility of currency exchange rate, risk-free rates for both currencies, and contract strike rate for the options; and

- A combination of observable and unobservable inputs, including risk-free rate, expected volatility, discount rate for lack of marketability, market multiples, etc.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(c) Financial instruments in level 3

The following table presents the changes in level 3 items of financial assets at fair value through profit or loss for the years ended December 31, 2024 and 2023.

	Financial assets at fair value through profit or loss *RMB'Million*
At January 1, 2024	**29,980**
Additions	**96,751**
Disposals	**(77,769)**
Change in fair value through profit or loss*	**1,647**
Currency translation differences	**256**
At December 31, 2024	**50,865**
* Includes unrealized gains recognized in the consolidated income statement attributable to balances held at the end of the year	**1,091**

	Financial assets at fair value through profit or loss *RMB'Million*
At January 1, 2023	16,189
Additions	61,263
Disposals	(47,997)
Change in fair value through profit or loss*	421
Currency translation differences	104
At December 31, 2023	29,980
* Includes unrealized gains recognized in the consolidated income statement attributable to balances held at the end of the year	19

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(c) Financial instruments in level 3 (Continued)

As level 3 instruments are not traded in an active market, their fair values have been determined by using various application valuation techniques, including market approach, etc.

The Group has a team that manages the valuation of level 3 instruments for financial reporting purposes. The team manages the valuation of the investments on a case by case basis. At least once every year, the team would use valuation techniques to determine the fair value of the Group's level 3 instruments. External valuation experts will be involved when necessary.

The following table summarizes the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

Description	Fair Values		Significant unobservable inputs	Range of inputs		Relationship of unobservable inputs to fair values
	As of December 31,			As of December 31,		
	2024 RMB' Million	2023 RMB' Million		2024	2023	
Investments in unlisted entities	2,719	2,609	Expected volatility	41%-77%	37%-83%	The higher the expected volatility, the lower the fair value
			Discount for lack of marketability ("**DLOM**")	6%-14%	6%-14%	The higher the DLOM, the lower the fair value
			Risk-free rate	1.20%-4.25%	2.30%-4.81%	The higher the risk-free rate, the lower the fair value
Wealth management products and others	48,146	27,371	Expected rate of return	2.25%-8.68%	2.73%-8.68%	The higher the expected rate of return, the higher the fair value

Investments in wealth management products are mainly the investment products purchased from reputable financial institutions in the PRC and international financial institutions outside of the PRC with floating rates. The returns on all of these wealth management products are not guaranteed, hence their contractual cash flows do not qualify for solely payments of principal and interest. Therefore, they are measured at FVPL. None of these investments are past due. The fair values are determined based on the expected rate of return (based on management judgment) and are within level 3 of the fair value hierarchy. From the perspective of cash management and risk control, the Group diversifies its investment portfolios and mainly purchases low-risk products from reputable financial institutions and prefers those products with high-liquidity.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

The following table presents the higher/(lower) of the profit before income tax for the years ended December 31, 2024 and 2023 if the fair values of investments in listed and unlisted entities held by the Group had been 5% higher/lower.

	Year ended December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
5% higher	**140**	133
5% lower	**(140)**	(133)

There were no transfers between level 1, 2 and 3 of fair value hierarchy classifications during the years ended December 31, 2024 and 2023.

The carrying amounts of the Group's financial assets that are not measured at fair value, including cash and cash equivalents, restricted cash, time deposits, trade receivables, other receivables, other current and non-current assets and other financial assets at amortized cost, and the Group's financial liabilities that are not measured at fair value, including accounts payables, other payables and accruals, borrowings and lease liabilities, approximate their fair values due to their short maturities or the interest rates are close to the market interest rates.

4 CRITICAL ESTIMATES AND JUDGMENTS

The preparation of financial statements requires the use of accounting estimates which will seldom equal the actual results. Management needs to exercise judgment in applying the Group's accounting policies.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

4.1 Recognition of share-based compensation expenses

The Group set up the Share Incentive Plan and granted options and RSUs to employees, directors, and other eligible persons. The fair value of the options is determined by the binomial model at the grant date, and is expected to be expensed over the respective vesting periods. Significant estimates and assumptions, including forfeiture rate, underlying equity value, risk-free interest rate, expected volatility, dividend yield, and terms, are made by the Group (Note 27).

4 CRITICAL ESTIMATES AND JUDGMENTS (CONTINUED)

4.2 Estimation of the fair value of financial assets

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions including expected volatility, discount for lack of marketability, risk-free rate associated with the instruments at the end of each reporting period, which are subject to uncertainty and might materially differ from the actual results. Changes in these assumptions and estimates could materially affect the respective fair value of these financial assets (Note 3.3).

4.3 Credit loss allowances for trade receivables, other receivables and other assets

By reference to IFRS 9, the expected credit loss of trade receivables, other receivables and other assets are based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to calculate the loss allowances, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 3.1(b).

4.4 Recoverability of non-financial assets

The Group tests whether goodwill has suffered any impairment on an annual basis, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets including property and equipment, investments accounted for using the equity method, right-of-use assets and intangible assets other than the goodwill are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The assets are allocated to each of CGUs, or groups of CGUs. The recoverable amount of CGUs has been determined based on the higher amount of fair value less disposal cost model and value-in-use model. Under the fair value less disposal cost model, the management makes estimates based on quoted prices of active markets based on observable inputs. Under the value-in-use model, calculations require the use of assumptions and use cash flow projections based on financial forecast with an estimation of terminal value.

4.5 Current and deferred income taxes

The Group is subject to income taxes in several jurisdictions. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Deferred tax asset in relation to (i) deductible temporary differences; and (ii) unused tax losses had been recognized in the consolidated balance sheet. The realizability of the deferred tax asset mainly depends on whether sufficient future taxable profit or taxable temporary differences will be available in the future. The outcome of their actual utilization may be different from management's estimation.

4 CRITICAL ESTIMATES AND JUDGMENTS (CONTINUED)

4.6 Principal versus agent considerations

Determining whether the Group is acting as a principal or as an agent when a third-party is in the provision of certain services to its customers requires judgment and consideration of all relevant facts and circumstances. In evaluation of the Group's role as a principal or agent, the Group considers factors to determine whether the Group controls the specified goods or services before they were transferred to the customer include, but are not limited to the following: (a) who is primarily responsible for fulfilling the contract, (b) who is subject to inventory risk, and (c) who has discretion in establishing prices. For details, please refer to Note 2.1.10.

4.7 Useful lives and depreciation of property and equipment

The Group's management determines the estimated useful lives and related depreciation for the Group's property and equipment based on the asset's expected utility to the Group. The asset management policy of the Group may involve the disposal of assets after a specified time or after consumption of a specified proportion of the future economic benefits embodied in the asset. Therefore, the useful life of an asset may be shorter than its physical life. The estimation of the useful life of the asset is a matter of judgment based on the experience of the Group with similar assets.

5 SEGMENT INFORMATION

5.1 Description of segments and principal activities

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the CODM. As a result of this evaluation, the Group determined that it has operating segments as follows:

- Domestic
- Overseas

The CODM assesses the performance of the operating segments mainly based on revenues and operating profit or loss of each operating segment. Thus, segment result would present revenues, cost of revenues and operating expenses, and operating profit or loss for each segment, which is in line with CODM's performance review. There were no material inter-segment sales during the years ended December 31, 2024 and 2023.

The revenues from customers reported to CODM are measured as revenues in each segment. The operating profit or loss in each segment reported to CODM are measured as cost of revenues and operating expenses deducted from its revenues. Certain items are not allocated to each segment as they are not directly relevant to the operating results upon performance measurement and resource allocation by the CODM. Share-based compensation expenses, other income and other gains, net are not allocated to individual operating segments.

There are no separate segment assets and segment liabilities information provided to the CODM, as CODM does not use this information to allocate resources to or to evaluate the performance of the operating segments.

5 SEGMENT INFORMATION (CONTINUED)

5.1 Description of segments and principal activities (Continued)

	Year ended December 31, 2024			
	Domestic *RMB'Million*	Overseas *RMB'Million*	Unallocated items *RMB'Million*	Total *RMB'Million*
Revenues	122,202	4,696	—	126,898
Cost of revenues and operating expenses	(105,847)	(5,630)	—	(111,477)
Unallocated items	—	—	(134)	(134)
Operating profit/(loss)	16,355	(934)	(134)	15,287

	Year ended December 31, 2023			
	Domestic *RMB'Million*	Overseas *RMB'Million*	Unallocated items *RMB'Million*	Total *RMB'Million*
Revenues	111,186	2,284	—	113,470
Cost of revenues and operating expenses	(99,784)	(5,073)	—	(104,857)
Unallocated items	—	—	(2,182)	(2,182)
Operating profit/(loss)	11,402	(2,789)	(2,182)	6,431

5.2 Segment assets

As of December 31, 2024 and 2023, substantially all of the Group's non-current assets other than certain financial instruments and investments accounted for using the equity method were located in the PRC.

6 REVENUES

The breakdown of revenues is as follows:

	Year ended December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Online marketing services	**72,419**	60,304
Live streaming	**37,061**	39,054
Other services	**17,418**	14,112
	126,898	113,470

The breakdown of revenues for timing of revenue recognition is as follows:

	Year ended December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Revenue recognized at a point in time	**123,547**	110,808
Revenue recognized over time	**3,351**	2,662
	126,898	113,470

There was no concentration risk as no revenue from a single customer was more than 10% of the Group's total revenues for the years ended December 31, 2024 and 2023.

7 OTHER INCOME

	Year ended December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Government grants and value-added tax preferences	**497**	923
Others	**36**	55
	533	978

8 OTHER GAINS, NET

	Year ended December 31, 2024 RMB'Million	2023 RMB'Million
Net fair value gains on financial assets at fair value through profit or loss		
— Investments in listed and unlisted entities	**(23)**	(302)
— Wealth management products and others	**1,707**	686
Net gains on disposal of property and equipment, intangible assets and right-of-use assets	**98**	87
Net foreign exchange (losses)/gains	**(68)**	8
Others	**(32)**	(69)
	1,682	410

9 EXPENSES BY NATURE

	Year ended December 31, 2024 RMB'Million	2023 RMB'Million
Revenue sharing costs and related taxes	**36,277**	34,957
Promotion and marketing expenses	**38,652**	33,802
Employee benefit expenses *(Note 10)*	**17,297**	18,334
Bandwidth expenses and server custody costs	**5,761**	5,987
Depreciation of property and equipment	**4,064**	3,989
Depreciation of right-of-use assets *(Note a)*	**2,972**	3,065
Amortization of intangible assets	**104**	148
Payment processing costs	**2,819**	2,569
Outsourcing and other labor costs	**1,349**	1,147
Auditor's remuneration		
— Audit services	**30**	30
— Non-audit services	**3**	12
Other professional fees	**248**	221
Tax surcharges	**1,036**	710
Credit loss allowances on financial assets	**52**	93
Others *(Note b)*	**3,162**	3,363
	113,826	108,427

Note a: The depreciation of right-of-use assets include the expenses related to leases of internet data centers, office buildings and land with a term of over one year.

Note b: Others mainly comprise content-related costs, traveling and communication expenses and office facilities expenses.

10 EMPLOYEE BENEFIT EXPENSES

	Year ended December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Wages, salaries and bonuses	**12,102**	12,093
Share-based compensation expenses	**2,349**	3,570
Pension costs-defined contribution plans *(Note a)*	**1,032**	969
Other social security costs, housing benefits and other employee benefits	**1,814**	1,702
	17,297	18,334

Note a: Employees of the Group companies in the PRC are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group contributes funds which are calculated on fixed percentage of the employees' salary (subject to a floor and cap) as set by local municipal governments to each scheme locally to fund the retirement benefits of the employees. No forfeited contributions were utilized by the Group to reduce its contributions to these schemes for the years ended December 31, 2024 and 2023.

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended December 31, 2024 include one director (2023: one). The emoluments to the five highest paid individuals for the years ended December 31, 2024 and 2023 are as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Wages and salaries	**21,949**	20,727
Discretionary bonuses	**23,590**	18,566
Share-based compensation expenses	**383,236**	498,229
Pension costs-defined contribution plans	**239**	269
Other social security costs, housing benefits and other employee benefits	**370**	414
	429,384	538,205

10 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(a) Five highest paid individuals (Continued)

The emoluments fell within the following bands:

	Number of individuals Year ended December 31,	
	2024	2023
HK$87,500,001 to HK$88,000,000	**1**	1
HK$88,500,001 to HK$89,000,000	**1**	—
HK$90,000,001 to HK$90,500,000	**1**	—
HK$90,500,001 to HK$91,000,000	**1**	—
HK$110,500,001 to HK$111,000,000	**—**	1
HK$113,000,001 to HK$113,500,000	**1**	—
HK$128,000,001 to HK$128,500,000	**—**	1
HK$133,500,001 to HK$134,000,000	**—**	1
HK$137,000,001 to HK$137,500,000	**—**	1
	5	5

All of these individuals have not received any emolument from the Group as an inducement to join or upon joining the Group, and have not received any compensation for loss of office for the years ended December 31, 2024 and 2023.

10 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(b) Benefits and interests of directors

The remuneration of every director and the chief executive is set out as follows:

For the year ended December 31, 2024:

Name	Fees *RMB'000*	Wages and salaries *RMB'000*	Discretionary bonuses *RMB'000*	Share-based compensation expenses *RMB'000*	Pension costs-defined contribution plans *RMB'000*	Other social security costs, housing benefits and other employee benefits *RMB'000*	Total *RMB'000*
Chairman							
CHENG Yixiao *(Note a)*	—	4,853	4,500	70,358	71	94	79,876
Executive Director							
SU Hua *(Note b)*	—	2,976	—	—	71	94	3,141
Non-executive Directors							
LI Zhaohui	—	—	—	—	—	—	—
ZHANG Fei	—	—	—	—	—	—	—
LIN Frank *(Note c)*	—	—	—	—	—	—	—
WANG Huiwen	417	—	—	—	—	—	417
Independent non-executive Directors							
HUANG Sidney Xuande	695	—	—	—	—	—	695
MA Yin	677	—	—	—	—	—	677
XIAO Xing	687	—	—	—	—	—	687
Total	2,476	7,829	4,500	70,358	142	188	85,493

10 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(b) Benefits and interests of directors (Continued)

For the year ended December 31, 2023:

Name	Fees *RMB'000*	Wages and salaries *RMB'000*	Discretionary bonuses *RMB'000*	Share-based compensation expenses *RMB'000*	Pension costs-defined contribution plans *RMB'000*	Other social security costs, housing benefits and other employee benefits *RMB'000*	Total *RMB'000*
Chairman							
CHENG Yixiao *(Note a)*	—	4,864	4,500	114,208	63	89	123,724
Executive Director							
SU Hua *(Note b)*	—	5,046	—	—	63	89	5,198
Non-executive Directors							
LI Zhaohui	—	—	—	—	—	—	—
ZHANG Fei	—	—	—	—	—	—	—
LIN Frank *(Note c)*	—	—	—	—	—	—	—
WANG Huiwen *(Note d)*	263	—	—	—	—	—	263
SHEN Dou *(Note e)*	—	—	—	—	—	—	—
Independent non-executive Directors							
HUANG Sidney Xuande	574	—	—	—	—	—	574
MA Yin	574	—	—	—	—	—	574
XIAO Xing *(Note f)*	203	—	—	—	—	—	203
WANG Huiwen *(Note d)*	180	—	—	—	—	—	180
Total	1,794	9,910	4,500	114,208	126	178	130,716

Note a: Mr. CHENG Yixiao was appointed as the Chairman with effect from October 29, 2023. The exercise prices of outstanding share options granted to Mr. CHENG Yixiao were HK$66.46 and HK$59.40 respectively, of which the exercise prices were all above HK$55. Under IFRS 2, the accelerated approach is required to recognize compensation expenses for equity awards. For detailed grant information, please refer to the Company's announcements dated March 30, 2023 and April 14, 2022.

Note b: Mr. SU Hua waived his discretionary bonus entitlement from the Company for the years ended December 31, 2024 and 2023.

Note c: Mr. LIN Frank resigned with effect from January 22, 2025.

Note d: Mr. WANG Huiwen was re-designated from an independent non-executive Director to a non-executive Director with effect from May 15, 2023.

Note e: Dr. SHEN Dou resigned with effect from September 13, 2023.

Note f: Prof. XIAO Xing was appointed with effect from September 13, 2023.

(i) Benefits and interests of directors

There is no other benefits and interests offered to directors except above.

10 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(b) Benefits and interests of directors (Continued)

(ii) Directors' retirement and termination benefits

No director's (including former director(s)) retirement and termination benefit subsisted at the end of the years or at any time during the years ended December 31, 2024 and 2023.

(iii) Consideration provided to or receivable by third parties for making available directors' services

No consideration provided to or receivable by third parties for making available directors' services subsisted at the end of the years or at any time during the years ended December 31, 2024 and 2023.

(iv) Information about loans, quasi-loans and other dealings in favor of directors, bodies corporate controlled by and entities connected with such directors

No loans, quasi-loans and other dealings in favor of directors, bodies corporate controlled by and entities connected with such directors was subsisted at the end of the years or at any time during the years ended December 31, 2024 and 2023.

(v) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest whether directly or indirectly, subsisted at the end of the years or at any time during the years ended December 31, 2024 and 2023.

(vi) Inducement to join the Group and compensation for loss of office

No director received any emolument from the Group as an inducement to join or upon joining the Group or compensation for loss of office for the years ended December 31, 2024 and 2023.

11 FINANCE INCOME, NET

	Year ended December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Finance income:		
Interest income from bank deposits	**1,071**	1,116
	1,071	1,116
Finance expense:		
Interest expense from lease liabilities	**(513)**	(495)
Interest expense from borrowings	**(187)**	—
Others	**(135)**	(82)
	(835)	(577)
Finance income, net	**236**	539

12 SUBSIDIARIES

The Company's major subsidiaries (including controlled and structured entities) during the year ended December 31, 2024 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly or indirectly by the Company, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of operation.

Name	Place of incorporation and kind of legal entity	Date of incorporation	Particulars of issued/paid-in capital	Effective interest held as of December 31, 2024	Principal activities
Subsidiaries					
Directly held:					
Fortune Ever Global Limited	Hong Kong, limited liability company	March 25, 2014	HKD10,000	100%	Investment holding and investment
Cosmic Blue Investments Limited	British Virgin Islands, limited liability company	March 16, 2017	—	100%	Investment holding and investment
Indirectly held:					
Joyo Technology PTE. LTD.	Singapore, limited liability company	August 3, 2016	USD1	100%	Development of software, provision of programming and advertising services
Beijing Dajia Internet Information Technology Co., Ltd.*	Beijing, China, limited liability company	July 2, 2014	USD4,943,011,229.78	100%	Development of software, hardware and network technology
Beijing Kuaishou Ads Co., Ltd.	Beijing, China, limited liability company	September 23, 2016	RMB60,000	100%	Provision of online marketing and other services
Chengdu Magnetic Engine Media Co., Ltd.	Sichuan, China, limited liability company	September 25, 2020	RMB150,000,000	100%	Provision of online marketing services
Hainan Kuaishou Kuailian Information Technology Co., Ltd.	Hainan, China, limited liability company	May 12, 2021	—	100%	Provision of online marketing services
Huai'an Kuaishou Kuailian Information Technology Co., Ltd.	Jiangsu, China, limited liability company	July 13, 2022	—	100%	Provision of online marketing services
Structured entities *(Note a)*					
Beijing Kuaishou Technology Co., Ltd.	Beijing, China, limited liability company	March 20, 2015	RMB11,010,100	99%	Provision of live-streaming and online marketing services
Beijing Chenzhong Technology Co., Ltd.	Beijing, China, limited liability company	July 6, 2017	RMB2,015,000	100%	Provision of online marketing and other services
Chengdu Kuaigou Technology Co., Ltd.	Sichuan, China, limited liability company	October 31, 2019	—	100%	Provision of e-commerce and other services
Huai'an Kuaishou Shuangxin Culture Communication Co., Ltd.	Jiangsu, China, limited liability company	August 7, 2020	—	100%	Provision of internet information services

* Registered as wholly foreign-owned enterprise under PRC law.

Note a: As described in Note 2.2.1, the Company does not have directly or indirectly legal ownership in equity of these structured entities or their subsidiaries. Nevertheless, under certain Contractual Arrangements entered into with these structured entities and their registered owners, the Company and its other legally owned subsidiaries have rights to exercise power over these structured entities, receive variable returns from their involvement in these structured entities, and have the ability to affect those returns through their power over these structured entities. As a result, they are presented as consolidated structured entities of the Company.

13 INCOME TAX

(a) Cayman Islands

The Company is incorporated as an exempted company with limited liability under the Companies Law of the Cayman Islands and is not subject to tax on income or capital gains. Additionally, the Cayman Islands do not impose a withholding tax on payments of dividends to shareholders. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

(b) British Virgin Islands ("BVI")

The Group's entities established under the International Business Companies Acts of the BVI are exempted from BVI income tax.

(c) Hong Kong Income Tax

Entities incorporated in Hong Kong are subject to Hong Kong profits tax of which the tax rate is 8.25% for assessable profits on the first HK$2 million and 16.5% for any assessable profits in excess of HK$2 million.

(d) PRC Enterprise Income Tax

The income tax provision of the Group in respect of its operations in Mainland China was subject to statutory tax rate of 25% on the assessable profits for the years ended December 31, 2024 and 2023, based on the existing legislation, interpretation and practices in respect thereof.

Certain subsidiaries of the Group in Mainland China were accredited as High and New Technology Enterprise, and they were subject to a preferential corporate income tax rate of 15% for the years ended December 31, 2024 and 2023. In addition, certain subsidiaries of the Group were entitled to other tax concessions, mainly including the preferential tax rate of 15% applicable to some subsidiaries located in certain areas of Mainland China upon fulfillment of certain requirements of the respective local governments.

The State Taxation Administration of the PRC announced in March 2023 that enterprises engaging in research and development activities would be entitled to claim 200% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year ("**Super Deduction**") from January 1, 2023 onwards. The Group has made its best estimate for the Super Deduction to be claimed for the Group's entities in ascertaining their assessable profits during the year.

13 INCOME TAX (CONTINUED)

(e) Withholding tax in Mainland China ("WHT")

According to applicable tax regulations prevailing in Mainland China, distribution of profits earned by companies in Mainland China since January 1, 2008 to foreign investors is subject to withholding tax of 5% or 10%, depending on the country of incorporation of the foreign investor, upon the distribution of profits to overseas-incorporated immediate holding companies.

The Group did not have distributable retained earnings in Mainland China, so no deferred tax liability related to WHT on undistributed earnings was accrued as of the end of each reporting period.

The income tax expenses of the Group during the years ended December 31, 2024 and 2023 are analyzed as follows:

	Year ended December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Current income tax	**(651)**	(1,508)
Deferred income tax *(Note 32)*	**501**	1,018
Income tax expenses	**(150)**	(490)

13 INCOME TAX (CONTINUED)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the statutory tax rate of 25% in Mainland China, being the tax rate applicable to the majority of consolidated entities as follows:

	Year ended December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Profit before income tax	**15,494**	6,889
Tax calculated at statutory income tax rate of 25% in Mainland China	**(3,874)**	(1,722)
Tax effects of:		
— Effect of different tax rates in other jurisdictions	**48**	(226)
— Effect of preferential income tax rates of certain subsidiaries	**630**	486
— Deductible temporary differences and tax losses for which no deferred tax assets were recognized	**(432)**	(800)
— Expenses not deductible for income tax purposes	**(142)**	(259)
— Utilization of deductible temporary differences and tax losses for which no deferred tax assets were previously recognized	**492**	50
— Super deduction for research and development expenses	**1,287**	956
— Income not subject to tax	**167**	12
— Recognition of deferred income tax assets previously unrecognized	**1,508**	809
— Others	**166**	204
	(150)	(490)

OECD Pillar Two model rules

The Group is within the scope of the Organisation for Economic Co-operation and Development ("**OECD**") Pillar Two model rules. Since the Pillar Two legislation was not effective in any of the jurisdictions the Group' entities operate at the reporting date, the Group had no Pillar Two related current tax exposure for the year ended December 31, 2024. The Group applies the IAS 12 exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income tax.

As of December 31, 2024, the Group mainly operated in Mainland China, Hong Kong and Singapore. Given Pillar Two legislation implementation is scheduled from January 1, 2025 in Singapore and Hong Kong, the Group is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect. Under the legislation, it exposes a top-up tax on excess profits arising in a jurisdiction whenever its effective tax rate determined by the Pillar Two legislation on a jurisdictional basis is below a minimum rate of 15%.

Based on management's assessment, the application of the Pillar Two legislation is not expected to have a material impact to the Group once effective in 2025.

14 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended December 31,	
	2024	2023
Earnings attributable to equity holders of the Company *(RMB millions)*	**15,335**	6,396
Weighted average number of ordinary shares in issue *(million shares)*	**4,305**	4,314
Basic earnings per share *(expressed in RMB per share)*	**3.56**	1.48

(b) Diluted earnings per share

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. During the years ended December 31, 2024 and 2023, the Company had two categories of potential ordinary shares: share options and RSUs.

	Year ended December 31,	
	2024	2023
Earnings attributable to equity holders of the Company *(RMB millions)*	**15,335**	6,396
Weighted average number of ordinary shares in issue *(million shares)*	**4,305**	4,314
Adjustments for share options and RSUs *(million shares)*	**101**	127
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share *(million shares)*	**4,406**	4,441
Diluted earnings per share *(expressed in RMB per share)*	**3.48**	1.44

15 PROPERTY AND EQUIPMENT

The detailed information of property and equipment is as follows:

	Buildings *RMB'Million*	Servers, computers and equipment *RMB'Million*	Office equipment *RMB'Million*	Leasehold improvements *RMB'Million*	Construction in progress *RMB'Million*	Total *RMB'Million*
At January 1, 2024						
Cost	3,039	24,153	101	965	102	28,360
Accumulated depreciation	(282)	(15,344)	(54)	(324)	—	(16,004)
Net book amount	2,757	8,809	47	641	102	12,356
Year ended December 31, 2024						
Opening net book amount	2,757	8,809	47	641	102	12,356
Currency translation differences	—	7	—	1	—	8
Additions	—	6,211	14	7	368	6,600
Transfers	48	188	—	35	(271)	—
Disposals	—	(33)	(1)	(35)	—	(69)
Depreciation charge	(149)	(3,767)	(21)	(127)	—	(4,064)
Closing net book amount	2,656	11,415	39	522	199	14,831
At December 31, 2024						
Cost	3,087	29,975	109	904	199	34,274
Accumulated depreciation	(431)	(18,560)	(70)	(382)	—	(19,443)
Net book amount	2,656	11,415	39	522	199	14,831
At January 1, 2023						
Cost	2,741	21,487	76	574	824	25,702
Accumulated depreciation	(138)	(11,956)	(39)	(354)	—	(12,487)
Net book amount	2,603	9,531	37	220	824	13,215
Year ended December 31, 2023						
Opening net book amount	2,603	9,531	37	220	824	13,215
Currency translation differences	—	8	—	1	—	9
Additions	—	2,927	34	41	178	3,180
Transfers	298	—	—	602	(900)	—
Disposals	—	(14)	(2)	(43)	—	(59)
Depreciation charge	(144)	(3,643)	(22)	(180)	—	(3,989)
Closing net book amount	2,757	8,809	47	641	102	12,356
At December 31, 2023						
Cost	3,039	24,153	101	965	102	28,360
Accumulated depreciation	(282)	(15,344)	(54)	(324)	—	(16,004)
Net book amount	2,757	8,809	47	641	102	12,356

15 PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation expenses have been charged to the consolidated income statement as follows:

	Year ended December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Cost of revenues	**3,745**	3,644
Selling and marketing expenses	**41**	50
Administrative expenses	**50**	52
Research and development expenses	**228**	243
	4,064	3,989

16 LEASE

(a) Items recognized in the consolidated balance sheet

	As of December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Right-of-use assets		
Internet data centers	**7,131**	8,261
Office buildings	**1,733**	2,111
Land use rights	**27**	27
	8,891	10,399

	As of December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Lease liabilities		
Current	**3,671**	3,327
Non-current	**6,765**	8,405
	10,436	11,732

Additions and modifications to the right-of-use assets for the year ended December 31, 2024 was approximately RMB2.5 billion (2023: RMB4.2 billion). For details, please refer to Note 33(c).

16 LEASE (CONTINUED)

(b) Items recognized in the consolidated income statement and consolidated statement of cash flows

	Year ended December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Depreciation charge of right-of-use assets		
— Internet data centers	**2,588**	2,546
— Office buildings	**383**	518
— Land use rights	**1**	1
Interest expense (included in finance income, net)	**513**	495
Expense relating to short-term leases not included in lease liabilities (included in cost of revenues, selling and marketing expenses, administrative expenses and research and development expenses)	**56**	127
	3,541	3,687

The total cash outflows for leases (not including those for short-term leases which has been included as cash outflows from operating activities) for the year ended December 31, 2024 was approximately RMB3.2 billion (2023: RMB3.5 billion).

17 INTANGIBLE ASSETS

The detailed information of intangible assets is as follows:

	Goodwill *(Note a)* *RMB'Million*	Licenses and copyrights *RMB'Million*	Trademarks and domain name *RMB'Million*	Software *RMB'Million*	Others *RMB'Million*	Total *RMB'Million*
At January 1, 2024						
Cost	**845**	**706**	**16**	**178**	**10**	**1,755**
Accumulated amortization and impairment	**—**	**(538)**	**(9)**	**(125)**	**(10)**	**(682)**
Net book amount	**845**	**168**	**7**	**53**	**—**	**1,073**
Year ended December 31, 2024						
Opening net book amount	**845**	**168**	**7**	**53**	**—**	**1,073**
Additions	**—**	**101**	**—**	**29**	**—**	**130**
Disposals	**—**	**(12)**	**—**	**(26)**	**—**	**(38)**
Impairment charge	**—**	**(2)**	**—**	**—**	**—**	**(2)**
Amortization charge	**—**	**(79)**	**(1)**	**(24)**	**—**	**(104)**
Closing net book amount	**845**	**176**	**6**	**32**	**—**	**1,059**
At December 31, 2024						
Cost	**845**	**471**	**16**	**134**	**10**	**1,476**
Accumulated amortization and impairment	**—**	**(295)**	**(10)**	**(102)**	**(10)**	**(417)**
Net book amount	**845**	**176**	**6**	**32**	**—**	**1,059**
At January 1, 2023						
Cost	845	662	16	124	10	1,657
Accumulated amortization and impairment	—	(431)	(8)	(86)	(9)	(534)
Net book amount	845	231	8	38	1	1,123
Year ended December 31, 2023						
Opening net book amount	845	231	8	38	1	1,123
Additions	—	44	—	54	—	98
Amortization charge	—	(107)	(1)	(39)	(1)	(148)
Closing net book amount	845	168	7	53	—	1,073
At December 31, 2023						
Cost	845	706	16	178	10	1,755
Accumulated amortization and impairment	—	(538)	(9)	(125)	(10)	(682)
Net book amount	845	168	7	53	—	1,073

17 INTANGIBLE ASSETS (CONTINUED)

Note a: For the purpose of impairment test of goodwill, goodwill is allocated to groups of CGUs. Such groups of CGUs represent the lowest level within the Group for which the goodwill is monitored for internal management purpose. The Group had two CGUs for the years ended December 31, 2024 and 2023. The management allocated all goodwill to its domestic CGU as the goodwill was only attributable to the domestic business.

Impairment review on the goodwill of the Group has been conducted by the management as of December 31, 2024 and 2023 according to IAS 36 "Impairment of assets". The Group conducted the annual impairment test on goodwill by comparing the recoverable amount to the carrying amount as of December 31, 2024 and 2023. The recoverable amount is determined based on the higher amount of value-in-use calculations and fair value less costs of disposal. As the recoverable amount was higher than the carrying amount, no impairment for the CGU was recorded.

Amortization expenses have been charged to the consolidated income statement as follows:

	Year ended December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Cost of revenues	**56**	88
Administrative expenses	**26**	26
Research and development expenses	**22**	34
	104	148

18 FINANCIAL INSTRUMENTS BY CATEGORY

The detailed information of financial instruments by category as of December 31, 2024 and 2023 is as follows:

	As of December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Assets as per consolidated balance sheet		
Financial assets at fair value through profit or loss	51,480	30,373
Financial assets measured at amortized cost:		
— Trade receivables	6,674	6,457
— Prepayments, other receivables and other current assets (excluding non-financial assets)	1,405	2,089
— Other financial assets at amortized cost	295	1,233
— Other non-current assets	120	135
— Time deposits	31,378	19,639
— Restricted cash	47	128
— Cash and cash equivalents	12,697	12,905
Total	104,096	72,959

	As of December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Liabilities as per consolidated balance sheet		
Financial liabilities at fair value through profit or loss	129	—
Financial liabilities measured at amortized cost:		
— Accounts payables	27,470	23,601
— Other payables and accruals (excluding non-financial liabilities)	17,523	11,363
— Borrowings	11,100	—
— Lease liabilities	10,436	11,732
Total	66,658	46,696

19 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	As of December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Investments in an associate accounted for using the equity method — Listed entity	**166**	214

	Year ended December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
At the beginning of the year	**214**	268
Share of loss	**(29)**	(81)
Currency translation differences	**3**	6
Share of other comprehensive (loss)/income	**(3)**	14
Share of other changes in net assets	**(19)**	7
At the end of the year	**166**	214

During the years ended December 31, 2024 and 2023, there were no indicators for impairment of the investment, so no impairment loss was recognized.

20 INVESTMENTS

	As of December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Non-current assets		
Financial assets at fair value through profit or loss		
— Investments in unlisted entities	**2,719**	2,609
— Investment in a listed entity	**80**	52
— Wealth management products and others	**21,338**	2,584
— Derivative financial instruments	**293**	—
	24,430	5,245
Other financial assets at amortized cost *(Note a)*	**62**	283
	24,492	5,528
Current assets		
Financial assets at fair value through profit or loss		
— Investment in a listed entity	**6**	8
— Wealth management products and others	**27,044**	25,120
	27,050	25,128
Other financial assets at amortized cost *(Note a)*	**233**	950
	27,283	26,078
Total	**51,775**	31,606

Note a: Investments measured at amortized cost are mainly debt securities in USD, which are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is recorded in other income using the effective interest rate method. None of these investments were past due.

Movements in financial assets at fair value through profit or loss are as follows:

	Year ended December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
At the beginning of the year	**30,373**	16,713
Additions	**97,012**	61,263
Disposals	**(77,882)**	(48,101)
Change in fair value through profit or loss	**1,713**	384
Currency translation differences	**264**	114
At the end of the year	**51,480**	30,373

21 TRADE RECEIVABLES

The detailed information of trade receivables is as follows:

	As of December 31, 2024 RMB'Million	As of December 31, 2023 RMB'Million
Trade receivables from contracts with customers	**6,827**	6,595
Less: credit loss allowances	**(153)**	(138)
	6,674	6,457

The Group generally grants a credit period of 90 days to its customers. Aging analysis of trade receivables based on invoice date is as follows:

	As of December 31, 2024 RMB'Million	As of December 31, 2023 RMB'Million
Up to 3 months	**6,021**	5,816
Over 3 months	**806**	779
	6,827	6,595

Movements on the Group's allowance for credit loss of trade receivables are as follows:

	Year ended December 31, 2024 RMB'Million	Year ended December 31, 2023 RMB'Million
At the beginning of the year	**(138)**	(45)
Additional provision	**(15)**	(93)
At the end of the year	**(153)**	(138)

22 PREPAYMENTS, OTHER RECEIVABLES AND OTHER CURRENT ASSETS

The detailed information of prepayments, other receivables and other current assets as of December 31, 2024 and 2023 is as follows:

	As of December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Recoverable VAT and other tax prepayments	**1,944**	1,739
Receivables from third parties	**1,192**	1,818
Prepaid promotion and marketing fees	**582**	659
Prepayments for content and other services	**551**	350
Deposits	**138**	161
Others	**288**	206
	4,695	4,933
Less: credit loss allowances	**(49)**	(14)
	4,646	4,919

23 CASH AND BANK BALANCES

(a) Cash and cash equivalents

	As of December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Cash at bank and held in other financial institutions	**11,816**	9,446
Time deposits with initial terms within three months	**881**	3,459
	12,697	12,905

23 CASH AND BANK BALANCES (CONTINUED)

(a) Cash and cash equivalents (Continued)

Cash and cash equivalents are denominated in the following currencies:

	As of December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
RMB	**10,934**	7,609
USD	**1,488**	4,432
HKD	**111**	744
Others	**164**	120
	12,697	12,905

(b) Restricted cash

Restricted cash are denominated in the following currencies:

	As of December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
RMB	**47**	126
USD	**—**	2
	47	128

(c) Time deposits

Time deposits are denominated in the following currencies:

	As of December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
RMB	**28,178**	14,706
USD	**3,189**	4,580
HKD	**—**	342
Others	**11**	11
	31,378	19,639

24 SHARE CAPITAL

Authorized:

As of December 31, 2024 and 2023, the authorized share capital of the Company comprised 9,433,962,264 ordinary shares with par value of US$0.0000053 per share.

Issued:

	Number of ordinary shares *'Million*	Nominal value of ordinary shares *USD'Million*	Equivalent nominal value of ordinary shares *RMB'Million*	Share premium *RMB'Million*
At January 1, 2023	4,294	—	—	274,473
Exercise of share options and vesting of RSUs	62	—	—	199
Cancelation of shares	(23)	—	—	(1,213)
At December 31, 2023	4,333	—	—	273,459
Exercise of share options and vesting of RSUs	**61**	**—**	**—**	**29**
Cancelation of shares	**(117)**	**—**	**—**	**(4,755)**
At December 31, 2024	**4,277**	**—**	**—**	**268,733**

25 OTHER RESERVES

The following table shows a breakdown of the balance sheet line item "other reserves" and the movements in these reserves during the years.

	Capital reserve	Share-based compensation	Currency translation differences (Note a)	Statutory surplus reserve (Note b)	Investments in associates	Others	Total
	RMB'Million	*RMB'Million*	*RMB'Million*	*RMB'Million*	*RMB'Million*	*RMB'Million*	*RMB'Million*
At January 1, 2024	(364)	21,357	11,948	265	70	(93)	33,183
Share-based compensation	—	2,349	—	—	—	—	2,349
Currency translation differences	—	—	258	—	—	—	258
Share of other comprehensive loss of investments accounted for using the equity method	—	—	—	—	(3)	—	(3)
Share of other changes in net assets of investments accounted for using the equity method	—	—	—	—	(19)	—	(19)
Appropriations to statutory reserves	—	—	—	8	—	—	8
At December 31, 2024	(364)	23,706	12,206	273	48	(93)	35,776
At January 1, 2023	(364)	17,787	11,600	260	49	(93)	29,239
Share-based compensation	—	3,570	—	—	—	—	3,570
Currency translation differences	—	—	348	—	—	—	348
Share of other comprehensive income of investments accounted for using the equity method	—	—	—	—	14	—	14
Share of other changes in net assets of investments accounted for using the equity method	—	—	—	—	7	—	7
Appropriations to statutory reserves	—	—	—	5	—	—	5
At December 31, 2023	(364)	21,357	11,948	265	70	(93)	33,183

Note a: Currency translation differences represent the difference arising from the translation of the financial statements of companies within the Group that have a functional currency different from the presentation currency of RMB for the financial statements of the Group.

Note b: In accordance with the Companies Laws of the PRC and the stipulated provisions of the articles of association of subsidiaries with limited liabilities in the PRC, appropriation of net profits (after offsetting accumulated losses from prior years) should be made by these companies to their respective statutory surplus reserve funds and the discretionary reserve funds before distributions are made to the owners. The percentage of appropriation to statutory surplus reserve fund is 10%. The amount to be transferred to the discretionary reserve fund is determined by the equity owners of these companies. When the balance of the statutory surplus reserve fund reaches 50% of the registered capital, such transfer needs not to be made. Both the statutory surplus reserve fund and discretionary reserve fund can be capitalized as capital of an enterprise, provided that the remaining statutory surplus reserve fund shall not be less than 25% of the registered capital.

26 DIVIDENDS

No dividends have been paid or declared by the Company during the years ended December 31, 2024 and 2023.

27 SHARE-BASED COMPENSATION

On December 22, 2014, the board of directors of the Company approved the establishment of Pre-IPO ESOP Plan with the purpose of attracting, motivating, retaining and rewarding certain employees, directors and other eligible persons. Pre-IPO ESOP Plan is valid and effective for 10 years from the approval of the board of directors. The maximum number of shares that may be issued under Pre-IPO ESOP Plan shall be 312,661,648 of ordinary shares, which were adjusted to 509,616,655 ordinary shares in February 2015 and further to 711,946,697 ordinary shares in February 2018. Pre-IPO ESOP Plan permits the awards of options.

The Post-IPO Share Option Scheme and RSU Scheme was approved and adopted by all the then Shareholders of the Company on January 18, 2021 to recognize and reward eligible persons for their contribution to the Group, to attract best available personnel, and to provide additional incentives to them. The Post-IPO Share Option Scheme and RSU Scheme commenced on February 5, 2021 and was terminated upon the 2023 Share Incentive Scheme becoming unconditional and effective on June 23, 2023.

The 2023 Share Incentive Scheme was approved and adopted by the Shareholders on June 16, 2023, which shall be valid and effective for a period of ten years commencing from June 16, 2023. The purposes of the 2023 Share Incentive Scheme are to recognize and reward eligible participants for their contribution to the Group, to attract and retain best available personnel, and to encourage eligible participants to work towards enhancing the value of the Company and its shares.

Pre-IPO ESOP Plan

Share options granted to employees

The majority of share options have graded vesting terms, and will be vested from the grant date over 4 years on the condition that employees remain in service without any performance requirements.

The options may be exercised at any time after the IPO of the Company provided the options have vested and subject to the terms of the award agreement. The options are exercisable for a maximum period of 10 years after the date of grant.

27 SHARE-BASED COMPENSATION (CONTINUED)

Pre-IPO ESOP Plan (Continued)

Share options granted to employees (Continued)

Movements in the number of share options granted and their related weighted average exercise prices are as follows:

	Number of share options	Weighted average exercise price per share option *HKD*
Outstanding as of January 1, 2024	**57,491,358**	**12.66**
Forfeited during the year	**(2,347,359)**	**15.35**
Exercised during the year	**(20,353,977)**	**1.03**
Outstanding as of December 31, 2024	**34,790,022**	**19.28**
Exercisable as of December 31, 2024	**33,006,371**	**20.31**

	Number of share options	Weighted average exercise price per share option *HKD*
Outstanding as of January 1, 2023	88,120,752	10.32
Forfeited during the year	(8,545,105)	19.88
Exercised during the year	(22,084,289)	0.52
Outstanding as of December 31, 2023	57,491,358	12.66
Exercisable as of December 31, 2023	44,417,778	16.29

The weighted average remaining contract life for outstanding share options was 4.57 years and 5.78 years as of December 31, 2024 and 2023, respectively. The weighted average price of the shares at the time these share options were exercised was HKD48.86 per share during the year ended December 31, 2024.

27 SHARE-BASED COMPENSATION (CONTINUED)

Pre-IPO ESOP Plan (Continued)

Fair value of share options

The Group used the discounted cash flow method to determine the underlying equity fair value of the Company and adopted the equity allocation model to determine the fair value of the underlying ordinary shares. Key assumptions, such as the discount rate and projections of future performance, are determined by the Group with best estimate.

Based on fair value of the underlying ordinary shares, the Group has used Binomial model to determine the fair value of the share option at the grant date.

Post-IPO Share Option Scheme

Share options granted to employees

The share options have graded vesting terms, and will be vested from the grant date up to 4 years generally on the condition that employees remain in service, among which certain employees were granted with performance targets.

Movements in the number of share options granted and their related weighted average exercise prices are as follows:

	Number of share options	Weighted average exercise price per share option *HKD*
Outstanding as of January 1, 2024	85,934,274	67.34
Forfeited during the year	(19,513,619)	74.25
Exercised during the year	(163,600)	53.69
Outstanding as of December 31, 2024	66,257,055	65.34
Exercisable as of December 31, 2024	48,440,935	65.94

27 SHARE-BASED COMPENSATION (CONTINUED)

Post-IPO Share Option Scheme (Continued)

Share options granted to employees (Continued)

	Number of share options	Weighted average exercise price per share option *HKD*
Outstanding as of January 1, 2023	83,431,558	67.67
Granted during the year	16,096,810	61.95
Forfeited during the year	(10,275,297)	63.21
Exercised during the year	(3,318,797)	62.25
Outstanding as of December 31, 2023	85,934,274	67.34
Exercisable as of December 31, 2023	35,864,337	65.95

The weighted average remaining contract life for outstanding share options was 3.16 years and 4.31 years as of December 31, 2024 and 2023, respectively. The weighted average price of the shares at the time these share options were exercised was HKD58.00 per share during the year ended December 31, 2024.

27 SHARE-BASED COMPENSATION (CONTINUED)

Post-IPO Share Option Scheme (Continued)

Fair value of share options

Based on fair value of the underlying ordinary shares, the Group used Binomial model to determine the fair value of the share option at the grant date. There was no share option granted during the year ended December 31,2024. Key assumptions for the year ended December 31, 2023 are as follows:

	Year ended December 31, 2023
Fair value of ordinary shares *(HKD)*	59.90–68.15
Exercise price *(HKD)*	59.40–72.63
Risk-free interest rate	2.98%–3.42%
Dividend yield	0.00%
Expected volatility	62.7%–68.9%
Expected terms	6.8–7 years

The risk-free interest rate is based on the yield to maturity of Hong Kong government bond with a term commensurate with the maturity of the share options as of the grant date. Given the limited trading period of the Company as of the grant date, the expected volatility is estimated based on the historical daily share price volatility of comparable companies and the Company itself with a time horizon close to the life to expiration of the share options. Dividend yield is based on management's estimation at the grant date.

The weighted average grant date fair value of granted share options was HKD34.18 per share for the year ended December 31, 2023.

27 SHARE-BASED COMPENSATION (CONTINUED)

Post-IPO RSU Scheme

RSUs granted to employees

The RSUs under the Post-IPO RSU Scheme have graded vesting terms, and will be vested from the grant date up to 4 years generally on the condition that employees remain in service, among which certain employees were granted with performance targets.

Movements in the number of RSUs granted to the Company's employees under the Post-IPO RSU Scheme and the respective weighted average grant date fair value are as follows:

	Number of RSUs	**Weighted average grant date fair value per RSU** *HKD*
Outstanding as of January 1, 2024	**103,672,599**	**75.74**
Forfeited during the year	**(18,555,738)**	**78.52**
Vested during the year	**(34,431,727)**	**86.87**
Outstanding as of December 31, 2024	**50,685,134**	**67.16**

	Number of RSUs	Weighted average grant date fair value per RSU *HKD*
Outstanding as of January 1, 2023	128,560,217	93.51
Granted during the year	33,831,540	49.49
Forfeited during the year	(25,972,579)	96.45
Vested during the year	(32,746,579)	101.95
Outstanding as of December 31, 2023	103,672,599	75.74

27 SHARE-BASED COMPENSATION (CONTINUED)

2023 Share Incentive Scheme

The RSUs under the 2023 Share Incentive Scheme have graded vesting terms, and will be vested from the grant date up to 4 years generally on the condition that employees remain in service, among which certain employees were granted with performance targets.

Movements in the number of RSUs granted to the Company's employees under the 2023 Share Incentive Scheme and the respective weighted average grant date fair value are as follows:

	Number of RSUs	**Weighted average grant date fair value per RSU** ***HKD***
Outstanding as of January 1, 2024	**15,074,574**	**62.08**
Granted during the year	**82,144,918**	**44.68**
Forfeited during the year	**(8,294,845)**	**49.96**
Vested during the year	**(4,320,798)**	**59.33**
Outstanding as of December 31, 2024	**84,603,849**	**46.51**

	Number of RSUs	Weighted average grant date fair value per RSU *HKD*
Outstanding as of January 1, 2023	—	—
Granted during the year	15,580,769	62.13
Forfeited during the year	(505,907)	63.72
Vested during the year	(288)	64.40
Outstanding as of December 31, 2023	15,074,574	62.08

The fair value of each RSU was determined by reference to the market price of the Company's shares at the respective grant date.

The share-based compensation expenses of RMB2.3 billion and RMB3.6 billion were recognized in the consolidated income statement for the years ended December 31, 2024 and 2023, respectively.

28 BORROWINGS

	As of December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Unsecured bank loans *(Note a)*	**11,100**	—

Note a: As of December 31, 2024, unsecured bank loans were RMB11.1 billion, with a term of 3 years and floating interest rate. The annual average interest rate was 3.38%. Loans are repayable upon the maturity in 2027.

29 ACCOUNTS PAYABLES

The aging analysis of accounts payables based on invoice date is as follows:

	As of December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Up to 3 months	**18,266**	16,447
3 to 6 months	**3,133**	2,479
6 months to 1 year	**4,626**	3,165
Over 1 year	**1,445**	1,510
	27,470	23,601

30 OTHER PAYABLES AND ACCRUALS

The breakdown of other payables and accruals is as follows:

	As of December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Notes payable	**7,997**	3,990
Refundable deposits from customers	**7,701**	6,103
Employee benefit payables	**4,812**	4,662
Other taxes payable	**778**	567
Others	**1,825**	1,270
	23,113	16,592

30 OTHER PAYABLES AND ACCRUALS (CONTINUED)

(a) Notes payable arrangements

The Group has entered into arrangements with its suppliers and certain banks since 2022, under which the payable to suppliers is settled through notes, whose payment is guaranteed by the banks. When the suppliers further discount the notes from the contracted banks, they get cash from the banks on behalf of the Group on an agreed date, with discount interests borne and paid by the Group. The Group undertakes the obligation to make payment to the contracted banks, thus derecognizes the payable presented under "accounts payables" that owes its suppliers and recognizes a payable that owes the contracted banks, which is presented as notes payable under "other payables and accruals" upon the settlement with the suppliers. The Group repays the banks the principal on the maturity date of the notes.

The range of payment due dates is as follows:

	Year ended December 31, 2024
Notes payable	**97–244 days after invoice date**
Comparable accounts payables that are not part of the arrangements (same line of business)	**0–90 days after invoice date**

The carrying amount of liabilities under the arrangements was RMB8,015 million and RMB4,058 million as of December 31, 2024 and January 1, 2024, respectively. The carrying amount of liabilities under the arrangements of which the supplier has received payment from banks was RMB7,997 million as of December 31, 2024.

Based on the terms and conditions of the arrangements, the Group considers the cash flows in substance occur for the Group in the transactions where it directs the contracted banks to pay the suppliers on the Group's behalf. Therefore, when the banks pay the payable the Group owes its suppliers on its behalf, the Group presents a financing cash inflow and an operating, investing or financing cash outflow related to the affected payable the Group owes its suppliers. When the Group subsequently pays to the banks when the notes mature, the Group presents the cash flow as a financing cash outflow. For details, please refer to Note 33(c).

31 ADVANCES FROM CUSTOMERS

The breakdown of advances from customers is as follows:

	As of December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Advances from online marketing services customers	**2,776**	2,267
Advances from live streaming customers	**1,833**	1,698
Others	**87**	71
	4,696	4,036

31 ADVANCES FROM CUSTOMERS (CONTINUED)

The above mentioned advances from customers represented the contract liability in connection with the advanced cash receipts for online marketing services and advances for the purchase of virtual items and other services. Revenue recognized from the advances from customers balance as of January 1, 2024 in the year of 2024 was RMB2.4 billion (2023: RMB1.7 billion was recognized from the advances from customers balance as of January 1, 2023).

32 DEFERRED INCOME TAX

The analysis of deferred tax assets and liabilities before offsetting, the offsetting amount, as well as the deferred tax assets and liabilities after offsetting are as follows:

	As of December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Deferred tax assets:		
To be recovered after 12 months	**4,009**	3,792
To be recovered within 12 months	**4,093**	4,191
	8,102	7,983
Deferred tax liabilities:		
To be settled after 12 months	**1,004**	1,338
To be settled within 12 months	**507**	555
	1,511	1,893
Offsetting amounts	**1,498**	1,875
Deferred tax assets after offsetting	**6,604**	6,108
Deferred tax liabilities after offsetting	**13**	18

32 DEFERRED INCOME TAX (CONTINUED)

The movements of deferred tax assets before offsetting are as follows:

	Accrued liabilities and provisions *RMB'Million*	Lease liabilities *RMB'Million*	Tax losses *RMB'Million*	Others *RMB'Million*	Total *RMB'Million*
At January 1, 2024	**3,545**	**1,969**	**2,357**	**112**	**7,983**
(Debited)/credited to the consolidated income statement	**(749)**	**(370)**	**1,205**	**33**	**119**
At December 31, 2024	**2,796**	**1,599**	**3,562**	**145**	**8,102**
At January 1, 2023	3,359	2,030	1,548	106	7,043
Credited/(debited) to the consolidated income statement	186	(61)	809	6	940
At December 31, 2023	3,545	1,969	2,357	112	7,983

32 DEFERRED INCOME TAX (CONTINUED)

The unrecognized deferred tax assets for tax losses are as follows:

	As of December 31, 2024 RMB'Million	2023 RMB'Million
Deductible cumulative tax losses		
— To be carried forward indefinitely	**20,165**	20,620
— To be expired within following years*	**7,846**	17,480
	28,011	38,100
Unrecognized deferred tax assets	**4,889**	6,431

* As of December 31, 2024, the deductible cumulative tax losses will expire within 10 years (2023: 10 years).

The movements of deferred tax liabilities before offsetting are as follows:

	Right-of-use assets RMB'Million	Others RMB'Million	Total RMB'Million
At January 1, 2024	**1,851**	**42**	**1,893**
Credited to the consolidated income statement	**(376)**	**(6)**	**(382)**
At December 31, 2024	**1,475**	**36**	**1,511**
At January 1, 2023	1,921	50	1,971
Credited to the consolidated income statement	(70)	(8)	(78)
At December 31, 2023	1,851	42	1,893

33 CASH FLOW INFORMATION

(a) Cash generated from operations

	Year ended December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Profit before income tax	**15,494**	6,889
Adjustments for:		
Depreciation of property and equipment	**4,064**	3,989
Depreciation of right-of-use assets	**2,972**	3,065
Amortization of intangible assets	**104**	148
Credit loss allowances on financial assets	**52**	93
Provision for impairment of intangible assets	**2**	—
Net gains arising from disposals of subsidiaries	**(5)**	—
Share-based compensation expenses	**2,349**	3,570
Net gains on disposal of property and equipment, intangible assets and right-of-use assets	**(98)**	(87)
Net fair value gains on financial assets at fair value through profit or loss	**(1,684)**	(384)
Share of losses of investments accounted for using the equity method	**29**	81
Interest income from financial assets measured at amortized cost	**(36)**	(55)
Finance income, net	**(13)**	(156)
Net foreign exchange losses/(gains)	**68**	(8)
Changes in working capital:		
— Increase in trade receivables	**(224)**	(257)
— Decrease/(increase) in prepayments, other receivables and other assets	**490**	(764)
— Decrease/(increase) in restricted cash	**81**	(122)
— Increase in accounts payables	**3,468**	1,677
— Increase in advances from customers	**660**	785
— Increase in other payables and accruals	**3,037**	3,524
— (Decrease)/increase in other non-current liabilities	**(2)**	16
Cash generated from operations	**30,808**	22,004

33 CASH FLOW INFORMATION (CONTINUED)

(b) Non-cash investing and financing activities

Non-cash transactions are about the additions as well as modifications of right-of-use assets and lease liabilities described in Note 16, and the share-based compensation described in Note 27. Other than these, there were no other material non-cash investing and financing transactions for the years ended December 31, 2024 and 2023.

(c) Reconciliation of liabilities generated from financing activities

	Liabilities from financing activities				
	Borrowings and related interests *RMB'Million*	Notes payable *RMB'Million*	Liability from notes receivable factoring to banks *RMB'Million*	Lease liabilities *RMB'Million*	Total *RMB'Million*
Liabilities from financing activities as of January 1, 2024	—	3,990	—	11,732	15,722
Financing cash flows					
— Proceeds from borrowings	12,379	—	—	—	12,379
— Repayments of borrowings and related interests	(1,454)	—	—	—	(1,454)
— Payments for principal elements of lease and related interests	—	—	—	(3,228)	(3,228)
— Proceeds received under notes payable transaction	—	14,892	—	—	14,892
— Proceeds received from notes receivable factoring to banks	—	—	9,734	—	9,734
— Payments for principal of matured notes	—	(10,885)	(9,773)	—	(20,658)
Other changes					
— Interests expense from borrowings	187	—	—	—	187
— Foreign exchange adjustments	(2)	—	—	—	(2)
— Increase in lease liabilities from entering into new leases	—	—	—	2,356	2,356
— Decrease in lease liabilities from disposal of right-of-use assets	—	—	—	(1,037)	(1,037)
— Lease modification	—	—	—	100	100
— Interest expense from lease liabilities	—	—	—	513	513
— Interests on notes receivable factoring to banks	—	—	39	—	39
Liabilities from financing activities as of December 31, 2024	11,110	7,997	—	10,436	29,543

33 CASH FLOW INFORMATION (CONTINUED)

(c) Reconciliation of liabilities generated from financing activities (Continued)

	Liabilities from financing activities			
	Notes payable *RMB'Million*	Liability from notes receivable factoring to banks *RMB'Million*	Lease liabilities *RMB'Million*	Total *RMB'Million*
Liabilities from financing activities as of January 1, 2023	738	—	12,196	12,934
Financing cash flows				
— Payments for principal elements of lease and related interests	—	—	(3,451)	(3,451)
— Proceeds received under notes payable transaction	7,524	—	—	7,524
— Proceeds received from notes receivable factoring to banks	—	3,735	—	3,735
— Payments for principal of matured notes	(4,272)	(3,753)	—	(8,025)
Other changes				
— Increase in lease liabilities from entering into new leases	—	—	4,169	4,169
— Decrease in lease liabilities from disposal of right-of-use assets	—	—	(1,677)	(1,677)
— Interest expense from lease liabilities	—	—	495	495
— Interests on notes receivable factoring to banks	—	18	—	18
Liabilities from financing activities as of December 31, 2023	3,990	—	11,732	15,722

34 COMMITMENTS

Significant capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	As of December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
Property and equipment	**1,835**	512
Investments	**192**	212
Intangible assets	**—**	3
	2,027	727

35 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions. Parties are also considered to be related if they are subjected to common control. Members of the Group's key management and their close family members are also considered as related parties.

The following significant transactions were carried out between the Group and its related parties during the years presented. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(a) Names and relationships with related parties

The following companies are significant related parties of the Group that had transactions with the Group during the years ended December 31, 2024 and 2023, and/or balances with the Group as of December 31, 2024 and 2023, respectively.

Company	**Relationship**
Tencent Holdings Limited and its subsidiaries ("**Tencent Group**")	One of the Company's shareholders
Zhihu Inc. and its subsidiaries	Investee of the Group
SHAREit Technology Holdings Inc. and its subsidiaries	Investee of the Group
Yixin Youxuan Information Technology (Shandong) Group Co., Ltd. and its subsidiaries	Investee of the Group
Chengdu Qingsong Digital Information Technology Co., Ltd and its subsidiaries ("**Chengdu Qingsong**")	Entities controlled by senior managements of the Group

35 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Significant transactions with related parties

	Year ended December 31, 2024 RMB'Million	2023 RMB'Million
(i) Provision of services		
Tencent Group	**399**	167
Others	**138**	310
	537	477

	Year ended December 31, 2024 RMB'Million	2023 RMB'Million
(ii) Purchases of services		
Tencent Group	**4,093**	5,066
Others	**90**	25
	4,183	5,091

(c) Balances with related parties

	As of December 31, 2024 RMB'Million	2023 RMB'Million
(i) Prepayments and other receivables from related parties		
Tencent Group	**526**	422
Chengdu Qingsong	**252**	—
	778	422

35 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Balances with related parties (Continued)

	As of December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
(ii) Trade receivables from related parties		
Tencent Group	**197**	224
Others	**10**	48
	207	272

	As of December 31,	
	2024	2023
	RMB'Million	*RMB'Million*
(iii) Accounts payables to related parties		
Tencent Group	**282**	238
Others	**62**	2
	344	240

All the balances with related parties above were business operation related and were considered as trade in nature as of December 31, 2024 and 2023. All the balances with the related parties above were unsecured, non-interest bearing and repayable on demand.

35 RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Key management personnel compensation

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Wages and salaries	**19,585**	21,579
Discretionary bonuses	**15,358**	14,739
Share-based compensation expenses *(Note a)*	**158,160**	233,578
Pension costs-defined contribution plans	**295**	324
Other social security costs, housing benefits and other employee benefits	**380**	424
	193,778	270,644

Note a: Under IFRS 2, the accelerated method is required to recognize compensation expenses for equity awards.

36 CONTINGENCIES

As of December 31, 2024, the Group did not have any material contingent liabilities.

37 SUBSEQUENT EVENTS

There was no material subsequent events during the period from December 31, 2024 to the approval date of these consolidated financial statements by the Board on March 25, 2025.

38 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

(a) Balance sheet of the Company

	Note	As of December 31, 2024 RMB'Million	2023 RMB'Million
ASSETS			
Non-current assets			
Property and equipment		5	—
Right-of-use assets		7	—
Investments in subsidiaries		23,706	21,357
		23,718	21,357
Current assets			
Prepayments, other receivables and other current assets		69,800	73,484
Short-term time deposits		—	502
Cash and cash equivalents		108	61
		69,908	74,047
Total assets		93,626	95,404
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	*24*	—	—
Share premium	*24,38(b)*	268,733	273,459
Treasury shares	*38(b)*	(341)	(88)
Other reserves	*38(b)*	40,257	36,845
Accumulated losses	*38(b)*	(215,169)	(214,823)
Total equity		93,480	95,393

38 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

(a) Balance sheet of the Company (Continued)

	Note	As of December 31, 2024 RMB'Million	2023 RMB'Million
LIABILITIES			
Non-Current liabilities			
Lease liabilities		4	—
		4	—
Current liabilities			
Accounts payables		11	8
Other payables and accruals		128	3
Lease liabilities		3	—
		142	11
Total liabilities		146	11
Total equity and liabilities		93,626	95,404

CHENG Yixiao
Director

SU Hua
Director

38 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

(b) Reserve movement of the Company

	Share premium RMB'Million	Treasury shares RMB'Million	Share-based compensation RMB'Million	Currency translation differences RMB'Million	Capital reserve RMB'Million	Accumulated losses RMB'Million	Others RMB'Million	Total RMB'Million
As of January 1, 2024	273,459	(88)	21,357	15,943	(362)	(214,823)	(93)	95,393
Share-based compensation	—	—	2,349	—	—	—	—	2,349
Exercise of share options and vesting of RSUs	29	—	—	—	—	—	—	29
Currency translation differences	—	—	—	1,063	—	—	—	1,063
Repurchase of shares (to be canceled)	—	(5,008)	—	—	—	—	—	(5,008)
Cancelation of shares	(4,755)	4,755	—	—	—	—	—	—
Loss for the year	—	—	—	—	—	(346)	—	(346)
As of December 31, 2024	268,733	(341)	23,706	17,006	(362)	(215,169)	(93)	93,480
As of January 1, 2023	274,473	—	17,787	14,657	(362)	(214,243)	(93)	92,219
Share-based compensation	—	—	3,570	—	—	—	—	3,570
Exercise of share options and vesting of RSUs	199	—	—	—	—	—	—	199
Currency translation differences	—	—	—	1,286	—	—	—	1,286
Repurchase of shares (to be canceled)	—	(1,301)	—	—	—	—	—	(1,301)
Cancelation of shares	(1,213)	1,213	—	—	—	—	—	—
Loss for the year	—	—	—	—	—	(580)	—	(580)
As of December 31, 2023	273,459	(88)	21,357	15,943	(362)	(214,823)	(93)	95,393

APPENDIX II

RISK FACTORS RELATING TO

THE OPERATING ENVIRONMENT AND STRATEGY OF UBS AG

This section supersedes in its entirety Appendix 2 of the Base Listing Document.

Risks relating to UBS AG

Certain risks, including those described below, may affect the ability of UBS AG to execute its strategy or its business activities, financial condition, results of operations and prospects. It is inherently exposed to multiple risks, many of which may become apparent only with the benefit of hindsight. As a result, risks that UBS AG does not consider to be material, or of which it is not currently aware, could also adversely affect it. Within each category, the risks that UBS AG considers to be most material are presented first.

Strategy, management and operational risks

UBS's acquisition of Credit Suisse Group AG exposes the UBS AG Group to heightened litigation risk and regulatory scrutiny and entails significant additional costs, liabilities and business integration risks

UBS Group AG acquired Credit Suisse Group AG under exceptional circumstances and the continued outflows and deteriorating overall financial position of Credit Suisse, in order to avert a failure of Credit Suisse and thus damage to the Swiss financial centre and to global financial stability. The acquisition was effected through a merger of Credit Suisse Group AG with and into UBS Group AG, with UBS Group AG succeeding to all assets and all liabilities of Credit Suisse Group AG, becoming the direct or indirect shareholder of the former Credit Suisse Group AG's direct and indirect subsidiaries. Therefore, on a consolidated basis, all assets, risks and liabilities of the Credit Suisse Group became a part of UBS. This includes all ongoing and future litigation, regulatory and similar matters arising out of the business of the Credit Suisse Group, thereby materially increasing UBS's exposure to litigation and investigation risks.

The UBS AG Group has incurred and will continue to incur, substantial integration and restructuring costs as it combines the operations of UBS and Credit Suisse. In addition, the UBS AG Group may not realize all of the expected cost reductions and other benefits of the transaction. The UBS AG Group may not be able to successfully execute its strategic plans or to achieve the expected benefits of the acquisition of the Credit Suisse Group. The success of the transaction, including anticipated benefits and cost savings, will depend, in part, on the ability to successfully complete the integration of the operations of both firms rapidly and effectively, while maintaining stability of operations and high levels of service to customers of the combined franchise.

The ability of the UBS AG Group to complete the integration of Credit Suisse will depend on a number of factors, some of which are outside of its control, including its ability to:

- combine the operations of the two firms in a manner that preserves client service, simplifies infrastructure and results in operating cost savings, including the successful transfer of clients from legacy Credit Suisse platforms to UBS platforms in Switzerland, its largest booking centre;
- maintain deposits and client invested assets in its Global Wealth Management division and in Switzerland, and to attract additional deposits and invested assets to the combined firm;
- achieve cost reductions at the levels and in the timeframe it plans;
- enhance, integrate and, where necessary, remediate risk management and financial control and other systems and frameworks, including to remediate the material weakness in Credit Suisse's internal controls over financial reporting;
- complete the simplification of the legal structure of the combined firm in an expedited manner, including obtaining regulatory approvals and licenses required to implement the changes;
- retain staff and reverse attrition of staff in certain of Credit Suisse's business areas;
- successfully execute the wind-down of the assets and liabilities in its Non-core and Legacy division and release capital and resources for other purposes;
- decommission the information technology and other legacy Credit Suisse operational infrastructure to simplify its infrastructure, reduce operational complexity and lower its operating expenses; and
- resolve outstanding litigation, regulatory and similar matters, including matters relating to Credit Suisse, on terms that are not significantly adverse to the UBS AG Group, as well as to successfully remediate outstanding regulatory and supervisory matters and meet other regulatory commitments.

The level of success in the absorption of Credit Suisse, in the integration of the two groups and their businesses, particularly in the area of the Swiss domestic bank, as well as the domestic and international wealth management businesses, the execution of the planned strategy regarding cost reductions and divestment of any non-core assets, and the level of resulting impairments and write-downs, may impact the operational results, share price and the credit rating of UBS entities. The combined Group will be required to devote significant management attention and resources to integrating its business practices and support functions. The diversion of management's attention and any delays or difficulties encountered in connection with the transaction and the coordination of the two companies' operations could have an adverse effect on the business, financial results, financial condition or the share price of the combined Group following the transaction. The coordination process may also result in additional and unforeseen expenses.

Substantial changes in regulation may adversely affect the UBS AG Group's businesses and UBS AG's ability to execute its strategic plans

Since the financial crisis of 2008, the UBS AG Group has been subject to significant regulatory requirements, including recovery and resolution planning, changes in capital and prudential standards, changes in taxation regimes as a result of changes in governmental administrations, new and revised market standards and fiduciary duties, as well as new and developing environmental, social and governance (ESG) standards and requirements. Notwithstanding attempts by regulators to align their efforts, the measures adopted or proposed for banking regulation differ significantly across the major jurisdictions, making it increasingly difficult to manage a global institution. Regulatory reviews of the events leading to the failures of US banks and the acquisition of Credit Suisse by UBS Group in 2023, as well as regulatory measures to complete the implementation of the Basel 3 standards, may increase capital, liquidity and other requirements applicable to banks, including UBS AG. Swiss regulatory changes with regard to such matters as capital and liquidity have often proceeded more quickly than those in other major jurisdictions, and Switzerland's requirements for major international banks are among the strictest of the major financial centres. Switzerland has implemented the final Basel 3 requirements effective 1 January 2025, at least a year ahead of the EU and the UK and likely several years ahead of the United States. In addition, Switzerland is expected to introduce in 2025 proposals for changes in regulation following the failure of Credit Suisse that will likely include changes to capital and liquidity requirements for UBS, the remaining Swiss G-SIB, as well as changes to the supervisory regime. Increased capital or liquidity requirements would put UBS AG at a disadvantage when competing with peer financial institutions subject to lower capital or liquidity requirements or more lenient regulation and increase its competitive disadvantage in some areas with unregulated non-bank competitors.

The UBS AG Group's implementation of additional regulatory requirements and changes in supervisory standards, as well as its compliance with existing laws and regulations, continue to receive heightened scrutiny from supervisors. If the UBS AG Group does not meet supervisory expectations in relation to these or other matters, or if additional supervisory or regulatory issues arise, it would likely be subject to further regulatory scrutiny, as well as measures that may further constrain its strategic flexibility.

Resolvability and resolution and recovery planning: The UBS AG Group has moved significant operations into subsidiaries to improve resolvability and meet other regulatory requirements, and this has resulted in substantial implementation costs, increased its capital and funding costs and reduced operational flexibility. For example, the UBS AG Group has transferred all of its US subsidiaries under a US intermediate holding company to meet US regulatory requirements and has transferred substantially all the operations of Personal & Corporate Banking and Global Wealth Management booked in Switzerland to UBS Switzerland AG to improve resolvability.

These changes create operational, capital, liquidity, funding and tax inefficiencies. The operations of the UBS AG Group in subsidiaries are subject to local capital, liquidity, stable funding, capital planning and stress testing requirements. These requirements have resulted in increased capital and liquidity requirements in affected subsidiaries, which limit the operational flexibility of UBS AG and negatively affect its ability to benefit from synergies between business units and to distribute earnings to the Group.

Under the Swiss too-big-to-fail ("**TBTF**") framework, the UBS AG Group is required to put in place viable emergency plans to preserve the operation of systemically important functions in the event of a failure. Moreover, under this framework and similar regulations in the US, the UK, the EU and other jurisdictions in which it operates, UBS AG is required to prepare credible recovery and resolution plans detailing the measures that would be taken to recover in a significant adverse event or in the event of winding down the Group, UBS AG or the operations in a host country through resolution or insolvency proceedings. If a recovery or resolution plan that UBS AG produces is determined by the relevant authority to be inadequate or not credible, relevant regulation may permit the authority to place limitations on the scope or size of its business in that jurisdiction, or oblige it to hold higher amounts of capital or liquidity or to change its legal structure or business in order to remove the relevant impediments to resolution.

The authorities in Switzerland and internationally have published lessons learned from the Credit Suisse and the US regional bank failures, which are expected to result in additional requirements regarding resolution planning and early intervention tools for authorities. In connection with these reviews, FINMA has announced that it would not provide an assessment of the UBS resolution plans in 2024 as it expects to make adjustments to its resolution plan requirements based on lessons learned reviews as well as potential changes in its recovery and resolution authority under amendments that are expected to be proposed to Swiss law. UBS AG expects to make adjustments to its resolution plans to reflect additional guidance from FINMA and may be required to make further adjustment to reflect any changes to law that are enacted.

Capital and prudential standards: As an internationally active Swiss systemically relevant bank, the UBS AG Group is subject to capital and total loss-absorbing capacity ("**TLAC**") requirements that are among the most stringent in the world. Moreover, many of its subsidiaries must comply with minimum capital, liquidity and similar requirements and, as a result, UBS Group AG and UBS AG have contributed a significant portion of their capital and provide substantial liquidity to these subsidiaries. These funds are available to meet funding and collateral needs in the relevant entities, but are generally not readily available for use by the Group as a whole.

The UBS AG Group's risk-weighted assets ("**RWA**") and leverage ratio denominator ("**LRD**") are affected as Switzerland has implemented the final standards promulgated by the Basel Committee on Banking Supervision ("**the BCBS**") and may be further affected as provisions of the standards are phased in. Although these final Basel 3 standards have now been implemented in Switzerland, other major banking centres have delayed implementation or have not yet enacted the final standards into regulation. Extended delay in implementation by other jurisdictions may lead to higher capital requirements for the UBS AG Group relative to peers.

In connection with the acquisition of the Credit Suisse Group, FINMA has permitted Credit Suisse entities to continue to apply certain prior interpretations and has provided supervisory rulings on the treatment of certain items for RWA or capital purposes. In general, these interpretations require that UBS phase out the treatment over the next several years. In addition, FINMA has agreed that the additional capital requirement applicable to Swiss systemically relevant banks, which is based on market share in Switzerland and LRD, will not increase as a result of the acquisition of the Credit Suisse Group before the end of 2025. The phase-out or end of these periods will likely increase the UBS AG Group's overall capital requirements.

The report of the Swiss Federal Council on the failure of Credit Suisse recommends changes to Swiss capital regulation that, if adopted, may have the effect of substantially increasing UBS AG's capital requirements. The Swiss Federal Council has indicated that it will publish proposed amendments to law and revisions to banking ordinances to implement the recommendations for public comment in May 2025. Certain of the measures recommended in the Federal Council report could require additional capital at UBS AG.

Increases in capital and changes in liquidity requirements may, in the aggregate require the UBS AG Group to maintain significantly higher levels of capital. Higher capital or liquidity requirements applied to UBS Group or UBS AG relative to competitors in Switzerland or abroad may affect the UBS AG Group's ability to compete with firms subject to less stringent capital requirements and increase UBS AG Group's costs to serve customers.

Market regulation and fiduciary standards: The UBS AG Group's wealth and asset management businesses operate in an environment of increasing regulatory scrutiny and changing standards with respect to fiduciary and other standards of care and the focus on mitigating or eliminating conflicts of interest between a manager or advisor and the client, which require effective implementation across the global systems and processes of investment managers and other industry participants. For example, the UBS AG Group has made material changes to its business processes, policies and the terms on which it interacts with these clients in order to comply with US Securities and Exchange Commission ("**SEC**") Regulation Best Interest, which is intended to enhance and clarify the duties of brokers and investment advisers to retail customers, and the Volcker Rule, which limits its ability to engage in proprietary trading, as well as changes in European and Swiss market conduct regulation. Future changes in the regulation of the UBS AG Group's duties to customers may require it to make further changes to its businesses, which would result in additional expense and may adversely affect its business. The UBS AG Group may also become subject to other similar regulations substantively limiting the types of activities in which it may engage or the way it conducts its operations.

In many instances, the UBS AG Group provides services on a cross-border basis, and it is therefore sensitive to barriers restricting market access for third-country firms. In particular, efforts in the EU to harmonize the regime for third-country firms to access the European market may have the effect of creating new barriers that adversely affect the UBS AG Group's ability to conduct business in these jurisdictions from Switzerland. In addition, a number of jurisdictions are increasingly regulating cross-border activities based on determinations of equivalence of home country regulation, substituted compliance or similar principles of comity. A negative determination with respect to Swiss equivalence could limit the UBS AG Group's access to the market in those jurisdictions and may negatively influence its ability to act as a global firm. For example, the EU declined to extend its equivalence determination for Swiss exchanges, which lapsed as of 30 June 2019.

The UBS AG Group has experienced cross-border outflows over a number of years as a result of heightened focus by fiscal authorities on cross-border investment and fiscal amnesty programs, in anticipation of the implementation in Switzerland of the global automatic exchange of tax information, and as a result of the measures the UBS AG Group has implemented in response to these changes. Further changes in local tax laws or regulations and their enforcement, additional cross-border tax information exchange regimes, national tax amnesty or enforcement programs or similar actions may affect its clients' ability or willingness to do business with the UBS AG Group and could result in additional cross-border outflows.

The reputation of the UBS AG Group is critical to its success

The reputation of the UBS AG Group is critical to the success of its strategic plans, business and prospects. Reputational damage is difficult to reverse, and improvements tend to be slow and difficult to measure. In the past, the reputation of the UBS AG Group has been adversely affected by its losses during the 2008 financial crisis, investigations into its cross-border private banking services, criminal resolutions of London Interbank Offered Rates (LIBOR)-related and foreign exchange matters, as well as other matters. UBS AG believes that reputational damage as a result of these events was an important factor in its loss of clients and client assets across its asset-gathering businesses. The Credit Suisse Group was more recently subject to significant litigation and regulatory matters and to financial losses that adversely affected its reputation and the confidence of clients, which played a significant role in the events leading to the acquisition of the Credit Suisse Group in March 2023. These events, or new events that cause reputational damage, could have a material adverse effect on the UBS AG Group's results of operation and financial condition, as well as its ability to achieve its strategic goals and financial targets.

Operational risks affect the businesses of the UBS AG Group

The businesses of the UBS AG Group depend on its ability to process a large number of transactions, many of which are complex, across multiple and diverse markets in different currencies, to comply with requirements of many different legal and regulatory regimes to which it is subject and to prevent, or promptly detect and stop, unauthorized, fictitious or fraudulent transactions. The UBS AG Group also relies on access to, and on the functioning of, systems maintained by third parties, including clearing systems, exchanges, information processors and central counterparties. Any failure of its or third-party systems could have an adverse effect on the UBS AG Group. These risks may be greater as the UBS AG Group deploys newer technologies, such as blockchain, or processes, platforms or products that rely on these technologies. UBS AG Group's operational risk management and control systems and processes are designed to help ensure that the risks associated with its activities – including those arising from process error, failed execution, misconduct, unauthorized trading, fraud, system failures, financial crime, cyberattacks, breaches of information security, inadequate or ineffective access controls and failure of security and physical protection – are appropriately controlled. If its internal controls fail or prove ineffective in identifying and remedying these risks, The UBS AG Group could suffer operational failures that might result in material losses. The acquisition of the Credit Suisse Group may elevate these risks, particularly during the first phases of integration, as the firms have historically operated under different procedures, IT systems, risk policies and structures of governance.

As a meaningful proportion of its staff have been and will continue working from outside the office, UBS AG Group has faced, and will continue to face, new challenges and operational risks, including maintenance of supervisory and surveillance controls, as well as increased fraud and data security risks. While the UBS AG Group has taken measures to manage these risks, these measures could prove not to be effective.

The UBS AG Group uses automation as part of its efforts to improve efficiency, reduce the risk of error and improve its client experience. The UBS AG Group intends to expand the use of robotic processing, machine learning and artificial intelligence (AI) to further these goals. Use of these tools presents their own risks, including the need for effective design and testing; the quality of the data used for development and operation of machine learning and AI tools may adversely affect their functioning and result in errors and other operational risks.

Financial services firms have increasingly been subject to breaches of security and to cyber- and other forms of attack, some of which are sophisticated and targeted attacks intended to gain access to confidential information or systems, disrupt service or steal or destroy data, which may result in business disruption or the corruption or loss of data at the UBS AG Group's locations or those of third parties. Cyberattacks by hackers, terrorists, criminal organizations, nation states and extremists have also increased in frequency and sophistication. Current geopolitical tensions have also led to increased risk of cyberattack from foreign state actors. In particular, the Russia–Ukraine war and the imposition of significant sanctions on Russia by Switzerland, the US, the EU, the UK and others has resulted and may continue to result in an increase in the risk of cyberattacks. Such attacks may occur on the UBS AG Group's own systems or on the systems that are operated by external service providers, may be attempted through the introduction of ransomware, viruses or malware, phishing and other forms of social engineering, distributed denial of service attacks and other means. These attempts may occur directly or using equipment or security passwords of the UBS AG Group's employees, third-party service providers or other users. Cybersecurity risks also have increased due to the widespread use of digital technologies, cloud computing and mobile devices to conduct financial business and transactions, as well as due to generative AI, which increases the capabilities of adversaries to mount sophisticated phishing attacks, for example, through the use of deepfake technologies, and presents new challenges to the protection of the UBS AG Group's systems and networks and the confidentiality and integrity of its data. During the first quarter of 2023, a third-party vendor, ION XTP, suffered a ransomware attack, which resulted in some disruption to the UBS AG Group's exchange-traded derivatives clearing activities, although it restored its services within 36 hours, using an available alternative solution. In addition to external attacks, the UBS AG Group has experienced loss of client data from failure by employees and others to follow internal policies and procedures and from misappropriation of its data by employees and others.

The UBS AG Group may not be able to anticipate, detect or recognize threats to its systems or data and its preventative measures may not be effective to prevent an attack or a security breach. In the event of a security breach, notwithstanding its preventative measures, the UBS AG Group may not immediately detect a particular breach or attack. The acquisition of the Credit Suisse Group may elevate and intensify these risks, as would-be attackers have a larger potential target in the combined bank and differences in systems, policies, and platforms could make threat detection more difficult. In addition, the implementation of the large-scale technological change program that is necessary to integrate the combined bank's systems at pace may also result in increased risks. Once a particular attack is detected, time may be required to investigate and assess the nature and extent of the attack, and to restore and test systems and data. If a successful attack occurs at a service provider, as the UBS AG Group has recently experienced, the UBS AG Group may be dependent on the service provider's ability to detect the attack, investigate and assess the attack and successfully restore the relevant systems and data. A successful breach or circumvention of security of the UBS AG Group's or a service provider's systems or data could have significant negative consequences for the UBS AG Group, including disruption of its operations, misappropriation of confidential information concerning it or its clients, damage to its systems, financial losses for the UBS AG Group's or its clients, violations of data privacy and similar laws, litigation exposure, and damage to its reputation. The UBS AG Group may be subject to enforcement actions as regulatory focus on cybersecurity increases and regulators have announced new rules, guidance and initiatives on ransomware and other cybersecurity-related issues.

The UBS AG Group is subject to complex and frequently changing laws and regulations governing the protection of client and personal data, such as the EU General Data Protection Regulation. Ensuring that the UBS AG Group complies with applicable laws and regulations when it collects, uses and transfers personal information requires substantial resources and may affect the ways in which the UBS AG Group conducts its business. In the event that the UBS AG Group fails to comply with applicable laws, it may be exposed to regulatory fines and penalties and other sanctions. The UBS AG Group may also incur such penalties if its vendors or other service providers or clients or counterparties fail to comply with these laws or to maintain appropriate controls over protected data. In addition, any loss or exposure of client or other data may adversely damage the UBS AG Group's reputation and adversely affect its business.

A major focus of US and other countries' governmental policies relating to financial institutions in recent years has been on fighting money laundering and terrorist financing. The UBS AG Group is required to maintain effective policies, procedures and controls to detect, prevent and report money laundering and terrorist financing, and to verify the identity of its clients under the laws of many of the countries in which it operates. The UBS AG Group is also subject to laws and regulations related to corrupt and illegal payments to government officials by others, such as the US Foreign Corrupt Practices Act and the UK Bribery Act. The UBS AG Group has implemented policies, procedures and internal controls that are designed to comply with such laws and regulations. Notwithstanding this, regulators have found deficiencies in the design and operation of anti-money-laundering programs in the UBS AG Group's US operations. The UBS AG Group has undertaken a significant program to address these regulatory findings with the objective of fully meeting regulatory expectations for its programs. Failure to maintain and implement adequate programs to combat money laundering, terrorist financing or corruption, or any failure of the UBS AG Group's programs in these areas, could have serious consequences both from legal enforcement action and from damage to its reputation. Frequent changes in sanctions imposed and increasingly complex sanctions imposed on countries, entities and individuals, as exemplified by the breadth and scope of the sanctions imposed in relation to the war in Ukraine, increase the cost of the UBS AG Group monitoring and complying with sanctions requirements and increase the risk that it will not identify in a timely manner client activity that is subject to a sanction.

As a result of new and changed regulatory requirements and the changes the UBS AG Group has made in its legal structure, the volume, frequency and complexity of its regulatory and other reporting has remained elevated. Regulators have also significantly increased expectations regarding the UBS AG Group's internal reporting and data aggregation, as well as management reporting. The UBS AG Group has incurred, and continues to incur, significant costs to implement infrastructure to meet these requirements. Failure to meet external reporting requirements accurately and in a timely manner or failure to meet regulatory expectations of internal reporting, data aggregation and management reporting could result in enforcement action or other adverse consequences for the UBS AG Group.

In addition, despite the contingency plans that the UBS AG Group has in place, its ability to conduct business may be adversely affected by a disruption in the infrastructure that supports its businesses and the communities in which it operates. This may include a disruption due to natural disasters, pandemics, civil unrest, war or terrorism and involve electrical, communications, transportation or other services that the UBS AG Group uses or that are used by third parties with whom it conducts business.

The UBS AG Group depends on its risk management and control processes to avoid or limit potential losses in its businesses

Controlled risk-taking is a major part of the business of a financial services firm. Some losses from risk-taking activities are inevitable, but, to be successful over time, the UBS AG Group must balance the risks it takes against the returns generated. Therefore, it must diligently identify, assess, manage and control its risks, not only in normal market conditions but also as they might develop under more extreme, stressed conditions, when concentrations of exposures can lead to severe losses.

The UBS AG Group has not always been able to prevent serious losses arising from risk management failures and extreme or sudden market events. It recorded substantial losses on fixed-income trading positions in the 2008 financial crisis, in the unauthorized trading incident in 2011 and, more recently, positions resulting from the default of a US prime brokerage client. Credit Suisse has suffered very significant losses from the default of the US prime brokerage client and losses in supply chain finance funds managed by it, as well as other matters. As a result of these, Credit Suisse is subject to significant regulatory remediation obligations to address deficiencies in its risk management and control systems, that continue following the merger.

The UBS AG Group regularly revises and strengthens its risk management and control frameworks to seek to address identified shortcomings. Nonetheless, it could suffer further losses in the future if, for example:

- it does not fully identify the risks in its portfolio, in particular risk concentrations and correlated risks;
- its assessment of the risks identified, or its response to negative trends, proves to be untimely, inadequate, insufficient or incorrect;
- its risk models prove insufficient to predict the scale of financial risks the bank faces;
- markets move in ways that it does not expect – in terms of their speed, direction, severity or correlation – and its ability to manage risks in the resulting environment is, therefore, affected;
- third parties to whom it has credit exposure or whose securities it holds are severely affected by events and it suffers defaults and impairments beyond the level implied by its risk assessment; or
- collateral or other security provided by its counterparties and clients proves inadequate to cover their obligations at the time of default.

The UBS AG Group also holds legacy risk positions, primarily in Non-core and Legacy, that, in many cases, are illiquid and may deteriorate in value. The acquisition of the Credit Suisse Group and the integration of UBS AG with Credit Suisse AG has increased, materially, the portfolio of business that is outside of the UBS AG Group's risk appetite and subject to exit that will be managed in the Non-core and Legacy segment.

The UBS AG Group also manages risk on behalf of its clients. The performance of assets it holds for its clients may be adversely affected by the same aforementioned factors. If clients suffer losses or the performance of their assets held with the UBS AG Group is not in line with relevant benchmarks against which clients assess investment performance, the UBS AG Group may suffer reduced fee income and a decline in assets under management, or withdrawal of mandates.

Investment positions, such as equity investments made as part of strategic initiatives and seed investments made at the inception of funds that the UBS AG Group manages, may also be affected by market risk factors. These investments are often not liquid and generally are intended or required to be held beyond a normal trading horizon. Deteriorations in the fair value of these positions would have a negative effect on the UBS AG Group's earnings.

The UBS AG Group may be unable to identify or capture revenue or competitive opportunities, or retain and attract qualified employees

The financial services industry is characterized by intense competition, continuous innovation, restrictive, detailed and sometimes fragmented regulation and ongoing consolidation. The UBS AG Group faces competition at the level of local markets and individual business lines and from global financial institutions that are comparable to it 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. The UBS AG Group expects these trends to continue and competition to increase. Its competitive strength and market position could be eroded if the UBS AG Group is unable to identify market trends and developments, does not respond to such trends and developments by devising and implementing adequate business strategies, does not adequately develop or update its technology, including its digital channels and tools, or is unable to attract or retain the qualified people needed.

The amount and structure of the UBS AG Group's employee compensation is affected not only by its business results but also by competitive factors and regulatory considerations.

In response to the demands of various stakeholders, including regulatory authorities and shareholders, and in order to better align the interests of its staff with other stakeholders, the UBS AG Group has increased average deferral periods for stock awards, expanded forfeiture provisions and, to a more limited extent, introduced clawback provisions for certain awards linked to business performance. UBS AG has also introduced individual caps on the proportion of fixed to variable pay for the members of the Executive Board ("**EB**"), as well as certain other employees. UBS is also required to maintain and enforce provisions requiring it to recover from EB members and certain other executives a portion of performance-based incentive compensation in the event that the UBS Group and UBS AG, or another entity with securities listed on a US national securities exchange, is required to restate its financial statements as a result of a material error.

Constraints on the amount or structure of employee compensation, higher levels of deferral, performance conditions and other circumstances triggering the forfeiture of unvested awards may adversely affect the ability of the UBS AG Group to retain and attract key employees, particularly where it competes with companies that are not subject to these constraints. The loss of key staff and the inability to attract qualified replacements could seriously compromise the ability of the UBS AG Group to execute its strategy and to successfully improve its operating and control environment, and could affect its business performance. This risk is intensified by elevated levels of attrition among Credit Suisse employees. Swiss law requires that shareholders approve the compensation of the UBS Group AG Board of Directors ("**the Group Board**") and the UBS Group AG Group Executive Board ("**GEB**") each year. If UBS Group AG's shareholders fail to approve the compensation for the GEB or the Group Board, this could have an adverse effect on UBS AG's ability to retain experienced directors and its senior management.

UBS AG's operating results, financial condition and ability to pay its obligations in the future may be affected by funding, dividends and other distributions received directly or indirectly from its subsidiaries, which may be subject to restrictions

UBS AG's ability to pay its obligations in the future will depend on the level of funding, dividends and other distributions, if any, received from UBS Switzerland AG and other subsidiaries. The ability of such subsidiaries to make loans or distributions, directly or indirectly, to UBS AG may be restricted as a result of several factors, including restrictions in financing agreements and the requirements of applicable law and regulatory, fiscal or other restrictions. In particular, UBS AG's direct and indirect subsidiaries, including UBS Switzerland AG, UBS Americas Holding LLC, Credit Suisse Holdings (USA) Inc., UBS Europe SE and Credit Suisse International, are subject to laws and regulations that require the entities to maintain minimum levels of capital and liquidity, that restrict dividend payments, that authorize regulatory bodies to block or reduce the flow of funds from those subsidiaries to UBS Group AG, or that could affect their ability to repay any loans made to, or other investments in, such subsidiary by UBS AG or another member of the UBS AG Group. For example, in the early stages of the COVID-19 pandemic, the European Central Bank ordered all banks under its supervision to cease dividend distributions, and the Board of Governors of the Federal Reserve System limited capital distributions by bank holding companies and intermediate holding companies. Restrictions and regulatory actions could impede access to funds that UBS AG may need to meet its obligations. In addition, UBS AG's right to participate in a distribution of assets upon a subsidiary's liquidation or reorganization is subject to all prior claims of the subsidiary's creditors.

Furthermore, UBS AG may guarantee some of the payment obligations of certain of the Group's subsidiaries from time to time. These guarantees may require UBS AG to provide substantial funds or assets to subsidiaries or their creditors or counterparties at a time when UBS AG is in need of liquidity to fund its own obligations.

Market, credit and macroeconomic risks

Performance in the financial services industry is affected by market conditions and the macroeconomic climate

The UBS AG Group's businesses are materially affected by market and macroeconomic conditions. A market downturn and weak macroeconomic conditions can be precipitated by a number of factors, including geopolitical events, such as international armed conflicts, war, or acts of terrorism, the imposition of sanctions, global trade or global supply chain disruptions, including energy shortages and food insecurity, changes in monetary or fiscal policy, changes in trade policies or international trade disputes, significant inflationary or deflationary price changes, disruptions in one or more concentrated economic sectors, natural disasters, pandemics or local and regional civil unrest. Such developments can have unpredictable and destabilizing effects.

Adverse changes in interest rates, credit spreads, securities prices, market volatility and liquidity, foreign exchange rates, commodity prices, and other market fluctuations, as well as changes in investor sentiment, can affect the UBS AG Group's earnings and ultimately its financial and capital positions. As financial markets are global and highly interconnected, local and regional events can have widespread effects well beyond the countries in which they occur. Any of these developments may adversely affect the UBS AG Group's business or financial results.

As a result of significant volatility in the market, the UBS AG Group's businesses may experience a decrease in client activity levels and market volumes, which would adversely affect its ability to generate transaction fees, commissions and margins, particularly in Global Wealth Management and the Investment Bank. A market downturn would likely reduce the volume and valuation of assets that the UBS AG Group manages on behalf of clients, which would reduce recurring fee income that is charged based on invested assets, primarily in Global Wealth Management and Asset Management, and performance-based fees in Asset Management. Such a downturn could also cause a decline in the value of assets that the UBS AG Group owns and accounts for as investments or trading positions. In addition, reduced market liquidity or volatility may limit trading opportunities and therefore may reduce transaction-based income and may also impede the UBS AG Group's ability to manage risks.

Health emergencies, including pandemics and measures taken by governmental authorities to manage them, may have effects such as labour market displacements, supply chain disruptions, and inflationary pressures, and adversely affect global and regional economic conditions, resulting in contraction in the global economy, substantial volatility in the financial markets, crises in markets for goods and services, disruptions in real estate markets, increased unemployment, increased credit and counterparty risk, and operational challenges, as was seen with the COVID-19 pandemic. Such economic or market disruptions, including inflationary pressures, may lead to reduced levels of client activity and demand for the UBS AG Group's products and services, increased utilization of lending commitments, significantly increased client defaults, continued and increasing credit and valuation losses in its loan portfolios, loan commitments and other assets, and impairments of other financial assets. A fall in equity markets and a consequent decline in invested assets would also reduce recurring fee income in the UBS AG Group's Global Wealth Management and Asset Management businesses, as it experienced in the second quarter of 2022. These factors and other consequences of a health emergency may negatively affect the financial condition of the UBS AG Group, including possible constraints on capital and liquidity, as well as resulting in a higher cost of capital, and possible downgrades to its credit ratings.

Geopolitical events: Terrorist activity and armed conflict in the Middle East, as well as the continuing Russia–Ukraine war, may have significant impacts on global markets, exacerbate global inflationary pressures and slow global growth. In addition, the ongoing conflicts may continue to cause significant population displacement, and lead to shortages of vital commodities, including energy shortages and food insecurity outside the areas immediately involved in armed conflict. Governmental responses to the armed conflicts, including, with respect to the Russia–Ukraine war, coordinated successive sets of sanctions on Russia and Belarus, and Russian and Belarusian entities and nationals, and the uncertainty as to whether the ongoing conflicts will widen and intensify, may continue to have significant adverse effects on the market and macroeconomic conditions, including in ways that cannot be anticipated. If individual countries impose restrictions on cross-border payments or trade, or other exchange or capital controls, or change their currency (for example, if one or more countries should leave the Eurozone, as a result of the imposition of sanctions on individuals, entities or countries, or escalation of trade restrictions and other actions between the US, or other countries, and China), the UBS AG Group could suffer adverse effects on its business, losses from enforced default by counterparties, be unable to access its own assets or be unable to effectively manage its risks.

The UBS AG Group could be materially affected if a crisis develops, regionally or globally, as a result of disruptions in markets due to macroeconomic or political developments, trade restrictions, or the failure of a major market participant. Over time, the UBS AG Group's strategic plans have become more heavily dependent on its ability to generate growth and revenue in emerging markets, including China, causing it to be more exposed to the risks associated with such markets.

Global Wealth Management derives revenues from all the principal regions but has a greater concentration in Asia than many peers and a substantial presence in the US, unlike many European peers. The Investment Bank's business is more heavily weighted to Europe and Asia than the UBS AG Group's peers, while its derivatives business is more heavily weighted to structured products for wealth management clients, in particular with European and Asian underlyings. The UBS AG Group's performance may therefore be more affected by political, economic and market developments in these regions and businesses than some other financial service providers.

The extent to which ongoing conflicts, current inflationary pressures and related adverse economic conditions affect the UBS AG Group's businesses, results of operations and financial condition, as well as its regulatory capital and liquidity ratios, will depend on future developments, including the effects of the current conditions on its clients, counterparties, employees and third-party service providers.

The UBS AG Group's credit risk exposure to clients, trading counterparties and other financial institutions would increase under adverse or other economic conditions

Credit risk is an integral part of many of the UBS AG Group's activities, including lending, underwriting and derivatives activities. Adverse economic or market conditions, or the imposition of sanctions or other restrictions on clients, counterparties or financial institutions, may lead to impairments and defaults on these credit exposures. Losses may be exacerbated by declines in the value of collateral securing loans and other exposures. In the UBS AG Group's prime brokerage, securities finance and Lombard lending businesses, it extends substantial amounts of credit against securities collateral the value or liquidity of which may decline rapidly. Market closures and the imposition of exchange controls, sanctions or other measures may limit the ability of the UBS AG Group to settle existing transactions or to realize on collateral, which may result in unexpected increases in exposures. The UBS AG Group's Swiss mortgage and corporate lending portfolios, which have increased substantially as a result of the Credit Suisse acquisition, are a large part of its overall lending. The UBS AG Group is therefore exposed to the risk of adverse economic developments in Switzerland, including property valuations in the housing market, the strength of the Swiss franc and its effect on Swiss exports, a return to negative interest rates applied by the Swiss National Bank, economic conditions within the Eurozone or the EU, and the evolution of agreements between Switzerland and the EU or European Economic Area, which represent Switzerland's largest export market. The UBS AG Group has exposures related to real estate in various countries, including a substantial Swiss mortgage portfolio. Although the UBS AG Group believes this portfolio is prudently managed, it could nevertheless be exposed to losses if a substantial deterioration in the Swiss real estate market were to occur.

As the UBS AG Group experienced in 2020, under the IFRS 9 expected credit loss ("**ECL**") regime, credit loss expenses may increase rapidly at the onset of an economic downturn as a result of higher levels of credit impairments (stage 3), as well as higher ECL from stages 1 and 2. Substantial increases in ECL could exceed expected loss for regulatory capital purposes and adversely affect the UBS AG Group's common equity tier 1 ("**CET1**") capital and regulatory capital ratios.

Interest rate trends and changes could negatively affect the UBS AG Group's financial results

The UBS AG Group's businesses are sensitive to changes in interest rate trends. A prolonged period of low or negative interest rates, particularly in Switzerland and the Eurozone, adversely affected the net interest income generated by UBS's Personal & Corporate Banking and Global Wealth Management businesses prior to 2022. Actions that the UBS AG Group took to mitigate adverse effects on income, such as the introduction of selective deposit fees or minimum lending rates, contributed to outflows of customer deposits (a key source of funding for the UBS AG Group), net new money outflows and a declining market share in its Swiss lending business.

During 2022, interest rates increased sharply in the US and most other markets, including a shift from negative to positive central bank policy rates in the Eurozone and Switzerland, as central banks responded to higher inflation. Higher interest rates generally benefit the UBS AG Group's net interest income. However, as returns on alternatives to deposits increase with rising interest rates, such as returns on money market funds, the UBS AG Group experienced outflows from customer deposits and shifts of deposits from lower-interest account types to accounts bearing higher interest rates, such as savings and certificates of deposit, starting with effects in the US, where rates had rapidly increased. In addition, higher-for-longer interest rates, such as those experienced in 2023, have led to similar shifts in euro and Swiss franc deposits. Sustained higher interest rates also may adversely affect the UBS AG Group's credit counterparties. Customer deposit outflows could require the UBS AG Group to obtain alternative funding, which would likely be more costly than customer deposits.

Currency fluctuation may have an adverse effect on the UBS AG Group's profits, balance sheet and regulatory capital

The UBS AG Group is subject to currency fluctuation risks as a substantial portion of its assets and liabilities are denominated in currencies other than the UBS AG Group's presentation currency, the US dollar. In order to hedge its CET1 capital ratio, the UBS AG Group's CET1 capital must have foreign currency exposure, which leads to currency sensitivity. As a consequence, it is not possible to simultaneously fully hedge both CET1 capital and the CET1 capital ratio. Accordingly, changes in foreign exchange rates may adversely affect the UBS AG Group's profits, balance sheet, and capital, leverage and liquidity coverage ratios.

Regulatory and legal risks

Material legal and regulatory risks arise in the conduct of the UBS AG Group's business

As a global financial services firm operating in more than 50 countries, the UBS AG Group is subject to many different legal, tax and regulatory regimes, including extensive regulatory oversight, and are exposed to significant liability risk. The UBS AG Group is subject to a large number of claims, disputes, legal proceedings and government investigations, and it expects that its ongoing business activities will continue to give rise to such matters in the future. In addition, UBS AG inherited claims against Credit Suisse entities as part of the acquisition, including matters that may be material to the operating results of the combined group. The extent of its financial exposure to these and other matters is material and could substantially exceed the level of provisions that the UBS AG Group has established. the UBS AG Group is not able to predict the financial and non-financial consequences these matters may have when resolved.

The UBS AG Group may be subject to adverse preliminary determinations or court decisions that may negatively affect public perception and its reputation, result in prudential actions from regulators, and cause it to record additional provisions for such matters even when it believes it has substantial defences and expects to ultimately achieve a more favourable outcome. This risk is illustrated by the award of aggregate penalties and damages of EUR 4.5bn against UBS by the court of first instance in France. This award was reduced to an aggregate of EUR 1.8bn against by the Court of Appeal, and, in a further appeal, the French Supreme Court referred the case back to the Paris Court of Appeal to reconsider the amount after a new trial.

Litigation, regulatory and similar matters may also result in non-monetary penalties and consequences. Among other things, a guilty plea to, or conviction of, a crime (including as a result of termination of the Deferred Prosecution Agreement Credit Suisse entered into with the US Department of Justice in 2021 to resolve its Mozambique matter) could have material consequences for UBS AG.

Resolution of regulatory proceedings has required the UBS AG Group 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 the UBS AG Group's participation in them. The UBS AG Group and Credit Suisse have each required waivers or exemptions in order to continue to act as investment manager to pension plans and registered investment companies in the US, among other things; failure to obtain such waivers, or any limitation, suspension or termination of licenses, authorizations or participations arising from a disqualifying event, could have material adverse consequences for the UBS AG Group.

The UBS AG Group's settlements with governmental authorities in connection with foreign exchange, LIBOR and other benchmark interest rates starkly illustrate the significantly increased level of financial and reputational risk now associated with regulatory matters in major jurisdictions. In connection with investigations related to LIBOR and other benchmark rates, and to foreign exchange and precious metals, very large fines and disgorgement amounts were assessed against the UBS AG Group, and it was required to enter guilty pleas despite its full cooperation with the authorities in the investigations and despite its receipt of conditional leniency or conditional immunity from anti-trust authorities in a number of jurisdictions, including the US and Switzerland.

For a number of years, the UBS AG Group has been, and it continues to be, subject to a very high level of regulatory scrutiny and to certain regulatory measures that constrain its strategic flexibility. The UBS AG Group believes it has remediated the deficiencies that led to significant losses in the past and made substantial changes in its controls and conduct risk frameworks to address the issues highlighted by past regulatory resolutions. The UBS AG Group has also undertaken extensive efforts to implement new regulatory requirements and meet heightened supervisory expectations. Prior to its acquisition by UBS, Credit Suisse was also subject to a high level of regulatory scrutiny and had significant regulatory and other remediation programs to address identified issues, including as a result of the Archegos, Mozambique, supply chain finance and cross-border tax matters. As part of the integration of Credit Suisse, UBS AG is addressing these matters and will likely remain under additional regulatory scrutiny until the integration is substantially completed.

The UBS AG Group continues to be in active dialogue with regulators concerning the actions it is taking to improve its operational risk management, risk control, anti-money-laundering, data management and other frameworks, and otherwise seek to meet supervisory expectations, but there can be no assurance that its efforts will have the desired effects. As a result of this history, UBS AG's level of risk with respect to regulatory enforcement may be greater than that of some of its peers.

If UBS AG experiences financial difficulties, FINMA has the power to open restructuring or liquidation proceedings or impose protective measures in relation to UBS AG or UBS Switzerland AG, and such proceedings or measures may have a material adverse effect on UBS AG's creditors

Under the Swiss Banking Act, FINMA is able to exercise broad statutory powers with respect to Swiss banks and Swiss parent companies of financial groups, such as UBS Group AG, UBS AG and UBS Switzerland AG, if there is justified concern that an entity is over-indebted, has serious liquidity problems or, after the expiration of any relevant deadline, no longer fulfils capital adequacy requirements. Such powers include ordering protective measures, instituting restructuring proceedings (and exercising any Swiss resolution powers in connection therewith), and instituting liquidation proceedings, all of which may have a material adverse effect on shareholders and creditors or may prevent UBS AG or UBS Switzerland AG from paying dividends or making payments on debt obligations.

The UBS AG Group would have limited ability to challenge any such protective measures, and creditors and shareholders would also have limited ability under Swiss law or in Swiss courts to reject them, seek their suspension, or challenge their imposition, including measures that require or result in the deferment of payments.

If restructuring proceedings are opened with respect to UBS AG or UBS Switzerland AG the resolution powers that FINMA may exercise include the power to: (i) transfer all or some of the assets, debt and other liabilities, and contracts of the entity subject to proceedings to another entity; (ii) stay for a maximum of two business days (a) the termination of, or the exercise of rights to terminate, netting rights, (b) rights to enforce or dispose of certain types of collateral or (c) rights to transfer claims, liabilities or certain collateral, under contracts to which the entity subject to proceedings is a party; and (iii) partially or fully write down the equity capital and regulatory capital instruments and, if such regulatory capital is fully written down, write down or convert into equity the other debt instruments of the entity subject to proceedings. Creditors would have no right to reject, or to seek the suspension of, any restructuring plan pursuant to which such resolution powers are exercised. They would have only limited rights to challenge any decision to exercise resolution powers or to have that decision reviewed by a judicial or administrative process or otherwise.

Upon full or partial write-down of the equity and regulatory capital instruments of the entity subject to restructuring proceedings, the relevant shareholders and creditors would receive no payment in respect of debt that is written down, the write-down would be permanent, and the investors would likely not, at such time or at any time thereafter, receive any shares or other participation rights, or be entitled to any write-up or any other compensation in the event of a potential subsequent recovery of the debtor. If FINMA orders the conversion of debt of the entity subject to restructuring proceedings into equity, the securities received by the investors may be worth significantly less than the original debt and may have a significantly different risk profile. In addition, creditors receiving equity would be effectively subordinated to all creditors of the restructured entity in the event of a subsequent winding up, liquidation or dissolution of the restructured entity, which would increase the risk that investors would lose all or some of their investment.

FINMA has significant discretion in the exercise of its powers in connection with restructuring proceedings. Furthermore, certain categories of debt obligations, such as certain types of deposits, are subject to preferential treatment. As a result, holders of obligations of an entity subject to a Swiss restructuring proceeding may have their obligations written down or converted into equity even though obligations ranking on par with such obligations are not written down or converted.

Developments in sustainability, climate, environmental and social standards and regulations may affect the UBS AG Group's business and impact its ability to fully realize its goals

The UBS AG Group is subject to separate, and sometimes conflicting, ESG regulations and regulator expectations in the various jurisdictions in which it operates. For example, in certain jurisdictions, the UBS AG Group is required to set diversity targets or other ESG-related goals that are considered illegal or contrary to regulatory expectations in other jurisdictions. In addition, with respect to decarbonization mandates, there is substantial uncertainty as to the scope of actions that may be required of the UBS AG Group, governments and others to achieve the goals the UBS AG Group has set, and many of its goals and objectives are only achievable with a combination of government and private action. National and international standards and expectations, industry and scientific practices, regulatory taxonomies, and disclosure obligations addressing these matters are relatively immature and are rapidly evolving. In addition, there are significant limitations in the data available to measure the UBS AG Group's climate and other goals. Although the UBS AG Group has defined and disclosed its goals based on the standards existing at the time of disclosure, there can be no assurance (i) that the various ESG regulatory and disclosure regimes under which it operates will not come into further conflict with one another, (ii) that the current standards will not be interpreted differently than the UBS AG Group's understanding or change in a manner that substantially increases the cost or effort for it to achieve such goals or (iii) that additional data or methods, whether voluntary or required by regulation, may substantially change the UBS AG Group's calculation of its goals and ambitions. It is possible that such goals may prove to be considerably more difficult or even impossible to achieve. The evolving standards may also require the UBS AG Group to substantially change the stated goals and ambitions. If the UBS AG Group is not able to achieve the goals it has set, or can only do so at significant expense to its business, it may fail to meet regulatory expectations, incur damage to its reputation or be exposed to an increased risk of litigation or other adverse action.

While ESG regulatory regimes and international standards are being developed, including to require consideration of ESG risks in investment decisions, some jurisdictions, notably in the US, have developed rules restricting the consideration of ESG factors in investment and business decisions. Under these anti-ESG rules, companies that are perceived as boycotting or discriminating against certain industries may be restricted from doing business with certain governmental entities. The UBS AG Group's businesses may be adversely affected if it is considered as discriminating against companies based on ESG considerations, or if further anti-ESG rules are developed or broadened.

Material weaknesses of Credit Suisse controls over financial reporting

In March 2023, prior to the acquisition by UBS Group AG, the Credit Suisse Group and Credit Suisse AG disclosed that their management had identified material weaknesses in internal control over financial reporting as a result of which, the Credit Suisse Group and Credit Suisse AG had concluded that, as of 31 December 2022, their internal controls over financial reporting were not effective, and for the same reasons, reached the same conclusion regarding 31 December 2021. A material weakness is a deficiency or a combination of deficiencies in internal controls over financial reporting such that there is a reasonable possibility that a material misstatement of a registrant's financial statements will not be prevented or detected on a timely basis. The material weaknesses result in a risk that a material error may not be detected by internal controls that could result in a material misstatement to the company's reported financial results. Following the acquisition and merger of Credit Suisse Group AG into UBS Group AG in June 2023, Credit Suisse AG concluded that as of 31 December 2023 its internal control over financial reporting continued to be ineffective. For the year ended 31 December 2023, UBS concluded that its internal control over financial reporting was effective.

In June 2024 Credit Suisse AG and UBS AG merged with UBS AG as the surviving entity. Although Credit Suisse is no longer a separate legal entity, numerous of its booking, accounting and risk management systems remain in use for activities that have not yet been exited or migrated to UBS AG's systems.

The material weaknesses that were identified by Credit Suisse related to the failure to design and maintain an effective risk assessment process to identify and analyse the risk of material misstatements in its financial statements and the failure to design and maintain effective monitoring activities relating to (i) providing sufficient management oversight over the internal control evaluation process to support Credit Suisse internal control objectives; (ii) involving appropriate and sufficient management resources to support the risk assessment and monitoring objectives; and (iii) assessing and communicating the severity of deficiencies in a timely manner to those parties responsible for taking corrective action. These material weaknesses contributed to an additional material weakness, as the Credit Suisse Group management did not design and maintain effective controls over the classification and presentation of the consolidated statement of cash flows under US GAAP.

Since the Credit Suisse acquisition, UBS has executed a remediation program to address the identified material weaknesses and have implemented additional controls and procedures. As of 31 December 2024, management has assessed that the changes to internal controls made to address the material weakness relating to the classification and presentation of the consolidated statement of cash flows as well as assessment and communication of the severity of deficiencies are designed and operating effectively.

The remaining material weakness relates to the risk assessment of internal controls. UBS has implemented an enhanced severity assessment framework and additional management oversight of severity assessments and have integrated the Credit Suisse control frameworks into the UBS's internal control framework and risk assessment and evaluation processes in 2024. In addition, UBS has reviewed the processes, systems and internal control processes in connection with the integration of the financial accounting and controls environment of Credit Suisse into UBS AG, and implementation of updated or additional processes and controls to reflect the increase in complexity of the accounting and financial control environment following the acquisition.

Management has assessed that the risk assessment process was designed effectively. However, in light of the increased complexity of the internal accounting and control environment, the remaining migration efforts still underway and the limited time to demonstrate operating effectiveness and sustainability of the post-merger integrated control environment, management has concluded that additional evidence of effective operation of the remediated controls is required to conclude that the risk assessment processes is operating effectively on a sustainable basis. In light of the above, management has concluded that there is a material weakness in internal control over financial reporting at 31 December 2024 and, as a result, that UBS AG's disclosure controls and procedures were also not effective as of that date.

The UBS AG Group's financial results may be negatively affected by changes to assumptions and valuations, as well as changes to accounting standards

UBS AG prepares its consolidated financial statements in accordance with IFRS Accounting Standards. The application of these accounting standards requires the use of judgment based on estimates and assumptions that may involve significant uncertainty at the time they are made. This is the case, for example, with respect to the measurement of fair value of financial instruments, the recognition of deferred tax assets (DTAs), the assessment of the impairment of goodwill, expected credit losses and estimation of provisions for litigation, regulatory and similar matters. Such judgments, including the underlying estimates and assumptions, which encompass historical experience, expectations of the future and other factors, are regularly evaluated to determine their continuing relevance based on current conditions. Using different assumptions could cause the reported results to differ. Changes in assumptions, or failure to make the changes necessary to reflect evolving market conditions, may have a significant effect on the financial statements in the periods when changes occur. Estimates of provisions may be subject to a wide range of potential outcomes and significant uncertainty. For example, the broad range of potential outcomes in the UBS AG Group's legal proceedings in France and in a number of Credit Suisse's legal proceedings increase the uncertainty associated with assessing the appropriate provision. If the estimates and assumptions in future periods deviate from the current outlook, the UBS AG Group's financial results may also be negatively affected.

Changes to IFRS Accounting Standards or interpretations thereof may cause future reported results and financial positions to differ from current expectations, or historical results to differ from those previously reported due to the adoption of accounting standards on a retrospective basis. Such changes may also affect the UBS AG Group's regulatory capital and ratios. For example, the introduction of the ECL regime under IFRS 9 in 2018 fundamentally changed how credit risk arising from loans, loan commitments, guarantees and certain revocable facilities is accounted for. Under the ECL regime, credit loss expenses may increase rapidly at the onset of an economic downturn as a result of higher levels of credit impairments (stage 3), as well as higher ECL from stages 1 and 2, only gradually diminishing once the economic outlook improves. As was observed in 2020, this effect may be more pronounced in a deteriorating economic environment. Substantial increases in ECL could exceed expected loss for regulatory capital purposes and adversely affect the UBS AG Group's CET1 capital and regulatory capital ratios.

The UBS AG Group may be unable to maintain its capital strength

Capital strength enables the UBS AG Group to grow its businesses and absorb increases in regulatory and capital requirements. The ability of the UBS AG Group to maintain its capital ratios is subject to numerous risks, including the financial results of its businesses, the effect of changes to capital standards, methodologies and interpretations that may adversely affect the calculation of its capital ratios, the imposition of risk add-ons or capital buffers, and the application of additional capital, liquidity and similar requirements to subsidiaries. The UBS AG Group's capital and leverage ratios are driven primarily by RWA, LRD and eligible capital, all of which may fluctuate based on a number of factors, some of which are outside of UBS AG's control. The results of the UBS AG Group's businesses may be adversely affected by events arising from other risk factors described herein. In some cases, such as litigation and regulatory risk and operational risk events, losses may be sudden and large.

The UBS AG Group's eligible capital may be reduced by losses recognized within net profit or other comprehensive income. Eligible capital may also be reduced for other reasons, including acquisitions that change the level of goodwill, changes in temporary differences related to DTAs included in capital, adverse currency movements affecting the value of equity, prudential adjustments that may be required due to the valuation uncertainty associated with certain types of positions, changes in regulatory interpretations on the inclusion or exclusion of items contributing to the equity of UBS AG's shareholders in regulatory capital, and changes in the value of certain pension fund assets and liabilities or in the interest rate and other assumptions used to calculate the changes in UBS AG's net defined benefit obligation recognized in other comprehensive income.

RWA are driven by the UBS AG Group's business activities, by changes in the risk profile of its exposures, by changes in its foreign currency exposures and foreign exchange rates, and by regulation. For instance, substantial market volatility, a widening of credit spreads, adverse currency movements, increased counterparty risk, deterioration in the economic environment or increased operational risk could result in an increase in RWA. Changes in the calculation of RWA, the imposition of additional supplemental RWA charges or multipliers applied to certain exposures and other methodology changes, as well as the finalization of the Basel III framework and Fundamental Review of the Trading Book promulgated by the BCBS, which are expected to affect the UBS AG Group's RWA.

The leverage ratio is a balance sheet-driven measure and therefore limits balance sheet-intensive activities, such as lending, more than activities that are less balance sheet intensive, and it may constrain the UBS AG Group's business even if UBS AG satisfies other risk-based capital requirements. Its LRD is driven by, among other things, the level of client activity, including deposits and loans, foreign exchange rates, interest rates, other market factors and changes in required liquidity. Many of these factors are wholly or partly outside of its control.

The effect of taxes on the financial results of the UBS AG Group is significantly influenced by tax law changes and reassessments of its deferred tax assets and, also, operating losses of certain entities with no associated tax benefit

The UBS AG Group's effective tax rate is highly sensitive to its performance, its expectation of future profitability and any potential increases or decreases in statutory tax rates, such as any potential increase or decrease in the US federal corporate tax rate. Furthermore, based on prior years' tax losses and deductible temporary differences, the UBS AG Group has recognized DTAs reflecting the probable recoverable level based on future taxable profit as informed by its business plans. If UBS AG Group's performance is expected to produce diminished taxable profit in future years, particularly in the US, it may be required to write down all or a portion of the currently recognized DTAs through the income statement in excess of anticipated amortization. This would have the effect of increasing the effective tax rate in the year in which any write-downs are taken. Conversely, if the UBS AG Group expects the performance of entities in which it has unrecognized tax losses to improve, particularly in the US or the UK, it could potentially recognize additional DTAs. The effect of doing so would be to reduce the effective tax rate in years in which additional DTAs are recognized and to increase the effective tax rate in future years. UBS AG's effective tax rate is also sensitive to any future reductions in statutory tax rates, particularly in the US, which would cause the expected future tax benefit from items such as tax loss carry-forwards in the affected locations to diminish in value. This, in turn, would cause a write-down of the associated DTAs. Conversely, an increase in US corporate tax rates would result in an increase in the Group's DTAs.

The UBS AG Group generally revalues its DTAs in the fourth quarter of the financial year based on a reassessment of future profitability taking into account its updated business plans. It considers the performance of its businesses and the accuracy of historical forecasts, tax rates and other factors in evaluating the recoverability of its DTAs, including the remaining tax loss carry-forward period and its assessment of expected future taxable profits over the life of DTAs. Estimating future profitability is inherently subjective and is particularly sensitive to future economic, market and other conditions, which are difficult to predict.

The UBS AG Group's results in past years have demonstrated that changes in the recognition of DTAs can have a very significant effect on its reported results. Any future change in the manner in which UBS AG remeasures DTAs could affect UBS AG's effective tax rate, particularly in the year in which the change is made.

The UBS AG Group's full-year effective tax rate would be impacted if aggregate tax expenses in respect of profits from branches and subsidiaries without loss coverage differ from what is expected or if certain branches and subsidiaries incur operating losses that the UBS AG Group cannot benefit from through the income statement. In particular, operating losses at entities or branches that cannot offset for tax purposes taxable profits in other Group entities, and which do not result in additional DTA recognition, would increase its effective tax rate. In addition, tax laws or the tax authorities in countries where the UBS AG Group has undertaken legal structure changes may cause entities to be subject to taxation as permanent establishments or may prevent the transfer of tax losses incurred in one legal entity to newly organized or reorganized subsidiaries or affiliates, or may impose limitations on the utilization of tax losses that relate to businesses formerly conducted by the transferor. Were this to occur in situations where there were also limited planning opportunities to utilize the tax losses in the originating entity, the DTAs associated with such tax losses may be required to be written down through the income statement.

Changes in tax law may materially affect the UBS AG Group's effective tax rate and, in some cases, may substantially affect the profitability of certain activities. In addition, statutory and regulatory changes, as well as changes to the way in which courts and tax authorities interpret tax laws, including assertions that the UBS AG Group is required to pay taxes in a jurisdiction as a result of activities connected to that jurisdiction constituting a permanent establishment or similar theory, and changes in its assessment of uncertain tax positions, could cause the amount of taxes the UBS AG Group ultimately pays to materially differ from the amount accrued.

The UBS AG Group may incur material future tax liabilities in connection with the combination with Credit Suisse

In the past, the Credit Suisse Group has recorded significant impairments of the tax value of its participations in subsidiaries below their tax acquisition costs. Following the acquisition of the Credit Suisse Group and the subsequent combination of Credit Suisse AG with UBS AG, tax acquisition costs of certain participations held by Credit Suisse Group AG and its subsidiaries have been transferred to the UBS AG Group. The UBS Group AG and its subsidiaries may become subject to additional Swiss tax on future reversals of such impairments for Swiss tax purposes. Reversals of prior impairments may occur to the extent that the net asset value of the previously impaired subsidiary increases, e.g., as a result of an increase in retained earnings. Although it is difficult to quantify this additional future tax exposure, as various potential mitigants (e.g., transfers of assets and liabilities, business activities, subsidiary investments, as well as other restructuring measures within the combined Group in the course of the integration) exist, it may be material.

Liquidity and funding risk

Liquidity and funding management are critical to UBS AG's ongoing performance

The viability of the UBS AG Group's business depends on the availability of funding sources, and its success depends on its ability to obtain funding at times, in amounts, for tenors and at rates that enable it to efficiently support its asset base in all market conditions. The UBS AG Group's funding sources have generally been stable, but could change in the future because of, among other things, general market disruptions or widening credit spreads, which could also influence the cost of funding. A substantial part of the UBS AG Group's liquidity and funding requirements are met using short-term unsecured funding sources, including retail and wholesale deposits and the regular issuance of money market securities. A change in the availability of short-term funding could occur quickly.

The addition of loss-absorbing debt as a component of capital requirements, the regulatory requirements to maintain minimum TLAC at UBS AG and at certain of its subsidiaries, as well as the power of resolution authorities to bail in TLAC instruments and other debt obligations, and uncertainty as to how such powers will be exercised, caused and may still cause a further increase in UBS's cost of funding, and could potentially increase the total amount of funding required, in the absence of other changes in its business.

Reductions in UBS AG's credit ratings may adversely affect the market value of the securities and other obligations and increase its funding costs, in particular with regard to funding from wholesale unsecured sources, and could affect the availability of certain kinds of funding. In addition, as experienced in connection with the Moody's Investors Service Ltd. downgrade of UBS AG's long-term debt rating in June 2012, rating downgrades can require UBS AG to post additional collateral or make additional cash payments under trading agreements. UBS AG's credit ratings, together with its capital strength and reputation, also contribute to maintaining client and counterparty confidence, and it is possible that rating changes could influence the performance of some of UBS AG's businesses. The acquisition of the Credit Suisse Group has elevated these risks and may cause these risks to intensify. Upon the close of the acquisition in June 2023, Fitch Ratings Ireland Limited downgraded the Long-Term Issuer Default Ratings (IDRs) of UBS AG to "A+" from "AA–". Fitch Ratings Ltd. also upgraded Credit Suisse AG's Long-Term IDR to "A+" from "BBB+".

The requirement to maintain a liquidity coverage ratio of high-quality liquid assets to estimated stressed short-term net cash outflows, and other similar liquidity and funding requirements, oblige the UBS AG Group to maintain high levels of overall liquidity, limit its ability to optimize interest income and expense, make certain lines of business less attractive and reduce its overall ability to generate profits. The liquidity coverage ratio and net stable funding ratio requirements are intended to ensure that the UBS AG Group is not overly reliant on short-term funding and that it has sufficient long-term funding for illiquid assets. The relevant calculations make assumptions about the relative likelihood and amount of outflows of funding and available sources of additional funding in market-wide and firm-specific stress situations. In an actual stress situation, however, the UBS AG Group's funding outflows could exceed the assumed amounts. Further, UBS AG is subject to increased liquidity requirements related TBTF measures under the direction of FINMA, which became effective on 1 January 2024.

APPENDIX III

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**"; and UBS Group AG (which is the holding company of the Issuer) and its subsidiaries (including the Issuer and its subsidiaries) is referred to herein as "**UBS**", the "**UBS Group**" or the "**Group**") is a regulated bank in Switzerland providing a full range of financial services activities in Switzerland and abroad. The UBS AG Group operates through five business divisions: Global Wealth Management, Personal & Corporate Banking, Asset Management, the Investment Bank and Non-core and Legacy. Group functions are support and control functions that provide services to the UBS AG Group.

On 31 March 2025, the UBS AG consolidated CET1 capital ratio was 14.7%, the CET1 leverage ratio was 4.5%, and the total loss-absorbing capacity ratio was 38.0%.[1] On the same date, invested assets stood at USD 6,153 billion and equity attributable to UBS AG shareholders was USD 96,553 million. As of 31 March 2025, UBS AG Group employed 67,373 people.[2]

The rating agencies S&P Global Ratings Europe Limited ("**S&P**"), Moody's Investors Service Ltd. ("**Moody's**"), and Fitch Ratings Ireland 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 Aa2 from Moody's, and long-term issuer default rating of A+ 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. Moody's 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/firms/credit-rating-agencies. Ratings given by Moody's are endorsed by Moody's Deutschland GmbH, which is established in the EEA and registered under Regulation (EU) No 1060/2009, as 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 Fitch 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 Fitch are endorsed by Standard & Poor's Global Ratings UK Limited and Fitch Ratings Ltd, respectively, which are established in the UK and registered under

[1] All figures based on the Swiss systemically relevant bank framework. Refer to the "Capital management" section of the Annual Report 2024 and the First Quarter 2025 Report for more information.
[2] Full-time equivalents.

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. 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. On 31 May 2024, Credit Suisse AG merged with and into UBS AG.

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 as of 23 April 2024 ("**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, 8001 Zurich, Switzerland, telephone +41 44 234 1111; and Aeschenvorstadt 1, 4051 Basel, Switzerland, telephone +41 61 288 2020.

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 "*Risk, capital, liquidity and funding, and balance sheet*" section of the UBS AG Annual Report 2024 published on 17 March 2025 (the "**Annual Report**").

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 AG operates as a group with five business divisions, and in addition, UBS AG has Group functions as support and control functions that provide services to UBS.

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.

On 12 June 2023, Credit Suisse Group AG merged with and into UBS Group AG (*Absorptionsfusion*), with UBS Group AG becoming the holding company of Credit Suisse AG. UBS merged UBS AG with Credit Suisse AG on 31 May 2024, transitioned to a single US intermediate holding company on 7 June 2024, and merged UBS Switzerland AG with Credit Suisse (Schweiz) AG on 1 July 2024.

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.

UBS AG's interests in subsidiaries and other entities as of 31 December 2024, including interests in significant subsidiaries, are discussed in "Note 28 Interests in subsidiaries and other entities" to UBS AG's consolidated financial statements included in the Annual Report 2024. As a result of the merger of UBS AG with Credit Suisse AG on 31 May 2024, the subsidiaries of Credit Suisse AG have become subsidiaries of UBS AG.

3.2 Principal activities

UBS AG businesses are organised globally into five business divisions: Global Wealth Management, Personal & Corporate Banking, Asset Management, the Investment Bank, and Non-core and Legacy. All five business divisions are supported by Group functions and qualify as reportable segments for the purpose of segment reporting. Each of the business divisions and Group functions are described below. A description of their businesses, organisational structures, products and services and targeted markets can be found under "*Our business*es" in the "*Our business model and environment*" section of the Annual Report 2024 and "Our businesses" in the "UBS business divisions and Group Items" section of the First Quarter 2025 Report.

- *Global Wealth Management* provides financial services, advice and solutions to private wealth clients. Its offering ranges from investment management to estate planning and corporate finance advice, in addition to specific wealth management and banking products and services.
- *Personal & Corporate Banking* serves its private, corporate, and institutional clients' needs, from banking to retirement, financing, investments and strategic transactions, in Switzerland, through its branch network and digital channels.
- *Asset Management* is a global, large-scale and diversified 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.
- *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 offering includes research, 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.

- *Non-core and Legacy* includes positions and businesses not aligned with UBS's long-term strategy and risk appetite. It consists of selected assets and liabilities from the Credit Suisse business divisions, as well as residual assets and liabilities from UBS's former Non-core and Legacy Portfolio that preceded the acquisition of the Credit Suisse Group and smaller amounts of assets and liabilities of UBS's business divisions that have been assessed as not strategic in light of that acquisition.
- *Group functions are support and control functions that provide services to the Group. Virtually all costs incurred by the Group functions are allocated to the business divisions, leaving a residual amount that UBS refers to as Group Items in its segment reporting. Group functions* includes the following major areas: Group Services (which consists of the Group Operations and Technology Office, Group Compliance, Regulatory & Governance, Group Finance, Group Risk Control, Group Human Resources and Corporate Services, Communications & Branding, Group Legal, the Group Integration Office, Group Sustainability and Impact, and the Chief Strategy Office) and Group Treasury.

3.3 Competition

The financial services industry is characterised by intense competition, continuous innovation, restrictive, detailed, and sometimes fragmented regulation and ongoing consolidation. UBS AG faces competition at the level of local markets and individual business lines, and from global financial institutions that are comparable to UBS AG 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 2024 and 31 December 2023 from the Annual Report 2024. The selected consolidated financial information included in the table below for the quarters ended 31 March 2025 and 31 March 2024 was derived from the UBS AG First Quarter 2025 Report.

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 2024 and 2023 which is indicated as being unaudited in the table below was included in the Annual Report 2024 but has not been audited on the basis that the respective disclosures are not required under IFRS Accounting Standards, and therefore are not part of the audited financial statements. Prospective investors should read the whole of this document, the Annual Report 2024 and the UBS AG First Quarter 2025 Report and should not rely solely on the summarized information set out below.

	As of or for the quarter ended		As of or for the year ended	
USD million, except where indicated	31.3.25	31.3.24	31.12.24	31.12.23
	unaudited		*audited, except where indicated*	

Results				
Income Statement*				
Total revenues	12,163	9,108	42,323	33,675
Net interest income	1,328	806	4,678	4,566
Other net income from financial instruments measured at fair value through profit or loss	3,924	2,945	12,959	9,934
Net fee and commission income	6,630	5,148	23,438	18,610
Other income	281	209	1,248	566
Credit loss expense / (release)	124	52	544	143
Operating expenses	10,701	7,677	39,346	29,011
Operating profit / (loss) before tax	1,339	1,379	2,433	4,521
Net profit / (loss) attributable to shareholders	1,028	1,006	1,481	3,290
Balance sheet*				
Total assets	1,547,489		1,568,060	1,156,016
of which: Loans and advances to customers	603,233		587,347	405,633
Total financial liabilities measured at amortized cost	1,051,412		1,054,796	762,840
of which: customer deposits	747,452		749,476	555,673
of which: debt issued measured at amortized cost	98,259		101,104	69,784
of which: subordinated debt	676		689	3,008
Total financial liabilities measured at fair value through profit or loss	385,436		401,555	328,401
of which: debt issued designated at fair value	107,393		102,567	86,341
Total liabilities	1,450,367		1,473,394	1,100,448
Total equity	97,123		94,666	55,569
of which: Equity attributable to shareholders	96,553		94,003	55,234
Profitability and growth*				
Return on equity (%) [1]	4.3	7.3	1.9**	6.0**
Return on tangible equity (%) [2]	4.6	8.2	2.0**	6.7**
Return on common equity tier 1 capital (%) [3]	5.7	9.1	2.2**	7.6**
Return on leverage ratio denominator, gross (%) [4]	3.1	3.3	3.0**	3.2**
Cost / income ratio (%) [5]	88.0	84.3	93.0**	86.2**
Net profit growth (%) [6]	2.2	0.2	(55.0)**	(53.6)**
Resources*				
Common equity tier 1 capital [7]	70,756	43,863	73,792	44,130

Risk-weighted assets [7]	481,539	328,732	495,110**	333,979**
Common equity tier 1 capital ratio (%) [7]	14.7	13.3	14.9**	13.2**
Going concern capital ratio (%) [7]	18.5	17.7	18.1**	17.0**
Total loss-absorbing capacity ratio (%) [7]	38.0	34.3	36.7**	33.3**
Leverage ratio denominator [7]	1,565,845	1,078,591	1,523,277**	1,104,408 **
Common equity tier 1 leverage ratio (%) [7]	4.5	4.1	4.8**	4.0**
Liquidity coverage ratio (%) [8]	180.3	191.4	186.1**	189.7**
Net stable funding ratio (%)	122.8	121.6	124.1**	119.6**
Other*				
Invested assets (USD billion) [9]	6,153	4,672	6,087	4,505
Personnel (full-time equivalents)	67,373	47,635	68,982**	47,590**

* Comparability: comparative information in this table is presented as follows. Profit and loss information and other flow-based information for the first quarter of 2025 and the fourth quarter of 2024 is based entirely on consolidated data following the merger of UBS AG and Credit Suisse AG. Profit and loss information and other flow-based information for the first quarter of 2024 includes pre-merger UBS AG data only. Balance sheet information as at 31 March 2025 and 31 December 2024 includes post-merger consolidated information. Balance sheet dates prior to 30 June 2024 reflect pre-merger UBS AG information only.
** unaudited

[1] Calculated as annualized net profit attributable to shareholders divided by average equity attributable to shareholders. This measure provides information about the profitability of the business in relation to equity.
[2] Calculated as annualized net profit attributable to shareholders 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.
[3] Calculated as annualized net profit attributable to shareholders 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.
[4] Calculated as annualized total revenues divided by average leverage ratio denominator. This measure provides information about the revenues of the business in relation to the leverage ratio denominator.
[5] Calculated as operating expenses divided by total revenues. This measure provides information about the efficiency of the business by comparing operating expenses with gross income.
[6] Calculated as the 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 the comparison period. This measure provides information about profit growth since the comparison period.
[7] Based on the Swiss systemically relevant bank framework. Refer to the “Capital management” section of the First Quarter 2025 Report for more information.
[8] The disclosed ratios represent averages for the fourth quarter of each year presented, which were calculated based on an average of 62 data points for the first quarter of 2025, 64 data points in the fourth quarter of 2024 and 61 data points for the first quarter of 2024. Refer to the “Liquidity and funding management” section of the First Quarter 2025l Report for more information.
[9] Consists of invested assets for Global Wealth Management, Asset Management (including invested assets from associates) and Personal & Corporate Banking. Refer to “Note 31 Invested assets and net new money” in the “Consolidated financial statements” section of the Annual Report 2024 report for more information.

3.4.2 Regulatory, legal and other developments

Refer to "*Recent Developments*" in the First Quarter 2025 Report, as well as to "*Our environment*" and "*Regulatory and legal developments*" in the Annual Report 2024, for information on key regulatory, legal and other developments.

3.5 Trend Information

For information on trends, refer to "Recent Developments" and to 'Outlook' in the First Quarter 2025 Report, as well as to "*Our environment*", and "*Top and emerging risks*" in the "*Risk management and control*" section and to "*Regulatory and legal developments*" of the Annual Report 2024. In addition, please refer to the section "*Risk factors*" in the Annual Report 2024 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 non-US company 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 of UBS AG ("**BoD**") exercises ultimate supervision over management, whereas the Executive Board of UBS AG ("**EB**"), headed by the President of the Executive Board ("**President of the EB**"), has executive management responsibility for UBS AG and its business. The functions of Chairman of the BoD and President of the EB are assigned to two different people, leading to 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.

Member	Title	Term of office	Current principal activities outside UBS AG
Colm Kelleher	Chairman	2026	Chairman of the Board of Directors of UBS Group AG; member of the Board of Directors of the Bretton Woods Committee; member of the Board of the Swiss Finance Council; member of the Board of the International Monetary Conference; member of the Board of the Bank Policy Institute; member of the Board of Americans for Oxford; Visiting Professor of Banking and Finance, Loughborough Business School; member of the European Financial Services Round Table; member of the European Banking Group; member of the International Advisory Council of the China Securities

			Regulatory Commission; member of the Chief Executive's Advisory Council (Hong Kong).
Lukas Gähwiler	Vice Chairman	2026	Vice Chairman of the Board of Directors of UBS Group AG; Vice Chairman of the Board of Directors of Pilatus Aircraft Ltd; member of the Board of Directors of Ringier AG; member of the Board and Board Committee of economiesuisse; Chairman of the Employers Association of Banks in Switzerland; member of the Board of Directors of the Swiss Employers Association; member of the Board of Directors and the Board of Directors Committee of the Swiss Bankers Association; member of the Board of the Swiss Finance Council; member of the Board of Trustees of Avenir Suisse.
Jeremy Anderson	Member	2026	Senior Independent Director of the Board of Directors of UBS Group AG; member of the Board of Prudential plc (Chair of the Risk Committee); Chairman of Lamb’s Passage Holding Ltd; member of the Board of Directors of Credit Suisse International; Trustee of the UK's Productivity Leadership Group.
William C. Dudley	Member	2026	Member of the Board of Directors of UBS Group AG; member of the Advisory Board of Suade Labs; 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; Chairman of the Bretton Woods Committee Board of Directors; member of the Board of the Council for Economic Education.
Patrick Firmenich	Member	2026	Member of the Board of Directors of UBS Group AG; Vice Chairman of the Board of dsm-firmenich (Chair of the Governance and Nomination Committee); member of the Board of INSEAD and INSEAD World Foundation; member of the Advisory Council of the Swiss Board Institute.
Fred Hu	Member	2026	Member of the Board of Directors of UBS Group AG; founder, Chairman and CEO of Primavera Capital Group; Non-Executive Chairman of the Board of Yum China Holdings (Chair of the Nomination and Governance Committee); member of the Board of Chubb Limited; Chairman of Primavera Capital Ltd; Trustee of the China Medical Board; Co-Chairman of the Nature Conservancy Asia Pacific Council; member of the Board of Trustees of the Institute for Advanced Study.
Mark Hughes	Member	2026	Member of the Board of Directors of UBS Group AG; Chair of the Board of Directors of the Global Risk Institute; Senior Advisor to McKinsey & Company.
Renata Jungo Brüngger	Member	2026	Member of the Board of Directors of UBS Group AG; member of the Supervisory Board of Daimler Truck Holding AG; member of the Supervisory Board of Daimler Truck AG; member of the Supervisory Board of Munich Re (Chair of Remuneration Committee); member of the Board of Trustees of Internationale Bachakademie Stuttgart; member of the Board of Trustees of Gesellschaft der Freunde von Bayreuth e. V. (Friends of Bayreuth.
Gail Kelly	Member	2026	Member of the Board of Directors of UBS Group AG; member of the Board of Singtel Communications (Chairperson of the Executive Resource and Compensation); member of the Group of Thirty; member of the Board of Directors of the Bretton Woods Committee; member of the Board of Directors of the Australia Philanthropic Services; member of the Australian American Leadership Dialogue Advisory Board; senior advisor to McKinsey & Company.

Julie G. Richardson	Member	2026	Member of the Board of Directors of UBS Group AG; member of the board of BXP; member of the board of Datadog (Chair of the Audit Committee); member of the Board of Fivetran; member of the Board of Coalition, Inc.
Lila Tretikov	Member	2026	Member of the Board of Directors of UBS Group AG; member of the Board of Volvo Car Corporation; member of the Board of Xylem Inc.; member of the Board of Zendesk Inc.; member of the Advisory Board of Affinidi; member of the Board of Backflip; member of the Advisory Board of Capgemini SE.
Jeanette Wong	Member	2026	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 of GIC Pte Ltd; member of the Board of PSA International; member of the board of Pavilion Capital Holdings Pte Ltd; 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.

Member and business address	Function	Current principal activities outside UBS AG
Sergio P. Ermotti UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland	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 Ermenegildo Zegna N.V. (Lead Non-Executive Director); member of the Board of Società Editrice del Corriere del Ticino SA; member of the Board of Innosuisse – Swiss Innovation Agency; member of Institut International D'Etudes Bancaires; member of the WEF International Business Council and Governor of the Financial Services / Banking Community; member of the MAS International Advisory Panel; member of the Board of the Institute of International Finance; member of the Board of the Swiss-American Chamber of Commerce.
George Athanasopoulos UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland	Co-President Investment Bank	Member of the Group Executive Board and Co-President Investment Bank of UBS Group AG.
Michelle Bereaux UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland	Integration Officer	Member of the Group Executive Board and Group Integration Officer of UBS Group AG.

Mike Dargan UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland	Chief Operations and Technology Officer	Member of the Group Executive Board and Group Chief Operations and Technology Officer of UBS Group AG; President of the Executive Board and board member of UBS Business Solutions AG; member of the Board of Directors and President of the Executive Board of Credit Suisse Services AG; member of the Board of UBS Optimus Foundation; member of the Advisory Board of SCION Association.
Aleksandar Ivanovic UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland	President Asset Management	Member of the Group Executive Board and President Asset Management of UBS Group AG; Chairman of UBS Asset Management AG; Chairman of UBS Asset Management Switzerland AG.
Robert Karofsky UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland	President UBS Americas and Co-President Global Wealth Management	Member of the Group Executive Board and President UBS Americas and Co-President Global Wealth Management; member of the board of UBS Americas Holding LLC; member of the board of UBS Optimus Foundation.
Iqbal Khan UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland	Co-President Global Wealth Management and President UBS Asia Pacific	Member of the Group Executive Board and Co-President Global Wealth Management of UBS Group AG, President UBS Asia Pacific of UBS Group AG; member of the Board of UBS Optimus Foundation.
Barbara Levi UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland	General Counsel	Member of the Group Executive Board and Group General Counsel of UBS Group AG; member of the Board of Directors of the European General Counsel Association; member of the Legal Committee of the Swiss-American Chamber of Commerce.
Beatriz Martin Jimenez UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland	Head Non-Core and Legacy and President UBS Europe, Middle East and Africa	Member of the Group Executive Board, Head Non-Core and Legacy 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 Directors of Credit Suisse International; Chair of the Board of UBS Optimus Foundation.
Markus Ronner UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland	Chief Compliance and Governance Officer	Member of the Group Executive Board and Group Chief Compliance and Governance Officer of UBS Group AG.
Stefan Seiler UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland	Head Human Resources & Corporate Services	Member of the Group Executive Board and Head Group Human Resources & Corporate Services of UBS Group AG; member of the Foundation Board of the Pension Fund of UBS; member of the UBS Optimus Foundation Board; member of the UBS Center for Economics in Society at the University of Zurich Foundation Council; chairman of the Foundation Board of the Swiss Finance Institute; member of the IMD

		Foundation Board; Adjunct Professor for Leadership and Strategic Human Resource Management, Nanyang Technological University (NTU) Singapore.
Todd Tuckner UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland	Chief Financial Officer	Member of the Group Executive Board and Group Chief Financial Officer of UBS Group AG.
Marco Valla UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland	Co-President Investment Bank	Member of the Group Executive Board and Co-President Investment Bank of UBS Group AG; member of the Board of Directors of Good Shepherd Services; member of the Board of the Mount Sinai Department of Urology.
Damian Vogel UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland	Chief Risk Officer	Member of the Group Executive Board and Chief Risk Officer for UBS Group AG; member of the Board of UBS Switzerland AG; member of the Foundation Board of the International Financial Risk Institute (IFRI).

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 on 23 April 2024 and 8 April 2025, Ernst & Young Ltd., Aeschengraben 27, 4051 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 years 2024 and 2023 is available in the section " *Consolidated financial statements*" of the Annual Report 2024 and in UBS AG's standalone financial statements for the year ended 31 December 2024 (the "**Standalone Financial Statements 2024**"). 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 the IFRS Accounting 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 Items. 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 2024 and 2023 were audited by Ernst & Young. The reports of the auditors on the consolidated financial statements can be found on pages 137 and following of the Annual Report 2024. The reports of the auditors on the standalone financial statements of UBS AG can be found on pages 1-7 (inclusive) of the Standalone Financial Statements 2024.

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 2023 and 31 December 2024.

7.3 Interim Financial Information

Reference is also made to the First Quarter 2025 Report, which contains information on the financial condition and results of operations, including the interim financial statements of UBS AG consolidated as of and for the quarter ended 31 March 2025. The interim consolidated financial statements of UBS AG are not audited.

7.4 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 16 Provisions and contingent liabilities*" to the consolidated financial statements of UBS AG for the quarter ended 31 March 2025 in the First Quarter 2025 Report. 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.

7.5 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.

7.6 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 March 2025.

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 USD 385,840,846.60, divided into 3,858,408,466 registered shares with a par value of USD 0.10 each (article 4); (ii) conditional capital in the amount of USD 38,000,000, comprising 380,000,000 registered shares with a par value of USD 0.10 each that can be issued upon the voluntary or mandatory exercise of conversion rights and/or warrants (article 4a); and (iii) conversion capital in the amount of USD 70,000,000 through the issuance of a maximum of 700,000,000 registered shares with a par value of USD 0.10 each, through the mandatory conversion of claims arising upon the occurrence of one or more trigger events under financial market instruments with contingent conversion features (article 4b).

9. Documents Available

The most recent Articles of Association of UBS AG are available on UBS's Corporate Governance website, at https://www.ubs.com/global/en/our-firm/governance/ubs-ag/articles-of-association.html. 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 IV

EXTRACT OF
THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF
UBS AG AND ITS SUBSIDIARIES
FOR THE FIRST QUARTER ENDED 31 MARCH 2025

UBS AG interim consolidated financial statements (unaudited)

Income statement

		For the quarter ended		
USD m	Note	31.3.25	31.12.24	31.3.24
Interest income from financial instruments measured at amortized cost and fair value through other comprehensive income	4	6,643	7,501	6,240
Interest expense from financial instruments measured at amortized cost	4	(6,909)	(7,793)	(6,052)
Net interest income from financial instruments measured at fair value through profit or loss and other	4	1,594	1,882	618
Net interest income	4	1,328	1,590	806
Other net income from financial instruments measured at fair value through profit or loss		3,924	3,150	2,945
Fee and commission income	5	7,280	7,024	5,607
Fee and commission expense	5	(650)	(670)	(458)
Net fee and commission income	5	6,630	6,354	5,148
Other income	6	281	223	209
Total revenues		12,163	11,317	9,108
Credit loss expense / (release)	9	124	241	52
Personnel expenses	7	5,910	5,212	4,161
General and administrative expenses	8	4,077	4,964	2,985
Depreciation, amortization and impairment of non-financial assets		714	840	531
Operating expenses		10,701	11,017	7,677
Operating profit / (loss) before tax		1,339	59	1,379
Tax expense / (benefit)		303	313	366
Net profit / (loss)		1,035	(254)	1,014
Net profit / (loss) attributable to non-controlling interests		7	2	8
Net profit / (loss) attributable to shareholders		1,028	(257)	1,006

Statement of comprehensive income

	For the quarter ended		
USD m	31.3.25	31.12.24	31.3.24
Comprehensive income attributable to shareholders[1]			
Net profit / (loss)	1,028	(257)	1,006
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	1,307	(3,416)	(1,565)
Effective portion of changes in fair value of hedging instruments designated as net investment hedges, before tax	(511)	1,463	807
Foreign currency translation differences on foreign operations reclassified to the income statement	0	11	0
Effective portion of changes in fair value of hedging instruments designated as net investment hedges reclassified to the income statement	0	(12)	1
Income tax relating to foreign currency translations, including the effect of net investment hedges	(2)	3	13
Subtotal foreign currency translation, net of tax	794	(1,951)	(744)
Financial assets measured at fair value through other comprehensive income			
Net unrealized gains / (losses), before tax	(3)	(1)	(1)
Net realized (gains) / losses reclassified to the income statement from equity	0	0	0
Income tax relating to net unrealized gains / (losses)	0	0	0
Subtotal financial assets measured at fair value through other comprehensive income, net of tax	(3)	(1)	(1)
Cash flow hedges of interest rate risk			
Effective portion of changes in fair value of derivative instruments designated as cash flow hedges, before tax	349	(1,367)	(1,076)
Net (gains) / losses reclassified to the income statement from equity	322	400	492
Income tax relating to cash flow hedges	(125)	181	117
Subtotal cash flow hedges, net of tax	545	(785)	(467)
Cost of hedging			
Cost of hedging, before tax	20	(53)	(6)
Income tax relating to cost of hedging	0	0	0
Subtotal cost of hedging, net of tax	20	(53)	(6)
Total other comprehensive income that may be reclassified to the income statement, net of tax	1,356	(2,790)	(1,219)
Other comprehensive income that will not be reclassified to the income statement			
Defined benefit plans			
Gains / (losses) on defined benefit plans, before tax	18	(56)	36
Income tax relating to defined benefit plans	0	20	(8)
Subtotal defined benefit plans, net of tax	19	(37)	28
Own credit on financial liabilities designated at fair value			
Gains / (losses) from own credit on financial liabilities designated at fair value, before tax	233	145	19
Income tax relating to own credit on financial liabilities designated at fair value	(1)	(2)	0
Subtotal own credit on financial liabilities designated at fair value, net of tax	233	144	19
Total other comprehensive income that will not be reclassified to the income statement, net of tax	251	107	47
Total other comprehensive income	1,607	(2,684)	(1,171)
Total comprehensive income attributable to shareholders	2,635	(2,940)	(166)
Comprehensive income attributable to non-controlling interests			
Net profit / (loss)	7	2	8
Total other comprehensive income that will not be reclassified to the income statement, net of tax	15	(37)	(12)
Total comprehensive income attributable to non-controlling interests	22	(35)	(4)
Total comprehensive income			
Net profit / (loss)	1,035	(254)	1,014
Other comprehensive income	1,622	(2,721)	(1,183)
of which: other comprehensive income that may be reclassified to the income statement	*1,356*	*(2,790)*	*(1,219)*
of which: other comprehensive income that will not be reclassified to the income statement	*266*	*70*	*36*
Total comprehensive income	2,657	(2,975)	(169)

1 Refer to the "UBS AG consolidated performance" section of this report for more information.

Balance sheet

USD m	Note	31.3.25	31.12.24
Assets			
Cash and balances at central banks		231,370	223,329
Amounts due from banks		20,285	18,111
Receivables from securities financing transactions measured at amortized cost		101,784	118,302
Cash collateral receivables on derivative instruments	11	38,994	43,959
Loans and advances to customers	9	603,233	587,347
Other financial assets measured at amortized cost	12	66,864	59,279
Total financial assets measured at amortized cost		1,062,530	1,050,326
Financial assets at fair value held for trading	10	165,437	159,223
of which: assets pledged as collateral that may be sold or repledged by counterparties		*48,262*	*38,532*
Derivative financial instruments	10, 11	138,620	186,435
Brokerage receivables	10	28,747	25,858
Financial assets at fair value not held for trading	10	102,075	95,203
Total financial assets measured at fair value through profit or loss		434,879	466,719
Financial assets measured at fair value through other comprehensive income	10	3,216	2,195
Investments in associates		2,495	2,306
Property, equipment and software		12,024	12,091
Goodwill and intangible assets		6,691	6,661
Deferred tax assets		10,519	10,481
Other non-financial assets	12	15,134	17,282
Total assets		1,547,489	1,568,060
Liabilities			
Amounts due to banks		27,794	23,347
Payables from securities financing transactions measured at amortized cost		14,992	14,824
Cash collateral payables on derivative instruments	11	32,037	36,366
Customer deposits		747,452	749,476
Funding from UBS Group AG measured at amortized cost	13	111,457	107,918
Debt issued measured at amortized cost	15	98,259	101,104
Other financial liabilities measured at amortized cost	12	19,421	21,762
Total financial liabilities measured at amortized cost		1,051,412	1,054,796
Financial liabilities at fair value held for trading	10	43,099	35,247
Derivative financial instruments	10, 11	142,230	180,678
Brokerage payables designated at fair value	10	59,921	49,023
Debt issued designated at fair value	10, 14	107,393	102,567
Other financial liabilities designated at fair value	10, 12	32,792	34,041
Total financial liabilities measured at fair value through profit or loss		385,436	401,555
Provisions	16	5,495	5,131
Other non-financial liabilities	12	8,024	11,911
Total liabilities		1,450,367	1,473,394
Equity			
Share capital		386	386
Share premium		84,693	84,777
Retained earnings		9,128	7,838
Other comprehensive income recognized directly in equity, net of tax		2,346	1,002
Equity attributable to shareholders		96,553	94,003
Equity attributable to non-controlling interests		569	662
Total equity		97,123	94,666
Total liabilities and equity		1,547,489	1,568,060

Statement of changes in equity

USD m	Share capital and share premium	Retained earnings	OCI recognized directly in equity, net of tax[1]	*of which: foreign currency translation*	*of which: cash flow hedges*	Total equity attributable to shareholders
Balance as of 1 January 2025[2]	85,163	7,838	1,002	*3,686*	*(2,585)*	94,003
Premium on shares issued and warrants exercised	0					0
Tax (expense) / benefit	9					9
Translation effects recognized directly in retained earnings		12	(12)		*(12)*	0
Share of changes in retained earnings of associates and joint ventures		(2)				(2)
New consolidations / (deconsolidations) and other increases / (decreases)	(92)	0				(92)
Total comprehensive income for the period		1,279	1,356	*794*	*545*	2,635
of which: net profit / (loss)		*1,028*				*1,028*
of which: OCI, net of tax		*251*	*1,356*	*794*	*545*	*1,607*
Balance as of 31 March 2025[2]	85,079	9,128	2,346	*4,480*	*(2,051)*	96,553
Non-controlling interests as of 31 March 2025						569
Total equity as of 31 March 2025						97,123
Balance as of 1 January 2024[2]	25,024	28,235	1,974	*4,947*	*(2,961)*	55,234
Premium on shares issued and warrants exercised	0					0
Tax (expense) / benefit	5					5
Translation effects recognized directly in retained earnings		(60)	60		*60*	0
Share of changes in retained earnings of associates and joint ventures		(1)				(1)
New consolidations / (deconsolidations) and other increases / (decreases)	(26)					(26)
Total comprehensive income for the period		1,053	(1,219)	*(744)*	*(467)*	(166)
of which: net profit / (loss)		*1,006*				*1,006*
of which: OCI, net of tax		*47*	*(1,219)*	*(744)*	*(467)*	*(1,171)*
Balance as of 31 March 2024[2]	25,003	29,228	815	*4,203*	*(3,368)*	55,046
Non-controlling interests as of 31 March 2024						317
Total equity as of 31 March 2024						55,363

1 Excludes other comprehensive income related to defined benefit plans and own credit that is recorded directly in Retained earnings. 2 Excludes non-controlling interests.

Statement of cash flows

	Year-to-date	
USD m	31.3.25	31.3.24
Cash flow from / (used in) operating activities		
Net profit / (loss)	1,035	1,014
Non-cash items included in net profit and other adjustments		
Depreciation, amortization and impairment of non-financial assets	714	531
Credit loss expense / (release)	124	52
Share of net (profit) / loss of associates and joint ventures and impairment related to associates	(136)	(15)
Deferred tax expense / (benefit)	(128)	(72)
Net loss / (gain) from investing activities	(123)	105
Net loss / (gain) from financing activities	1,942	(2,371)
Other net adjustments[1]	(7,432)	10,212
Net change in operating assets and liabilities[1]		
Amounts due from banks and amounts due to banks	4,245	17,620
Receivables from securities financing transactions measured at amortized cost	18,365	(1,242)
Payables from securities financing transactions measured at amortized cost	670	74
Cash collateral on derivative instruments	733	(6,031)
Loans and advances to customers	(4,143)	(1,380)
Customer deposits	(14,668)	(3,041)
Financial assets and liabilities at fair value held for trading and derivative financial instruments	14,468	(12,477)
Brokerage receivables and payables	7,897	2,400
Financial assets at fair value not held for trading and other financial assets and liabilities	(9,730)	(534)
Provisions and other non-financial assets and liabilities	(1,932)	(1,728)
Income taxes paid, net of refunds	(189)	(479)
Net cash flow from / (used in) operating activities	11,710[2]	2,638
Cash flow from / (used in) investing activities		
Disposal of subsidiaries, business, associates and intangible assets	354[3]	
Purchase of property, equipment and software	(425)	(292)
Disposal of property, equipment and software	26	0
Purchase of financial assets measured at fair value through other comprehensive income	(2,149)	(520)
Disposal and redemption of financial assets measured at fair value through other comprehensive income	1,151	1,070
Purchase of debt securities measured at amortized cost	(7,871)	(850)
Disposal and redemption of debt securities measured at amortized cost	1,883	2,002
Net cash flow from / (used in) investing activities	(7,031)	1,409
Cash flow from / (used in) financing activities		
Net issuance (repayment) of short-term debt measured at amortized cost	(507)	(4,657)
Issuance of debt designated at fair value and long-term debt measured at amortized cost[4]	35,185	29,798
Repayment of debt designated at fair value and long-term debt measured at amortized cost[4]	(33,063)	(28,918)
Inflows from securities financing transactions measured at amortized cost[5]	565	1,000
Outflows from securities financing transactions measured at amortized cost[5]	(1,285)	
Net cash flows from other financing activities	(316)	(128)
Net cash flow from / (used in) financing activities	580	(2,905)
Total cash flow		
Cash and cash equivalents at the beginning of the period	243,359	190,469
Net cash flow from / (used in) operating, investing and financing activities	5,259	1,143
Effects of exchange rate differences on cash and cash equivalents[1]	5,035	(7,708)
Cash and cash equivalents at the end of the period[6]	253,653	183,903
of which: cash and balances at central banks[6]	*231,370*	*163,378*
of which: amounts due from banks[6]	*18,768*	*12,836*
of which: money market paper[6,7]	*3,515*	*7,689*
Additional information		
Net cash flow from / (used in) operating activities includes:		
Interest received in cash	10,820	9,596
Interest paid in cash	10,505	8,602
Dividends on equity investments, investment funds and associates received in cash	734	582

1 Foreign currency translation and foreign exchange effects on operating assets and liabilities and on cash and cash equivalents are presented within the Other net adjustments line, with the exception of foreign currency hedge effects related to foreign exchange swaps, which are presented on the line Financial assets and liabilities at fair value held for trading and derivative financial instruments. 2 Includes cash receipts from the sale of loans and loan commitments of USD 330m within Non-core and Legacy. 3 Includes cash proceeds net of cash and cash equivalents disposed from the sale of the US mortgage servicing business of Credit Suisse, Select Portfolio Servicing, which was managed in Non-core and Legacy. Refer to "Note 29 Changes in organization and acquisitions and disposals of subsidiaries and businesses" in the "Consolidated financial statements" section of the UBS AG Annual Report 2024 for more information. 4 Includes funding from UBS Group AG measured at amortized cost (recognized on the balance sheet in Funding from UBS Group AG measured at amortized cost) and measured at fair value (recognized on the balance sheet in Other financial liabilities designated at fair value). 5 Reflects cash flows from securities financing transactions measured at amortized cost that use UBS debt instruments as the underlying. 6 Includes only balances with an original maturity of three months or less. 7 Money market paper is included in the balance sheet under Financial assets at fair value not held for trading (31 March 2025: USD 2,874m; 31 March 2024: USD 6,854m), Other financial assets measured at amortized cost (31 March 2025: USD 395m; 31 March 2024: USD 170m), Financial assets measured at fair value through other comprehensive income (31 March 2025: USD 0m; 31 March 2024: USD 420m) and Financial assets at fair value held for trading (31 March 2025: USD 246m; 31 March 2024: USD 245m).

Notes to the UBS AG interim consolidated financial statements (unaudited)

Note 1 Basis of accounting

Basis of preparation

The consolidated financial statements (the financial statements) of UBS AG and its subsidiaries (together, UBS AG) are prepared in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board (the IASB), and are presented in US dollars. These interim financial statements are prepared in accordance with IAS 34, *Interim Financial Reporting*.

In preparing these interim financial statements, the same accounting policies and methods of computation have been applied as in the UBS AG consolidated annual financial statements for the period ended 31 December 2024. These interim financial statements are unaudited and should be read in conjunction with UBS AG's audited consolidated financial statements in the UBS AG Annual Report 2024 and the "Management report" sections of this report, including the disclosures in the "Recent developments" section of this report regarding the sale of Select Portfolio Servicing, the US mortgage servicing business of Credit Suisse, and the transactions related to Swisscard. In the opinion of management, all necessary adjustments have been made for a fair presentation of UBS AG's financial position, results of operations and cash flows.

Preparation of these interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities. These estimates and assumptions are based on the best available information. Actual results in the future could differ from such estimates and differences may be material to the financial statements. Revisions to estimates, based on regular reviews, are recognized in the period in which they occur. For more information about areas of estimation uncertainty that are considered to require critical judgment, refer to Note 2, as well as "Note 1a Material accounting policies" in the "Consolidated financial statements" section of the UBS AG Annual Report 2024.

Currency translation rates

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

Currency translation rates

	Closing exchange rate			Average rate[1]		
	As of			For the quarter ended		
	31.3.25	31.12.24	31.3.24	31.3.25	31.12.24	31.3.24
1 CHF	1.13	1.10	1.11	1.11	1.13	1.13
1 EUR	1.08	1.04	1.08	1.05	1.06	1.08
1 GBP	1.29	1.25	1.26	1.26	1.27	1.26
100 JPY	0.67	0.63	0.66	0.66	0.65	0.67

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 represent an average of three month-end rates, weighted according to the income and expense volumes of all operations of UBS AG with the same functional currency for each month. Weighted average rates for individual business divisions may deviate from the weighted average rates for UBS AG.

Note 2 Accounting for the merger of UBS AG and Credit Suisse AG

Merger of UBS AG and Credit Suisse AG

The merger of UBS AG and Credit Suisse AG effected on 31 May 2024 with no consideration payable by UBS AG constituted a business combination under common control. For details of the accounting for the merger, including accounting policies applicable to business combinations under common control, refer to "Note 1a Material accounting policies" and "Note 2 Accounting for the merger of UBS AG and Credit Suisse AG" in the "Consolidated financial statements" section of the UBS AG Annual Report 2024.

Comparability

The income statement, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the first quarter of 2025 and the income statement and the statement of comprehensive income for the fourth quarter of 2024 are based entirely on consolidated data following the merger of UBS AG and Credit Suisse AG. The income statement, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the first quarter of 2024 include pre-merger UBS AG data only.

Balance sheet information as of 31 March 2025 and 31 December 2024 includes post-merger consolidated information.

Note 3 Segment reporting

UBS AG's business divisions are organized globally into five business divisions: Global Wealth Management, Personal & Corporate Banking, Asset Management, the Investment Bank and Non-core and Legacy. All five business divisions are supported by Group Items and qualify as reportable segments for the purpose of segment reporting. Together with Group Items they reflect the management structure of UBS AG.

› **Refer to the "Consolidated financial statements" section of the UBS AG Annual Report 2024 for more information about UBS AG's reporting segments.**

Segment reporting

USD m	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Non-core and Legacy	Group Items	UBS AG
For the quarter ended 31 March 2025							
Net interest income	1,589	1,059	(15)	(885)	(35)	(385)	1,328
Non-interest income	4,703	946	756	3,938	155	338	10,836
Total revenues	6,293	2,005	741	3,052	119	(46)	12,163
Credit loss expense / (release)	8	58	0	49	10	(1)	124
Operating expenses	5,069	1,526	603	2,455	748	299	10,701
Operating profit / (loss) before tax	**1,216**	**421**	**137**	**548**	**(639)**	**(344)**	**1,339**
Tax expense / (benefit)							303
Net profit / (loss)							**1,035**
As of 31 March 2025							
Total assets	**557,012**	**445,289**	**22,590**	**455,886**	**47,829**	**18,884**	**1,547,489**

USD m	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Non-core and Legacy	Group Functions	UBS AG
For the quarter ended 31 March 2024							
Net interest income	1,204	772	(14)	(797)	14	(374)	806
Non-interest income	3,714	606	523	3,184	7	268	8,302
Total revenues	4,918	1,378	509	2,388	21	(106)	9,108
Credit loss expense / (release)	9	10	0	32	0	1	52
Operating expenses	3,975	809	459	2,083	138	212	7,677
Operating profit / (loss) before tax	**935**	**558**	**50**	**272**	**(118)**	**(319)**	**1,379**
Tax expense / (benefit)							366
Net profit / (loss)							**1,014**
As of 31 December 2024							
Total assets	**560,194**	**449,224**	**22,291**	**453,078**	**67,696**	**15,577**	**1,568,060**

Note 4 Net interest income

Net interest income

	For the quarter ended		
USD m	31.3.25	31.12.24	31.3.24
Interest income from loans and deposits[1]	5,767	6,623	5,438
Interest income from securities financing transactions measured at amortized cost[2]	839	822	988
Interest income from other financial instruments measured at amortized cost	360	350	323
Interest income from debt instruments measured at fair value through other comprehensive income	27	24	27
Interest income from derivative instruments designated as cash flow hedges	(351)	(318)	(537)
Total interest income from financial instruments measured at amortized cost and fair value through other comprehensive income	6,643	7,501	6,240
Interest expense on loans and deposits[3]	5,558	6,697	4,836
Interest expense on securities financing transactions measured at amortized cost[4]	418	464	407
Interest expense on debt issued	899	592	787
Interest expense on lease liabilities	35	40	22
Total interest expense from financial instruments measured at amortized cost	6,909	7,793	6,052
Total net interest income from financial instruments measured at amortized cost and fair value through other comprehensive income	(266)	(292)	188
Net interest income from financial instruments measured at fair value through profit or loss and other	1,594	1,882	618
Total net interest income	1,328	1,590	806

1 Consists of interest income from cash and balances at central banks, amounts due from banks, and cash collateral receivables on derivative instruments, as well as negative interest on amounts due to banks, customer deposits, and cash collateral payables on derivative instruments. 2 Includes interest income on receivables from securities financing transactions and negative interest, including fees, on payables from securities financing transactions. 3 Consists of interest expense on amounts due to banks, cash collateral payables on derivative instruments, customer deposits, and funding from UBS Group AG measured at amortized cost, as well as negative interest on cash and balances at central banks, amounts due from banks, and cash collateral receivables on derivative instruments. 4 Includes interest expense on payables from securities financing transactions and negative interest, including fees, on receivables from securities financing transactions.

Note 5 Net fee and commission income

Net fee and commission income

	For the quarter ended		
USD m	31.3.25	31.12.24	31.3.24
Underwriting fees	219	206	224
M&A and corporate finance fees	244	277	234
Brokerage fees	1,376	1,170	1,019
Investment fund fees	1,543	1,558	1,201
Portfolio management and related services	3,102	3,083	2,456
Other	796	729	472
Total fee and commission income[1]	7,280	7,024	5,607
of which: recurring	*4,607*	*4,628*	*3,668*
of which: transaction-based	*2,639*	*2,351*	*1,915*
of which: performance-based	*33*	*45*	*24*
Fee and commission expense	650	670	458
Net fee and commission income	6,630	6,354	5,148

1 Reflects third-party fee and commission income for the first quarter of 2025 of USD 4,429m for Global Wealth Management (fourth quarter of 2024: USD 4,193m; first quarter of 2024: USD 3,506m), USD 735m for Personal & Corporate Banking (fourth quarter of 2024: USD 749m; first quarter of 2024: USD 490m), USD 939m for Asset Management (fourth quarter of 2024: USD 977m; first quarter of 2024: USD 671m), USD 1,134m for the Investment Bank (fourth quarter of 2024: USD 1,009m; first quarter of 2024: USD 940m), USD 15m for Group Items (fourth quarter of 2024: USD 8m; first quarter of 2024: negative USD 3m) and USD 29m for Non-core and Legacy (fourth quarter of 2024: USD 88m; first quarter of 2024: USD 3m).

Note 6 Other income

Other income

	For the quarter ended		
USD m	31.3.25	31.12.24	31.3.24
Associates, joint ventures and subsidiaries			
Net gains / (losses) from acquisitions and disposals of subsidiaries[1]	(13)[2]	13	(1)
Net gains / (losses) from disposals of investments in associates and joint ventures	3	2	0
Share of net profit / (loss) of associates and joint ventures	136[3]	(33)	15
Total	126	(18)	15
Income from properties[4]	3	4	5
Net gains / (losses) from properties held for sale	8	1	0
Income from shared services provided to UBS Group AG or its subsidiaries	167	181	169
Other	(22)	54	20
Total other income	281	223	209

1 Includes foreign exchange gains / (losses) reclassified from other comprehensive income related to the disposal or closure of foreign operations. 2 Includes a loss of USD 11m recognized upon completion of the sale of Select Portfolio Servicing, the US mortgage servicing business of Credit Suisse, which was managed in Non-core and Legacy. Refer to "Note 29 Changes in organization and acquisitions and disposals of subsidiaries and businesses" in the "Consolidated financial statements" section of the UBS AG Annual Report 2024 for more information. 3 Includes a gain of USD 64m related to UBS AG's share of income recorded by Swisscard for the sale of the Credit Suisse card portfolios to UBS AG. Refer to "Note 29 Changes in organization and acquisitions and disposals of subsidiaries and businesses" in the "Consolidated financial statements" section of the UBS AG Annual Report 2024 for more information. 4 Includes rent received from third parties.

Note 7 Personnel expenses

Personnel expenses

	For the quarter ended		
USD m	31.3.25	31.12.24	31.3.24
Salaries and variable compensation[1]	5,129	4,473	3,621
of which: variable compensation – financial advisors[2]	*1,409*	*1,400*	*1,267*
Contractors	37	32	21
Social security	310	286	208
Post-employment benefit plans	257	200	186
Other personnel expenses	176	221	125
Total personnel expenses	**5,910**	**5,212**	**4,161**

1 Includes role-based allowances. 2 Financial advisor compensation consists of cash compensation, determined using a formulaic approach based on production, and deferred awards. It also includes expenses related to compensation commitments with financial advisors entered into at the time of recruitment that are subject to vesting requirements.

Note 8 General and administrative expenses

General and administrative expenses

	For the quarter ended		
USD m	31.3.25	31.12.24	31.3.24
Outsourcing costs	197	262	121
Technology costs	255	286	163
Consulting, legal and audit fees	257	414	202
Real estate and logistics costs	203	245	130
Market data services	152	164	106
Marketing and communication	76	130	66
Travel and entertainment	66	93	54
Litigation, regulatory and similar matters[1]	196	393	8
Other	2,676[2]	2,979	2,137
of which: shared services costs charged by UBS Group AG or its subsidiaries	*2,231*	*2,502*	*1,933*
Total general and administrative expenses	**4,077**	**4,964**	**2,985**

1 Reflects the net increase / (decrease) in provisions for litigation, regulatory and similar matters recognized in the income statement. Refer to Note 16b for more information. 2 Includes a USD 180m expense related to payment to Swisscard for the sale of the Credit Suisse card portfolios to UBS AG. Refer to "Note 29 Changes in organization and acquisitions and disposals of subsidiaries and businesses" in the "Consolidated financial statements" section of the UBS AG Annual Report 2024 for more information.

Note 9 Expected credit loss measurement

a) Credit loss expense / release

Total net credit loss expenses in the first quarter of 2025 were USD 124m, reflecting USD 21m net releases related to performing positions and USD 145m net expenses on credit-impaired positions.

Net expected credit loss (ECL) on performing corporate loans was flat in the first quarter of 2025. Net ECL expenses on defaulted corporate loans were USD 116m, of which USD 52m was in Personal & Corporate Banking, USD 54m in the Investment Bank and USD 10m in Non-core and Legacy.

Net ECL releases on performing real-estate-backed loans were USD 22m in the first quarter of 2025, driven by the substitution of the severe stagflation scenario, primarily by the forecasted lower interest rates curves in the new scenario mix as described below. These net ECL releases included USD 24m of releases in Switzerland and USD 3m of expenses in the US. Net expenses on defaulted real-estate-backed loans were USD 11m and related to three commercial real estate counterparties in the US.

Credit loss expense / (release)

	Performing positions	Credit-impaired positions	
USD m	Stages 1 and 2	Stage 3	Total
For the quarter ended 31.3.25			
Global Wealth Management	(7)	15	8
Personal & Corporate Banking	(8)	66	58
Asset Management	0	0	0
Investment Bank	(5)	54	49
Non-core and Legacy	0	10	10
Group Items	(1)	0	(1)
Total	(21)	145	124
For the quarter ended 31.12.24			
Global Wealth Management	(26)	15	(11)
Personal & Corporate Banking	(24)	213	189
Asset Management	0	0	0
Investment Bank	32	30	62
Non-core and Legacy	(2)	4	2
Group Items	(1)	1	0
Total	(21)	262	241
For the quarter ended 31.3.24			
Global Wealth Management	2	7	9
Personal & Corporate Banking	(12)	22	10
Asset Management	0	0	0
Investment Bank	10	22	32
Non-core and Legacy	0	0	0
Group Items	1	0	1
Total	1	51	52

b) Changes to ECL models, scenarios and scenario weights

Scenarios and scenario weights

The expected credit loss (ECL) scenarios, along with their related macroeconomic factors and market data, were reviewed in light of the economic and political conditions prevailing in the first quarter of 2025 through a series of governance meetings, with input and feedback from UBS AG Risk and Finance experts across the business divisions and regions.

As of 31 March 2025, there was a high degree of geopolitical and macroeconomic uncertainty, including uncertainty relating to tariffs that could be introduced by the US government after that date and the economic consequences thereof. The actual announcing of the tariffs in April 2025 was subsequent to the reporting date. UBS AG has assessed the situation based on the uncertainties that existed on the reporting date and has exercised judgment. The scenario suite was adjusted in the first quarter of 2025 to replace the two downside scenarios. The global crisis scenario has replaced the stagflationary geopolitical crisis scenario as the severe downside scenario. It targets risks such as sovereign defaults, low interest rates and significant emerging market stress. The severe stagflation scenario previously explored risks related to higher inflation and rising interest rates. The mild stagflation crisis scenario has replaced the mild debt crisis scenario as the mild downside scenario. In the mild stagflation scenario, interest rates are assumed to rise rather than decline, as in the previously applied mild debt crisis scenario. However, the declines in GDP and equities are similar. As a consequence of the circumstances and prevailing uncertainties at the end of the first quarter of 2025, the weight allocation between the four scenarios has been amended. The scenario weights are illustrated in the table below.

All of the scenarios, including the asset price appreciation and the baseline scenarios, have been updated based on the latest macroeconomic forecasts as of 31 March 2025. The assumptions on a calendar-year basis are included in the table below.

UBS AG is closely monitoring the current market situation, and it will carefully assess developments, potentially revisiting the narratives and weightings in the second quarter of 2025.

Comparison of shock factors

	Baseline		
Key parameters	2024	2025	2026
Real GDP growth (annual percentage change)			
US	2.8	1.5	0.7
Eurozone	0.8	0.5	0.8
Switzerland	1.3	0.7	1.6
Unemployment rate (%, annual average)			
US	4.0	4.4	5.2
Eurozone	6.4	6.5	6.6
Switzerland	2.5	2.8	2.8
Fixed income: 10-year government bonds (%, Q4)			
USD	4.6	4.2	4.3
EUR	2.4	2.8	2.9
CHF	0.3	0.7	0.8
Real estate (annual percentage change, Q4)			
US	3.8	3.5	3.7
Eurozone	2.6	5.0	3.4
Switzerland	0.9	4.0	2.5

Economic scenarios and weights applied

	Assigned weights in %		
ECL scenario	31.3.25	31.12.24	31.3.24
Asset price appreciation	5.0	–	–
Baseline	50.0	60.0	60.0
Mild debt crisis	–	15.0	15.0
Stagflationary geopolitical crisis	–	25.0	25.0
Mild stagflationary crisis	30.0	–	–
Global crisis	15.0	–	–

c) ECL-relevant balance sheet and off-balance sheet positions including ECL allowances and provisions

The following tables provide information about financial instruments and certain non-financial instruments that are subject to ECL requirements. For amortized-cost instruments, the carrying amount represents the maximum exposure to credit risk, taking into account the allowance for credit losses. Financial assets measured at fair value through other comprehensive income (FVOCI) are also subject to ECL; however, unlike amortized-cost instruments, the allowance for credit losses for FVOCI instruments does not reduce the carrying amount of these financial assets. Instead, the carrying amount of financial assets measured at FVOCI represents the maximum exposure to credit risk.

No purchased credit-impaired financial assets were recognized in the first quarter of 2025. Originated credit-impaired financial assets were not material and are not presented in the table below.

In addition to recognized financial assets, certain off-balance sheet financial instruments and other credit lines are also subject to ECL. The maximum exposure to credit risk for off-balance sheet financial instruments is calculated based on the maximum contractual amounts.

ECL-relevant balance sheet and off-balance sheet positions

USD m	31.3.25							
	Carrying amount[1]				ECL allowances			
Financial instruments measured at amortized cost	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3
Cash and balances at central banks	231,370	231,207	163	0	(240)	0	(240)	0
Amounts due from banks	20,285	20,248	37	0	(11)	(5)	(4)	(1)
Receivables from securities financing transactions measured at amortized cost	101,784	101,784	0	0	(3)	(3)	0	0
Cash collateral receivables on derivative instruments	38,994	38,994	0	0	0	0	0	0
Loans and advances to customers	603,233	576,017	22,744	4,471	(2,955)	(289)	(300)	(2,366)
of which: Private clients with mortgages	*258,849*	*246,480*	*10,943*	*1,426*	*(143)*	*(39)*	*(50)*	*(53)*
of which: Real estate financing	*84,915*	*79,744*	*4,923*	*247*	*(105)*	*(26)*	*(32)*	*(48)*
of which: Large corporate clients	*25,200*	*22,015*	*2,120*	*1,065*	*(915)*	*(82)*	*(111)*	*(722)*
of which: SME clients	*22,033*	*18,578*	*2,318*	*1,137*	*(1,030)*	*(65)*	*(67)*	*(897)*
of which: Lombard	*153,007*	*152,909*	*1*	*97*	*(113)*	*(8)*	*0*	*(105)*
of which: Credit cards	*2,025*	*1,564*	*420*	*41*	*(44)*	*(8)*	*(11)*	*(26)*
of which: Commodity trade finance	*4,331*	*4,311*	*12*	*8*	*(123)*	*(8)*	*0*	*(115)*
of which: Ship / aircraft financing	*8,221*	*7,905*	*316*	*0*	*(19)*	*(16)*	*(4)*	*0*
of which: Consumer financing	*2,617*	*2,403*	*109*	*106*	*(125)*	*(16)*	*(19)*	*(90)*
Other financial assets measured at amortized cost	66,864	66,110	560	194	(127)	(24)	(8)	(96)
of which: Loans to financial advisors	*2,738*	*2,600*	*48*	*89*	*(40)*	*(3)*	*(1)*	*(36)*
Total financial assets measured at amortized cost	1,062,530	1,034,361	23,505	4,665	(3,336)	(321)	(553)	(2,463)
Financial assets measured at fair value through other comprehensive income	3,216	3,216	0	0	0	0	0	0
Total on-balance sheet financial assets in scope of ECL requirements[2]	1,065,747	1,037,577	23,505	4,665	(3,336)	(321)	(553)	(2,463)
	Total exposure				ECL provisions			
Off-balance sheet (in scope of ECL)	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3
Guarantees	42,588	40,620	1,800	168	(57)	(13)	(20)	(24)
of which: Large corporate clients	*7,103*	*6,487*	*530*	*87*	*(14)*	*(6)*	*(4)*	*(4)*
of which: SME clients	*2,885*	*2,529*	*316*	*39*	*(22)*	*(3)*	*(15)*	*(4)*
of which: Financial intermediaries and hedge funds	*25,139*	*24,249*	*890*	*0*	*(1)*	*(1)*	*0*	*0*
of which: Lombard	*3,591*	*3,561*	*0*	*30*	*(3)*	*(1)*	*0*	*(2)*
of which: Commodity trade finance	*2,160*	*2,158*	*1*	*0*	*(1)*	*(1)*	*0*	*0*
Irrevocable loan commitments	79,463	75,299	3,906	257	(233)	(116)	(81)	(36)
of which: Large corporate clients	*48,349*	*45,150*	*3,033*	*165*	*(161)*	*(84)*	*(59)*	*(18)*
Forward starting reverse repurchase and securities borrowing agreements	18,178	18,178	0	0	0	0	0	0
Unconditionally revocable loan commitments	144,907	141,263	3,442	202	(55)	(41)	(14)	0
of which: Real estate financing	*7,384*	*7,030*	*354*	*0*	*(3)*	*(4)*	*1*	*0*
of which: Large corporate clients	*13,497*	*12,751*	*722*	*23*	*(15)*	*(8)*	*(5)*	*(2)*
of which: SME clients	*10,902*	*9,952*	*801*	*149*	*(23)*	*(18)*	*(5)*	*0*
of which: Lombard	*72,767*	*72,757*	*8*	*2*	*0*	*0*	*0*	*0*
of which: Credit cards	*10,285*	*9,815*	*467*	*3*	*(8)*	*(6)*	*(2)*	*0*
Irrevocable committed prolongation of existing loans	4,165	4,162	2	2	(3)	(3)	0	0
Total off-balance sheet financial instruments and other credit lines[2]	289,302	279,523	9,150	629	(348)	(172)	(115)	(61)
Total allowances and provisions[2]					(3,685)	(493)	(668)	(2,524)

1 The carrying amount of financial assets measured at amortized cost represents the total gross exposure net of the respective ECL allowances. 2 Refer to Note 2 for more information about the merger of UBS AG and Credit Suisse AG.

Note 9 Expected credit loss measurement (continued)

ECL-relevant balance sheet and off-balance sheet positions

USD m	31.12.24							
	Carrying amount[1]				ECL allowances			
Financial instruments measured at amortized cost	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3
Cash and balances at central banks	223,329	223,201	128	0	(186)	0	(186)	0
Amounts due from banks	18,111	17,912	198	0	(42)	(1)	(5)	(36)
Receivables from securities financing transactions measured at amortized cost	118,302	118,302	0	0	(2)	(2)	0	0
Cash collateral receivables on derivative instruments	43,959	43,959	0	0	0	0	0	0
Loans and advances to customers	587,347	560,531	22,309	4,506	(2,830)	(276)	(323)	(2,230)
of which: Private clients with mortgages	*251,955*	*241,690*	*9,009*	*1,256*	*(166)*	*(46)*	*(70)*	*(50)*
of which: Real estate financing	*83,780*	*79,480*	*4,071*	*229*	*(100)*	*(24)*	*(27)*	*(49)*
of which: Large corporate clients	*25,599*	*21,073*	*3,493*	*1,033*	*(828)*	*(72)*	*(123)*	*(632)*
of which: SME clients	*21,002*	*17,576*	*2,293*	*1,133*	*(963)*	*(55)*	*(47)*	*(860)*
of which: Lombard	*147,714*	*147,326*	*266*	*122*	*(107)*	*(6)*	*0*	*(101)*
of which: Credit cards	*1,978*	*1,533*	*406*	*39*	*(41)*	*(6)*	*(11)*	*(25)*
of which: Commodity trade finance	*4,204*	*4,089*	*106*	*9*	*(122)*	*(9)*	*0*	*(113)*
of which: Ship / aircraft financing	*8,058*	*7,136*	*922*	*0*	*(31)*	*(14)*	*(16)*	*0*
of which: Consumer financing	*2,814*	*2,468*	*114*	*232*	*(137)*	*(15)*	*(19)*	*(102)*
Other financial assets measured at amortized cost	59,279	58,645	439	194	(135)	(25)	(7)	(103)
of which: Loans to financial advisors	*2,723*	*2,568*	*59*	*95*	*(41)*	*(4)*	*(1)*	*(37)*
Total financial assets measured at amortized cost	**1,050,326**	**1,022,550**	**23,074**	**4,701**	**(3,195)**	**(304)**	**(521)**	**(2,369)**
Financial assets measured at fair value through other comprehensive income	**2,195**	**2,195**	**0**	**0**	**0**	**0**	**0**	**0**
Total on-balance sheet financial assets in scope of ECL requirements[2]	**1,052,521**	**1,024,746**	**23,074**	**4,701**	**(3,195)**	**(304)**	**(521)**	**(2,369)**

	Total exposure				ECL provisions			
Off-balance sheet (in scope of ECL)	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3
Guarantees	40,280	38,860	1,242	178	(61)	(16)	(24)	(22)
of which: Large corporate clients	*7,818*	*7,098*	*635*	*85*	*(18)*	*(6)*	*(9)*	*(2)*
of which: SME clients	*2,524*	*2,074*	*393*	*57*	*(27)*	*(5)*	*(15)*	*(7)*
of which: Financial intermediaries and hedge funds	*21,590*	*21,449*	*141*	*0*	*(1)*	*(1)*	*0*	*0*
of which: Lombard	*3,709*	*3,652*	*24*	*33*	*(4)*	*(1)*	*0*	*(3)*
of which: Commodity trade finance	*2,678*	*2,676*	*2*	*0*	*(1)*	*(1)*	*0*	*0*
Irrevocable loan commitments	79,579	75,158	4,178	243	(192)	(105)	(61)	(26)
of which: Large corporate clients	*47,381*	*43,820*	*3,393*	*168*	*(155)*	*(91)*	*(54)*	*(10)*
Forward starting reverse repurchase and securities borrowing agreements	24,896	24,896	0	0	0	0	0	0
Unconditionally revocable loan commitments	148,900	146,496	2,149	255	(75)	(59)	(17)	0
of which: Real estate financing	*7,674*	*7,329*	*345*	*0*	*(6)*	*(4)*	*(2)*	*0*
of which: Large corporate clients	*14,692*	*14,091*	*584*	*17*	*(22)*	*(14)*	*(7)*	*(2)*
of which: SME clients	*9,812*	*9,289*	*333*	*190*	*(34)*	*(28)*	*(6)*	*0*
of which: Lombard	*73,267*	*73,181*	*84*	*1*	*0*	*0*	*0*	*0*
of which: Credit cards	*10,074*	*9,604*	*467*	*3*	*(8)*	*(6)*	*(2)*	*0*
Irrevocable committed prolongation of existing loans	4,608	4,602	4	2	(3)	(3)	0	0
Total off-balance sheet financial instruments and other credit lines[2]	**298,263**	**290,012**	**7,572**	**678**	**(332)**	**(183)**	**(102)**	**(48)**
Total allowances and provisions[2]					**(3,527)**	**(487)**	**(623)**	**(2,417)**

1 The carrying amount of financial assets measured at amortized cost represents the total gross exposure net of the respective ECL allowances. 2 Refer to Note 2 for more information about the merger of UBS AG and Credit Suisse AG.

Note 9 Expected credit loss measurement (continued)

The table below provides information about the gross carrying amount of exposures subject to ECL and the ECL coverage ratio for UBS AG's core loan portfolios (i.e. *Loans and advances to customers* and *Loans to financial advisors*) and relevant off-balance sheet exposures. *Cash and balances at central banks*, *Amounts due from banks*, *Receivables from securities financing transactions*, *Cash collateral receivables on derivative instruments* and *Financial assets measured at fair value through other comprehensive income* are not included in the table below, due to their lower sensitivity to ECL.

ECL coverage ratios are calculated by dividing ECL allowances and provisions by the gross carrying amount of the related exposures.

The overall coverage ratio for performing positions was unchanged at 10 basis points. Coverage ratios for performing positions related to corporate lending (on-balance sheet) increased by 5 basis points to 72 basis points. Coverage ratios for performing positions related to real estate lending (on-balance sheet) decreased by 1 basis point to 4 basis points.

Coverage ratios for core loan portfolio

	31.3.25								
	Gross carrying amount (USD m)				ECL coverage (bps)				
On-balance sheet	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 1&2	Stage 3
Private clients with mortgages	258,992	246,519	10,993	1,480	6	2	45	3	361
Real estate financing	85,020	79,771	4,955	295	12	3	64	7	1,613
Total real estate lending	344,012	326,290	15,948	1,774	7	2	51	4	569
Large corporate clients	26,115	22,097	2,231	1,788	350	37	496	79	4,040
SME clients	23,062	18,643	2,385	2,034	446	35	283	63	4,409
Total corporate lending	49,177	40,739	4,616	3,822	395	36	386	72	4,236
Lombard	153,120	152,917	1	203	7	1	31	1	5,198
Credit cards	2,069	1,572	431	66	214	49	255	94	3,847
Commodity trade finance	4,454	4,319	12	123	276	18	10	18	9,376
Ship / aircraft financing	8,240	7,921	319	0	23	20	117	23	0
Consumer financing	2,743	2,418	128	196	457	65	1,500	137	4,598
Other loans and advances to customers	42,373	40,130	1,590	653	80	5	44	7	4,742
Loans to financial advisors	2,778	2,603	49	125	144	13	174	16	2,870
Total other lending	215,777	211,880	2,530	1,367	37	4	165	6	4,991
Total[1]	**608,966**	**578,909**	**23,094**	**6,963**	**49**	**5**	**130**	**10**	**3,450**
	Gross exposure (USD m)				ECL coverage (bps)				
Off-balance sheet	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 1&2	Stage 3
Private clients with mortgages	9,352	9,083	264	6	4	3	33	4	453
Real estate financing	8,225	7,851	374	0	8	10	0	8	0
Total real estate lending	17,578	16,934	638	6	6	6	0	6	448
Large corporate clients	69,056	64,495	4,286	275	27	15	160	24	874
SME clients	15,801	14,290	1,268	243	52	19	293	41	759
Total corporate lending	84,857	78,785	5,554	518	32	16	190	27	820
Lombard	79,638	79,597	8	33	2	1	14	1	2,461
Credit cards	10,285	9,815	467	3	8	6	37	8	0
Commodity trade finance	3,019	3,001	17	0	2	2	14	2	0
Ship / aircraft financing	2,520	2,486	34	0	0	0	0	0	0
Consumer financing	377	377	0	0	3	3	0	3	0
Financial intermediaries and hedge funds	30,668	29,151	1,517	0	1	1	3	1	0
Other off-balance sheet commitments	42,182	41,199	914	69	10	5	86	7	1,434
Total other lending	168,689	165,626	2,958	105	4	2	34	3	1,707
Total[2]	**271,124**	**261,345**	**9,150**	**629**	**13**	**7**	**126**	**11**	**964**
Total on- and off-balance sheet[3]	**880,089**	**840,254**	**32,244**	**7,592**	**38**	**6**	**129**	**10**	**3,244**

1 Includes Loans and advances to customers and Loans to financial advisors, which are presented on the balance sheet line Other financial assets measured at amortized cost. 2 Excludes Forward starting reverse repurchase and securities borrowing agreements. 3 Includes on-balance sheet exposure, gross and off-balance sheet exposure (notional) and the related ECL coverage ratio (bps).

Note 9 Expected credit loss measurement (continued)

Coverage ratios for core loan portfolio

	31.12.24								
	Gross carrying amount (USD m)				ECL coverage (bps)				
On-balance sheet	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 1&2	Stage 3
Private clients with mortgages	252,121	241,736	9,079	1,306	7	2	77	5	386
Real estate financing	83,880	79,504	4,098	278	12	3	66	6	1,768
Total real estate lending	336,001	321,240	13,177	1,584	8	2	73	5	628
Large corporate clients	26,427	21,145	3,617	1,665	313	34	341	79	3,795
SME clients	21,966	17,631	2,341	1,993	439	31	203	52	4,316
Total corporate lending	48,393	38,776	5,958	3,659	370	33	287	67	4,079
Lombard	147,821	147,332	267	222	7	0	8	0	4,531
Credit cards	2,019	1,539	416	64	205	39	256	85	3,857
Commodity trade finance	4,327	4,098	106	122	283	22	40	23	9,258
Ship / aircraft financing	8,089	7,150	938	0	38	20	175	38	0
Consumer financing	2,951	2,484	134	334	464	62	1,447	133	3,057
Other loans and advances to customers	40,576	38,188	1,636	752	83	7	56	9	3,965
Loans to financial advisors	2,764	2,571	60	132	149	14	159	17	2,785
Total other lending	208,547	203,363	3,558	1,627	39	4	161	7	4,152
Total[1]	**592,941**	**563,379**	**22,693**	**6,869**	**48**	**5**	**143**	**10**	**3,301**

	Gross exposure (USD m)				ECL coverage (bps)				
Off-balance sheet	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 1&2	Stage 3
Private clients with mortgages	8,473	8,271	176	26	4	4	22	4	81
Real estate financing	8,694	8,300	394	0	7	6	33	7	0
Total real estate lending	17,167	16,571	570	26	6	5	30	6	81
Large corporate clients	69,896	65,013	4,612	271	28	17	151	26	528
SME clients	13,944	12,788	842	315	59	30	324	48	532
Total corporate lending	83,840	77,800	5,454	586	33	19	177	30	530
Lombard	80,390	80,235	120	35	1	0	1	0	2,330
Credit cards	10,074	9,604	467	3	8	6	36	8	0
Commodity trade finance	3,487	3,464	23	0	3	3	51	3	0
Ship / aircraft financing	2,669	2,663	6	0	13	13	49	13	0
Consumer financing	134	134	0	0	6	6	0	6	0
Financial intermediaries and hedge funds	22,842	22,378	464	0	1	1	8	1	0
Other off-balance sheet commitments	52,765	52,268	468	29	4	2	28	2	2,945
Total other lending	172,360	170,745	1,549	67	3	1	23	2	2,470
Total[2]	**273,367**	**265,117**	**7,572**	**678**	**12**	**7**	**135**	**10**	**704**
Total on- and off-balance sheet[3]	**866,308**	**828,495**	**30,265**	**7,547**	**37**	**6**	**141**	**10**	**3,067**

1 Includes Loans and advances to customers and Loans to financial advisors, which are presented on the balance sheet line Other financial assets measured at amortized cost. 2 Excludes Forward starting reverse repurchase and securities borrowing agreements. 3 Includes on-balance sheet exposure, gross and off-balance sheet exposure (notional) and the related ECL coverage ratio (bps).

Note 10 Fair value measurement

a) Fair value hierarchy

The fair value hierarchy classification of financial and non-financial assets and liabilities measured at fair value is summarized in the table below.

During the first three months of 2025, assets and liabilities that were transferred from Level 2 to Level 1, or from Level 1 to Level 2, and were held for the entire reporting period were not material.

Determination of fair values from quoted market prices or valuation techniques[1]

	31.3.25				31.12.24			
USD m	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value on a recurring basis								
Financial assets at fair value held for trading	133,803	27,969	3,665	165,437	128,428	27,687	3,108	159,223
of which: Equity instruments	*117,487*	*320*	*138*	*117,945*	*116,536*	*430*	*91*	*117,056*
of which: Government bills / bonds	*8,304*	*3,468*	*46*	*11,817*	*4,443*	*3,261*	*41*	*7,746*
of which: Investment fund units	*7,180*	*949*	*149*	*8,279*	*6,537*	*987*	*151*	*7,675*
of which: Corporate and municipal bonds	*828*	*20,777*	*876*	*22,480*	*911*	*17,585*	*838*	*19,334*
of which: Loans	*0*	*2,254*	*2,292*	*4,545*	*0*	*5,200*	*1,799*	*6,998*
of which: Asset-backed securities	*4*	*197*	*162*	*363*	*1*	*219*	*153*	*373*
Derivative financial instruments	1,372	134,789	2,459	138,620	795	182,849	2,792	186,435
of which: Foreign exchange	*570*	*48,911*	*71*	*49,551*	*472*	*100,572*	*66*	*101,111*
of which: Interest rate	*0*	*38,135*	*898*	*39,033*	*0*	*41,193*	*878*	*42,071*
of which: Equity / index	*0*	*39,940*	*937*	*40,877*	*0*	*35,747*	*1,129*	*36,876*
of which: Credit	*0*	*2,668*	*517*	*3,185*	*0*	*2,555*	*581*	*3,136*
of which: Commodities	*2*	*4,989*	*35*	*5,026*	*1*	*2,599*	*17*	*2,617*
Brokerage receivables	0	28,747	0	28,747	0	25,858	0	25,858
Financial assets at fair value not held for trading	40,762	52,129	9,185	102,075	35,910	50,545	8,747	95,203
of which: Financial assets for unit-linked investment contracts	*17,398*	*4*	*0*	*17,403*	*17,101*	*6*	*0*	*17,106*
of which: Corporate and municipal bonds	*30*	*14,844*	*145*	*15,020*	*31*	*14,695*	*133*	*14,859*
of which: Government bills / bonds	*22,856*	*6,062*	*0*	*28,919*	*18,264*	*6,204*	*0*	*24,469*
of which: Loans	*0*	*4,972*	*3,589*	*8,561*	*0*	*4,427*	*3,192*	*7,619*
of which: Securities financing transactions	*0*	*24,995*	*731*	*25,726*	*0*	*24,026*	*611*	*24,638*
of which: Asset-backed securities	*0*	*1,041*	*540*	*1,581*	*0*	*972*	*597*	*1,569*
of which: Auction rate securities	*0*	*0*	*191*	*191*	*0*	*0*	*191*	*191*
of which: Investment fund units	*387*	*123*	*640*	*1,150*	*423*	*133*	*681*	*1,237*
of which: Equity instruments	*90*	*0*	*2,930*	*3,020*	*91*	*0*	*2,916*	*3,008*
Financial assets measured at fair value through other comprehensive income on a recurring basis								
Financial assets measured at fair value through other comprehensive income	1,130	2,087	0	3,216	59	2,137	0	2,195
of which: Government bills / bonds	*1,064*	*0*	*0*	*1,064*	*0*	*0*	*0*	*0*
of which: Commercial paper and certificates of deposit	*0*	*1,916*	*0*	*1,916*	*0*	*1,959*	*0*	*1,959*
of which: Corporate and municipal bonds	*66*	*171*	*0*	*236*	*59*	*178*	*0*	*237*
Non-financial assets measured at fair value on a recurring basis								
Precious metals and other physical commodities	7,623	0	0	7,623	7,341	0	0	7,341
Non-financial assets measured at fair value on a non-recurring basis								
Other non-financial assets[2]	0	0	89	89	0	0	84	84
Total assets measured at fair value	184,689	245,720	15,398	445,808	172,532	289,076	14,731	476,340

Determination of fair values from quoted market prices or valuation techniques (continued)[1]

	31.3.25				31.12.24			
USD m	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value on a recurring basis								
Financial liabilities at fair value held for trading	30,503	12,565	31	43,099	24,577	10,429	240	35,247
of which: Equity instruments	*22,597*	*390*	*21*	*23,008*	*18,528*	*257*	*29*	*18,814*
of which: Corporate and municipal bonds	*2*	*10,768*	*5*	*10,775*	*5*	*8,771*	*206*	*8,982*
of which: Government bills / bonds	*6,490*	*1,210*	*0*	*7,699*	*4,336*	*1,174*	*0*	*5,510*
of which: Investment fund units	*1,414*	*96*	*3*	*1,512*	*1,708*	*162*	*3*	*1,873*
Derivative financial instruments	1,407	136,694	4,130	142,230	829	175,788	4,060	180,678
of which: Foreign exchange	*553*	*50,624*	*44*	*51,220*	*506*	*94,077*	*46*	*94,628*
of which: Interest rate	*0*	*33,911*	*337*	*34,248*	*0*	*36,313*	*324*	*36,636*
of which: Equity / index	*0*	*44,707*	*3,293*	*48,000*	*0*	*39,597*	*3,142*	*42,739*
of which: Credit	*0*	*3,182*	*374*	*3,556*	*0*	*3,280*	*414*	*3,694*
of which: Commodities	*2*	*4,128*	*25*	*4,155*	*1*	*2,200*	*15*	*2,216*
of which: Loan commitments measured at FVTPL	*0*	*45*	*29*	*74*	*0*	*75*	*62*	*137*
Financial liabilities designated at fair value on a recurring basis								
Brokerage payables designated at fair value	0	59,921	0	59,921	0	49,023	0	49,023
Debt issued designated at fair value	0	96,189	11,204	107,393	0	90,725	11,842	102,567
Other financial liabilities designated at fair value	0	28,525	4,267	32,792	0	29,779	4,262	34,041
of which: Financial liabilities related to unit-linked investment contracts	*0*	*17,528*	*0*	*17,528*	*0*	*17,203*	*0*	*17,203*
of which: Securities financing transactions	*0*	*3,985*	*108*	*4,094*	*0*	*5,798*	*0*	*5,798*
of which: Funding from UBS Group AG	*0*	*4,042*	*1,515*	*5,557*	*0*	*3,848*	*1,494*	*5,342*
of which: Over-the-counter debt instruments and others	*0*	*2,969*	*2,644*	*5,613*	*0*	*2,930*	*2,768*	*5,698*
Total liabilities measured at fair value	31,909	333,894	19,633	385,436	25,406	355,744	20,405	401,555

1 Bifurcated embedded derivatives are presented on the same balance sheet lines as their host contracts and are not included in this table. The fair value of these derivatives was not material for the periods presented.
2 Other non-financial assets primarily consist of properties and other non-current assets held for sale, which are measured at the lower of their net carrying amount or fair value less costs to sell.

b) Valuation adjustments

The table below summarizes the changes in deferred day-1 profit or loss reserves during the relevant period.

Deferred day-1 profit or loss is generally released into *Other net income from financial instruments measured at fair value through profit or loss* when the pricing of equivalent products or the underlying parameters become observable or when the transaction is closed out.

Deferred day-1 profit or loss reserves

	For the quarter ended		
USD m	31.3.25	31.12.24	31.3.24
Reserve balance at the beginning of the period	421	418	397
Profit / (loss) deferred on new transactions	65	57	42
(Profit) / loss recognized in the income statement	(95)	(51)	(60)
Foreign currency translation	(1)	(4)	0
Reserve balance at the end of the period	391	421	379

The table below summarizes other valuation adjustment reserves recognized on the balance sheet.

Other valuation adjustment reserves on the balance sheet

	As of	
USD m	31.3.25	31.12.24
Own credit adjustments on financial liabilities designated at fair value[1]	(942)	(1,165)
of which: debt issued designated at fair value	*(680)*	*(780)*
of which: other financial liabilities designated at fair value	*(262)*	*(385)*
Credit valuation adjustments[2]	(128)	(125)
Funding and debit valuation adjustments	(69)	(96)
Other valuation adjustments	(971)	(1,206)
of which: liquidity	*(570)*	*(746)*
of which: model uncertainty	*(401)*	*(460)*

1 Own credit adjustments on financial liabilities designated at fair value includes amounts for TLAC notes. 2 Amount does not include reserves against defaulted counterparties.

Note 10 Fair value measurement (continued)

c) Level 3 instruments: valuation techniques and inputs

The table below presents material Level 3 assets and liabilities, together with the valuation techniques used to measure fair value, as well as the inputs used in a given valuation technique that are considered significant as of 31 March 2025 and unobservable, and a range of values for those unobservable inputs.

The range of values represents the highest- and lowest-level inputs used in the valuation techniques. Therefore, the range does not reflect the level of uncertainty regarding a particular input or an assessment of the reasonableness of UBS AG's estimates and assumptions, but rather the different underlying characteristics of the relevant assets and liabilities held by UBS AG.

The significant unobservable inputs disclosed in the table below are consistent with those included in "Note 21 Fair value measurement" in the "Consolidated financial statements" section of the UBS AG Annual Report 2024.

Valuation techniques and inputs used in the fair value measurement of Level 3 assets and liabilities

	Fair value						Range of inputs						
	Assets		Liabilities				31.3.25			31.12.24			
USD bn	31.3.25	31.12.24	31.3.25	31.12.24	Valuation technique(s)	Significant unobservable input(s)[1]	low	high	weighted average[2]	low	high	weighted average[2]	unit[1]
Financial assets and liabilities at fair value held for trading and Financial assets at fair value not held for trading													
Corporate and municipal bonds	1.0	1.0	0.0	0.2	Relative value to market comparable	Bond price equivalent	23	105	89	23	114	98	points
					Discounted expected cash flows	Discount margin	917	917	917	868	868	868	basis points
Traded loans, loans designated at fair value and guarantees	6.1	5.2	0.0	0.0	Relative value to market comparable	Loan price equivalent	1	102	93	1	173	84	points
					Discounted expected cash flows	Credit spread	17	395	132	16	545	195	basis points
					Market comparable and securitization model	Credit spread	97	1,939	280	75	1,899	208	basis points
Asset-backed securities	0.7	0.7	0.0	0.0	Relative value to market comparable	Bond price equivalent	1	100	78	0	112	79	points
Investment fund units[3]	0.8	0.8	0.0	0.0	Relative value to market comparable	Net asset value							
Equity instruments[3]	3.1	3.0	0.0	0.0	Relative value to market comparable	Price							
Debt issued designated at fair value[4]			11.2	11.8									
Other financial liabilities designated at fair value			4.3	4.3	Discounted expected cash flows	Funding spread	95	221		95	201		basis points
Derivative financial instruments													
Interest rate	0.9	0.9	0.3	0.3	Option model	Volatility of interest rates	51	112		50	156		basis points
						IR-to-IR correlation	67	99		60	99		%
					Discounted expected cash flows	Funding spread	5	20		5	20		basis points
Credit	0.5	0.6	0.4	0.4	Discounted expected cash flows	Credit spreads	3	1,760		2	1,789		basis points
						Credit correlation	50	66		50	66		%
						Recovery rates	0	100		0	100		%
					Option model	Credit volatility	60	79		59	127		%
						Recovery rates	0	40					%
Equity / index	0.9	1.1	3.3	3.1	Option model	Equity dividend yields	0	16		0	16		%
						Volatility of equity stocks, equity and other indices	2	111		4	126		%
						Equity-to-FX correlation	(65)	70		(65)	80		%
						Equity-to-equity correlation	15	100		0	100		%
Loan commitments measured at FVTPL			0.0	0.1	Relative value to market comparable	Loan price equivalent	82	100		60	101		points

1 The ranges of significant unobservable inputs are represented in points, percentages and basis points. Points are a percentage of par (e.g. 100 points would be 100% of par). 2 Weighted averages are provided for most non-derivative financial instruments and were calculated by weighting inputs based on the fair values of the respective instruments. Weighted averages are not provided for inputs related to Other financial liabilities designated at fair value and Derivative financial instruments, as this would not be meaningful. 3 The range of inputs is not disclosed, as there is a dispersion of values given the diverse nature of the investments. 4 Debt issued designated at fair value primarily consists of UBS structured notes, which include variable maturity notes with various equity and foreign exchange underlying risks, as well as rates-linked and credit-linked notes, all of which have embedded derivative parameters that are considered to be unobservable. The equivalent derivative instrument parameters for debt issued or embedded derivatives for over-the-counter debt instruments are presented in the respective derivative financial instruments lines in this table.

d) Level 3 instruments: sensitivity to changes in unobservable input assumptions

The table below summarizes those financial assets and liabilities classified as Level 3 for which a change in one or more of the unobservable inputs to reflect reasonably possible alternative assumptions would change fair value significantly, and the estimated effect thereof.

The sensitivity data shown below presents an estimation of valuation uncertainty based on reasonably possible alternative values for Level 3 inputs at the balance sheet date and does not represent the estimated effect of stress scenarios. Typically, these financial assets and liabilities are sensitive to a combination of inputs from Levels 1–3. Although well-defined interdependencies may exist between Level 1 / 2 parameters and Level 3 parameters (e.g. between interest rates, which are generally Level 1 or Level 2, and prepayments, which are generally Level 3), these have not been incorporated in the table. Furthermore, direct interrelationships between the Level 3 parameters are not a significant element of the valuation uncertainty.

Sensitivity of fair value measurements to changes in unobservable input assumptions[1]

	31.3.25		31.12.24	
USD m	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Traded loans, loans measured at fair value and guarantees	147	(115)	185	(143)
Securities financing transactions	25	(20)	30	(24)
Auction rate securities	8	(6)	8	(6)
Asset-backed securities	23	(18)	32	(28)
Equity instruments	348	(314)	333	(308)
Investment fund units	176	(178)	179	(181)
Loan commitments measured at FVTPL	15	(47)	38	(42)
Interest rate derivatives, net	77	(65)	115	(70)
Credit derivatives, net	88	(108)	112	(117)
Foreign exchange derivatives, net	4	(3)	3	(2)
Equity / index derivatives, net	619	(503)	732	(617)
Other	256	(152)	289	(161)
Total	1,785	(1,528)	2,056	(1,700)

1 Sensitivity of issued and over-the-counter debt instruments is reported with the equivalent derivative or Other.

e) Level 3 instruments: movements during the period

The table below presents additional information about material Level 3 assets and liabilities measured at fair value on a recurring basis. Level 3 assets and liabilities may be hedged with instruments classified as Level 1 or Level 2 in the fair value hierarchy and, as a result, realized and unrealized gains and losses included in the table may not include the effect of related hedging activity. Furthermore, the realized and unrealized gains and losses presented in the table are not limited solely to those arising from Level 3 inputs, as valuations are generally derived from both observable and unobservable parameters.

Assets and liabilities transferred into or out of Level 3 are presented as if those assets or liabilities had been transferred on 1 January 2025.

Note 10 Fair value measurement (continued)

Movements of Level 3 instruments

USD bn	Balance at the beginning of the period	Net gains / losses included in comprehensive income[1]	*of which: related to instruments held at the end of the period*	Purchases	Sales	Issuances	Settlements	Transfers into Level 3	Transfers out of Level 3	Foreign currency translation	Balance at the end of the period
For the three months ended 31 March 2025[2]											
Financial assets at fair value held for trading	3.1	0.0	*(0.0)*	0.2	(0.8)	1.1	(0.3)	0.3	(0.1)	0.0	3.7
of which: Equity instruments	*0.1*	*0.0*	*0.0*	*0.0*	*(0.0)*	*0.0*	*(0.0)*	*0.1*	*(0.0)*	*0.0*	*0.1*
of which: Corporate and municipal bonds	*0.8*	*0.0*	*0.0*	*0.2*	*(0.1)*	*0.0*	*(0.0)*	*0.1*	*(0.1)*	*0.0*	*0.9*
of which: Loans	*1.8*	*0.0*	*(0.0)*	*0.0*	*(0.5)*	*1.1*	*(0.3)*	*0.1*	*(0.0)*	*0.0*	*2.3*
Derivative financial instruments – assets	2.8	(0.5)	*(0.4)*	0.0	0.0	0.7	(0.6)	0.4	(0.3)	0.0	2.5
of which: Interest rate	*0.9*	*(0.0)*	*(0.0)*	*0.0*	*0.0*	*0.0*	*(0.1)*	*0.3*	*(0.1)*	*(0.0)*	*0.9*
of which: Equity / index	*1.1*	*(0.3)*	*(0.3)*	*0.0*	*0.0*	*0.4*	*(0.2)*	*0.1*	*(0.1)*	*0.0*	*0.9*
of which: Credit	*0.6*	*(0.0)*	*(0.0)*	*0.0*	*0.0*	*0.2*	*(0.2)*	*0.0*	*(0.1)*	*0.0*	*0.5*
Financial assets at fair value not held for trading	8.7	0.1	*0.1*	0.1	(0.2)	0.6	(0.2)	0.1	(0.1)	0.1	9.2
of which: Loans	*3.2*	*0.1*	*0.1*	*0.0*	*(0.0)*	*0.5*	*(0.1)*	*0.0*	*(0.1)*	*0.0*	*3.6*
of which: Auction rate securities	*0.2*	*(0.0)*	*(0.0)*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.2*
of which: Equity instruments	*2.9*	*0.0*	*0.0*	*0.0*	*(0.1)*	*0.0*	*(0.0)*	*0.0*	*(0.0)*	*0.0*	*2.9*
of which: Investment fund units	*0.7*	*0.0*	*(0.0)*	*0.0*	*(0.1)*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.6*
of which: Asset-backed securities	*0.6*	*(0.0)*	*(0.0)*	*0.0*	*(0.0)*	*0.0*	*0.0*	*0.0*	*(0.1)*	*0.0*	*0.5*
Derivative financial instruments – liabilities	4.1	0.2	*0.2*	0.0	(0.0)	0.7	(0.6)	0.1	(0.3)	0.0	4.1
of which: Interest rate	*0.3*	*0.0*	*0.0*	*0.0*	*(0.0)*	*0.0*	*(0.0)*	*0.0*	*(0.0)*	*0.0*	*0.3*
of which: Equity / index	*3.1*	*0.2*	*0.1*	*0.0*	*0.0*	*0.6*	*(0.5)*	*0.1*	*(0.3)*	*0.0*	*3.3*
of which: Credit	*0.4*	*0.0*	*0.0*	*0.0*	*0.0*	*0.1*	*(0.1)*	*0.0*	*(0.0)*	*(0.0)*	*0.4*
of which: Loan commitments measured at FVTPL	*0.1*	*(0.0)*	*(0.0)*	*0.0*	*0.0*	*0.0*	*(0.0)*	*0.0*	*(0.0)*	*0.0*	*0.0*
Debt issued designated at fair value	11.8	0.2	*0.2*	0.0	0.0	1.7	(1.2)	0.6	(2.1)	0.2	11.2
Other financial liabilities designated at fair value	4.3	(0.0)	*(0.0)*	0.0	(0.0)	0.3	(0.3)	0.0	(0.0)	0.0	4.3
For the three months ended 31 March 2024											
Financial assets at fair value held for trading	1.8	(0.0)	*(0.0)*	0.2	(0.8)	0.4	(0.3)	0.1	(0.1)	(0.0)	1.4
of which: Equity instruments	*0.1*	*0.0*	*0.0*	*0.0*	*(0.0)*	*0.0*	*(0.0)*	*0.1*	*(0.0)*	*(0.0)*	*0.2*
of which: Corporate and municipal bonds	*0.6*	*(0.0)*	*(0.0)*	*0.2*	*(0.2)*	*0.0*	*0.0*	*0.0*	*(0.0)*	*(0.0)*	*0.5*
of which: Loans	*0.9*	*0.0*	*0.0*	*0.0*	*(0.5)*	*0.4*	*(0.3)*	*0.1*	*(0.0)*	*(0.0)*	*0.6*
Derivative financial instruments – assets	1.3	(0.0)	*(0.1)*	0.0	0.0	0.4	(0.3)	0.1	(0.1)	(0.0)	1.3
of which: Interest rate	*0.3*	*0.1*	*0.1*	*0.0*	*0.0*	*0.0*	*(0.1)*	*0.0*	*(0.1)*	*0.0*	*0.3*
of which: Equity / index	*0.7*	*(0.1)*	*(0.1)*	*0.0*	*0.0*	*0.4*	*(0.2)*	*0.0*	*(0.0)*	*(0.0)*	*0.7*
of which: Credit	*0.3*	*(0.0)*	*(0.0)*	*0.0*	*0.0*	*0.0*	*(0.1)*	*0.1*	*(0.0)*	*(0.0)*	*0.3*
Financial assets at fair value not held for trading	4.1	0.0	*0.0*	0.0	(0.0)	0.4	(0.1)	0.0	(0.0)	(0.0)	4.4
of which: Loans	*1.3*	*0.0*	*0.0*	*0.0*	*0.0*	*0.2*	*(0.1)*	*0.0*	*(0.0)*	*(0.0)*	*1.3*
of which: Auction rate securities	*1.2*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*1.2*
of which: Equity instruments	*1.1*	*0.0*	*0.0*	*0.0*	*(0.0)*	*0.0*	*(0.0)*	*0.0*	*0.0*	*(0.0)*	*1.1*
of which: Investment fund units	*0.2*	*0.0*	*0.0*	*0.0*	*(0.0)*	*0.0*	*0.0*	*0.0*	*0.0*	*(0.0)*	*0.2*
Derivative financial instruments – liabilities	3.2	0.5	*0.4*	0.0	0.0	1.7	(1.0)	0.2	(0.1)	(0.0)	4.5
of which: Interest rate	*0.1*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*(0.0)*	*0.0*	*(0.0)*	*0.0*	*0.2*
of which: Equity / index	*2.7*	*0.5*	*0.4*	*0.0*	*0.0*	*1.7*	*(0.9)*	*0.2*	*(0.1)*	*(0.0)*	*4.0*
of which: Credit	*0.3*	*(0.0)*	*(0.0)*	*0.0*	*0.0*	*0.0*	*(0.1)*	*0.0*	*(0.0)*	*(0.0)*	*0.2*
Debt issued designated at fair value	7.8	0.2	*0.2*	0.0	0.0	1.6	(0.8)	0.3	(1.6)	(0.1)	7.4
Other financial liabilities designated at fair value	2.3	(0.1)	*(0.1)*	0.0	0.0	0.1	(0.2)	0.0	(0.0)	(0.0)	2.1

1 Net gains / losses included in comprehensive income are recognized in Net interest income and Other net income from financial instruments measured at fair value through profit or loss in the Income statement, and also in Gains / (losses) from own credit on financial liabilities designated at fair value, before tax in the Statement of comprehensive income. 2 Total Level 3 assets as of 31 March 2025 were USD 15.4bn (31 December 2024: USD 14.7bn). Total Level 3 liabilities as of 31 March 2025 were USD 19.6bn (31 December 2024: USD 20.4bn).

f) Financial instruments not measured at fair value

The table below reflects the estimated fair values of financial instruments not measured at fair value. Valuation principles applied when determining fair value estimates for financial instruments not measured at fair value are consistent with those described in "Note 21 Fair value measurement" in the "Consolidated financial statements" section of the UBS AG Annual Report 2024.

Financial instruments not measured at fair value

	31.3.25		31.12.24	
USD bn	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Cash and balances at central banks	231.4	231.4	223.3	223.3
Amounts due from banks	20.3	20.3	18.1	18.1
Receivables from securities financing transactions measured at amortized cost	101.8	101.8	118.3	118.3
Cash collateral receivables on derivative instruments	39.0	39.0	44.0	44.0
Loans and advances to customers	603.2	597.1	587.3	582.4
Other financial assets measured at amortized cost	66.9	65.4	59.3	57.5
Liabilities				
Amounts due to banks	27.8	27.8	23.3	23.4
Payables from securities financing transactions measured at amortized cost	15.0	15.0	14.8	14.8
Cash collateral payables on derivative instruments	32.0	32.0	36.4	36.4
Customer deposits	747.5	748.2	749.5	750.0
Funding from UBS Group AG measured at amortized cost	111.5	115.3	107.9	112.5
Debt issued measured at amortized cost	98.3	98.7	101.1	102.7
Other financial liabilities measured at amortized cost[1]	15.6	15.6	17.9	17.9

1 Excludes lease liabilities.

Note 11 Derivative instruments

a) Derivative instruments

As of 31.3.25, USD bn	Derivative financial assets	Derivative financial liabilities	Notional values related to derivative financial assets and liabilities[1]	Other notional values[2]
Derivative financial instruments				
Interest rate	39.0	34.2	3,722	18,048
Credit derivatives	3.2	3.6	173	
Foreign exchange	49.6	51.2	7,255	294
Equity / index	40.9	48.0	1,419	104
Commodities	5.0	4.2	180	19
Other[3]	0.9	1.1	178	
Total derivative financial instruments, based on netting under IFRS Accounting Standards[4]	138.6	142.2	12,927	18,465
Further netting potential not recognized on the balance sheet[5]	(123.2)	(127.9)		
of which: netting of recognized financial liabilities / assets	*(100.9)*	*(100.9)*		
of which: netting with collateral received / pledged	*(22.3)*	*(27.0)*		
Total derivative financial instruments, after consideration of further netting potential	15.4	14.4		

As of 31.12.24, USD bn				
Derivative financial instruments				
Interest rate	42.1	36.6	3,650	16,844
Credit derivatives	3.1	3.7	144	
Foreign exchange	101.1	94.6	7,216	269
Equity / index	36.9	42.7	1,365	93
Commodities	2.6	2.2	155	17
Other[3]	0.6	0.8	87	
Total derivative financial instruments, based on netting under IFRS Accounting Standards[4]	186.4	180.7	12,617	17,223
Further netting potential not recognized on the balance sheet[5]	(162.6)	(166.4)		
of which: netting of recognized financial liabilities / assets	*(135.6)*	*(135.6)*		
of which: netting with collateral received / pledged	*(27.1)*	*(30.8)*		
Total derivative financial instruments, after consideration of further netting potential	23.8	14.3		

1 In cases where derivative financial instruments are presented on a net basis on the balance sheet, the respective notional values of the netted derivative financial instruments are still presented on a gross basis. Notional amounts of client-cleared ETD and OTC transactions through central clearing counterparties are not disclosed, as they have a significantly different risk profile. 2 Other notional values relate to derivatives that are cleared through either a central counterparty or an exchange and settled on a daily basis. The fair value of these derivatives is presented on the balance sheet net of the corresponding cash margin under Cash collateral receivables on derivative instruments and Cash collateral payables on derivative instruments and was not material for all periods presented. 3 Includes Loan commitments measured at FVTPL, as well as unsettled purchases and sales of non-derivative financial instruments for which the changes in the fair value between trade date and settlement date are recognized as derivative financial instruments. 4 Financial assets and liabilities are presented net on the balance sheet if UBS has the unconditional and legally enforceable right to offset the recognized amounts, both in the normal course of business and in the event of default, bankruptcy or insolvency of UBS or its counterparties, and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. 5 Reflects the netting potential in accordance with enforceable master netting and similar arrangements where not all criteria for a net presentation on the balance sheet have been met. Refer to "Note 22 Offsetting financial assets and financial liabilities" in the "Consolidated financial statements" section of the UBS AG Annual Report 2024 for more information.

b) Cash collateral on derivative instruments

USD bn	Receivables 31.3.25	Payables 31.3.25	Receivables 31.12.24	Payables 31.12.24
Cash collateral on derivative instruments, based on netting under IFRS Accounting Standards[1]	39.0	32.0	44.0	36.4
Further netting potential not recognized on the balance sheet[2]	(24.3)	(17.1)	(28.3)	(22.6)
of which: netting of recognized financial liabilities / assets	*(22.2)*	*(15.0)*	*(25.9)*	*(20.2)*
of which: netting with collateral received / pledged	*(2.1)*	*(2.1)*	*(2.4)*	*(2.4)*
Cash collateral on derivative instruments, after consideration of further netting potential	14.7	14.9	15.7	13.8

1 Financial assets and liabilities are presented net on the balance sheet if UBS has the unconditional and legally enforceable right to offset the recognized amounts, both in the normal course of business and in the event of default, bankruptcy or insolvency of UBS or its counterparties, and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. 2 Reflects the netting potential in accordance with enforceable master netting and similar arrangements where not all criteria for a net presentation on the balance sheet have been met. Refer to "Note 22 Offsetting financial assets and financial liabilities" in the "Consolidated financial statements" section of the UBS AG Annual Report 2024 for more information.

Note 12 Other assets and liabilities

a) Other financial assets measured at amortized cost

USD m	31.3.25	31.12.24
Debt securities	48,095	41,583
Loans to financial advisors	2,738	2,723
Fee- and commission-related receivables	2,493	2,231
Finance lease receivables	6,104	5,934
Settlement and clearing accounts	444	430
Accrued interest income	2,127	2,196
Other[1]	4,864	4,182
Total other financial assets measured at amortized cost	66,864	59,279

1 Predominantly includes cash collateral provided to exchanges and clearing houses to secure securities trading activity through those counterparties.

b) Other non-financial assets

USD m	31.3.25	31.12.24
Precious metals and other physical commodities	7,623	7,341
Deposits and collateral provided in connection with litigation, regulatory and similar matters[1]	2,012	1,946
Prepaid expenses	1,285	1,194
Current tax assets	1,410	1,504
VAT, withholding tax and other tax receivables	816	1,129
Properties and other non-current assets held for sale	189	195
Assets of disposal groups held for sale[2]		1,823
Other	1,799	2,149
Total other non-financial assets	15,134	17,282

1 Refer to Note 16 for more information. 2 Refer to Note 6 for more information about the sale of Select Portfolio Servicing.

c) Other financial liabilities measured at amortized cost

USD m	31.3.25	31.12.24
Other accrued expenses	2,646	2,732
Accrued interest expenses	4,910	5,862
Settlement and clearing accounts	2,193	1,925
Lease liabilities	3,824	3,871
Other	5,849	7,372
Total other financial liabilities measured at amortized cost	19,421	21,762

d) Other financial liabilities designated at fair value

USD m	31.3.25	31.12.24
Financial liabilities related to unit-linked investment contracts	17,528	17,203
Securities financing transactions	4,093	5,798
Over-the-counter debt instruments and other	5,613	5,698
Funding from UBS Group AG[1]	5,557	5,342
Total other financial liabilities designated at fair value	32,792	34,041

1 Funding from UBS Group AG consists of subordinated debt of UBS AG and its subsidiaries toward UBS Group AG. Subordinated debt consists of unsecured debt obligations that are contractually subordinated in right of payment to all other present and future non-subordinated obligations of the respective issuing entity.

e) Other non-financial liabilities

USD m	31.3.25	31.12.24
Compensation-related liabilities	4,460	6,897
of which: net defined benefit liability	*704*	*691*
Current tax liabilities	1,697	1,536
Deferred tax liabilities	303	283
VAT, withholding tax and other tax payables	888	1,067
Deferred income	596	614
Liabilities of disposal groups held for sale[1]		1,212
Other	80	304
Total other non-financial liabilities	8,024	11,911

1 Refer to Note 6 for more information about the sale of Select Portfolio Servicing.

Note 13 Funding from UBS Group AG measured at amortized cost

Funding from UBS Group AG measured at amortized cost

USD m	31.3.25	31.12.24
Debt contributing to total loss-absorbing capacity (TLAC)	88,236	87,036
Debt eligible as high-trigger loss-absorbing additional tier 1 capital instruments[1]	18,325	14,585
Debt eligible as low-trigger loss-absorbing additional tier 1 capital instruments		1,245
Other[2]	4,895	5,051
Total funding from UBS Group AG measured at amortized cost[3,4]	111,457	107,918

1 For 31 March 2025, includes USD 10.1bn (31 December 2024: USD 6.9bn) that is, upon the occurrence of a trigger event or a viability event, subject to conversion into ordinary UBS shares. 2 Includes debt no longer eligible as TLAC having a residual maturity of less than one year and high-trigger loss-absorbing additional tier 1 capital instruments that ceased to be eligible when UBS Group AG issued notice of redemption. 3 Consists of subordinated debt of UBS AG and its subsidiaries toward UBS Group AG. Subordinated debt consists of unsecured debt obligations that are contractually subordinated in right of payment to all other present and future non-subordinated obligations of the respective issuing entity. 4 UBS AG has also recognized funding from UBS Group AG that is designated at fair value. Refer to Note 12d for more information.

Note 14 Debt issued designated at fair value

Debt issued designated at fair value

USD m	31.3.25	31.12.24
Equity-linked[1]	57,151	54,069
Rates-linked	23,778	23,641
Credit-linked	5,354	5,225
Fixed-rate	15,178	14,250
Commodity-linked	3,462	3,592
Other	2,470	1,789
Total debt issued designated at fair value[2]	107,393	102,567

1 Includes investment fund unit-linked instruments issued. 2 As of 31 March 2025, 100% of Total debt issued designated at fair value was unsecured (31 December 2024: 100%).

Note 15 Debt issued measured at amortized cost

Debt issued measured at amortized cost

USD m	31.3.25	31.12.24
Short-term debt[1]	30,582	30,509
Senior unsecured debt	30,106	33,416
Covered bonds	9,089	8,814
Subordinated debt	676	689
of which: eligible as non-Basel III-compliant tier 2 capital instruments	*205*	*207*
Debt issued through the Swiss central mortgage institutions	27,378	27,251
Other long-term debt	429	424
Long-term debt[2]	67,677	70,595
Total debt issued measured at amortized cost[3,4]	98,259	101,104

1 Debt with an original contractual maturity of less than one year, includes mainly certificates of deposit and commercial paper. 2 Debt with an original contractual maturity greater than or equal to one year. The classification of debt issued into short-term and long-term does not consider any early redemption features. 3 Net of bifurcated embedded derivatives, the fair value of which was not material for the periods presented. 4 Except for Covered bonds (100% secured), Debt issued through the Swiss central mortgage institutions (100% secured) and Other long-term debt (92% secured), 100% of the balance was unsecured as of 31 March 2025.

Note 16 Provisions and contingent liabilities

a) Provisions

The table below presents an overview of total provisions.

Overview of total provisions

USD m	31.3.25	31.12.24
Provisions other than provisions for expected credit losses	5,146	4,799
Provisions for expected credit losses[1]	348	332
Total provisions	5,495	5,131

1 Refer to Note 9c for more information about ECL provisions recognized for off-balance sheet financial instruments and credit lines.

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

Additional information for provisions other than provisions for expected credit losses

USD m	Litigation, regulatory and similar matters[1]	Restructuring[2]	Real estate[3]	Other[4]	Total
Balance as of 31 December 2024	3,598	699	224	278	4,799
Increase in provisions recognized in the income statement	226	247	4	37	515
Release of provisions recognized in the income statement	(12)	(28)	(1)	(15)	(57)
Provisions used in conformity with designated purpose	(30)	(149)	(12)	(12)	(204)
Foreign currency translation and other movements	65	13	9	7	93
Balance as of 31 March 2025	3,848	781	223	294	5,146

1 Consists of provisions for losses resulting from legal, liability and compliance risks. 2 Includes USD 374m of provisions for onerous contracts related to real estate as of 31 March 2025 (31 December 2024: USD 383m) and USD 342m of personnel-related restructuring provisions as of 31 March 2025 (31 December 2024: USD 262m), as well as provisions for onerous contracts related to technology. 3 Mainly includes provisions for reinstatement costs with respect to leased properties. 4 Mainly includes provisions related to employee benefits, VAT and operational risks.

Information about provisions and contingent liabilities in respect of litigation, regulatory and similar matters, as a class, is included in Note 16b. There are no material contingent liabilities associated with the other classes of provisions.

b) 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. "UBS", "we" and "our", for purposes of this Note, refer to UBS AG and / or one or more of its subsidiaries, as applicable.

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 UBS 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 UBS 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. UBS 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 UBS 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 UBS, but are nevertheless expected to be, based on UBS'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.

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 to UBS 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.

Note 16 Provisions and contingent liabilities (continued)

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; 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 Note 16a above. UBS provides below an estimate of the aggregate liability for its litigation, regulatory and similar matters as a class of contingent liabilities. Estimates of contingent liabilities are inherently imprecise and uncertain as these estimates require UBS to make 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. Taking into account these uncertainties and the other factors described herein, UBS estimates the future losses that could arise from litigation, regulatory and similar matters disclosed below for which an estimate is possible, that are not covered by existing provisions are in the range of USD 0bn to USD 3.2bn.

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.

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

USD m	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Non-core and Legacy	Group Items	UBS AG
Balance as of 31 December 2024	1,271	147	1	266	1,779	135	3,598
Increase in provisions recognized in the income statement	15	0	0	29	109	72	226
Release of provisions recognized in the income statement	(2)	0	0	(9)	0	(1)	(12)
Provisions used in conformity with designated purpose	(12)	0	0	0	(15)	(2)	(30)
Foreign currency translation and other movements	47	6	0	7	5	0	65
Balance as of 31 March 2025	1,318	153	0	293	1,878	205	3,848

1 Provisions, if any, for the matters described in items 2 and 9 of this Note are recorded in Global Wealth Management. Provisions, if any, for the matters described in items 4, 5, 6, 7 and 8 of this Note are recorded in Non-core and Legacy. Provisions, if any, for the matters described in item 1 of this Note are allocated between Global Wealth Management, Personal & Corporate Banking and Non-core and Legacy. Provisions, if any, for the matters described in item 3 of this Note are allocated between the Investment Bank, Non-core and Legacy and Group Items. Provisions, if any, for the matters described in item 10 of this Note are allocated between the Investment Bank and Non-core and Legacy.

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. Credit Suisse offices in various locations, including the UK, the Netherlands, France and Belgium, have been contacted by regulatory and law enforcement authorities seeking records and information concerning investigations into Credit Suisse's historical private banking services on a cross-border basis and in part through its local branches and banks. The UK and French aspects of these issues have been closed. UBS is continuing to cooperate with the authorities.

Since 2013, UBS (France) S.A., UBS AG and certain former employees have been under investigation in France in relation to UBS's cross-border business with French clients. In connection with this investigation, the investigating judges ordered UBS AG to provide bail ("*caution*") of EUR 1.1bn.

In 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 3.7bn on UBS AG and UBS (France) S.A. and awarded EUR 800m of civil damages to the French state. A trial in the Paris Court of Appeal took place in March 2021. In 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 3.75m, the confiscation of EUR 1bn, and awarded civil damages to the French state of EUR 800m. UBS appealed the decision to the French Supreme Court. The Supreme Court rendered its judgment on 15 November 2023. It upheld the Court of Appeal's decision regarding unlawful solicitation and aggravated laundering of the proceeds of tax fraud, but overturned the confiscation of EUR 1bn, the penalty of EUR 3.75m and the EUR 800m of civil damages awarded to the French state. The case has been remanded to the Court of Appeal for a retrial regarding these overturned elements. The French state has reimbursed the EUR 800m of civil damages to UBS AG.

In May 2014, Credit Suisse AG entered into settlement agreements with the SEC, the Federal Reserve, the New York Department of Financial Services and agreed with the U.S. Department of Justice (the DOJ) to plead guilty to conspiring to aid and abet US taxpayers in filing false tax returns (the 2014 Plea Agreement). Credit Suisse continued to report to and cooperate with US authorities in accordance with its obligations under the 2014 Plea Agreement, including by conducting a review of cross-border services provided by Credit Suisse. In this connection, Credit Suisse provided information to US authorities regarding potentially undeclared US assets held by clients at Credit Suisse since the 2014 Plea Agreement. In May 2025, Credit Suisse Services AG entered into a plea agreement (the 2025 Plea Agreement) with the DOJ under which it agreed to plead guilty to one count of conspiracy to aid and assist in the preparation of false income tax returns. In addition, Credit Suisse Services AG entered into a non-prosecution agreement with the DOJ (the 2025 NPA) relating to legacy Credit Suisse accounts booked in Credit Suisse's Singapore booking center. The 2025 Plea Agreement and the 2025 NPA provide for penalties, restitution and forfeiture of USD 511m in the aggregate. The 2025 Plea Agreement and the 2025 NPA include ongoing obligations of UBS to furnish information and cooperate with DOJ's investigations of legacy Credit Suisse accounts held by US persons in its Switzerland and Singapore booking centers and related accounts in other booking centers.

Our balance sheet at 31 March 2025 reflected provisions 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. 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 2.1bn, 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 2bn. In 2014, the US Supreme Court rejected the BMIS Trustee's motion for leave to appeal decisions, dismissing all claims against UBS defendants except those for the recovery of approximately USD 125m of payments alleged to be fraudulent conveyances and preference payments. Similar claims have been filed against Credit Suisse entities seeking to recover redemption payments. In 2016, the bankruptcy court dismissed these claims against the UBS entities and most of the Credit Suisse entities. In 2019, the Court of Appeals reversed the dismissal of the BMIS Trustee's remaining claims. The case has been remanded to the Bankruptcy Court for further proceedings.

3. 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 UK 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. In December 2021, the European Commission issued a decision imposing a fine of EUR 83.3m on Credit Suisse entities based on findings of anticompetitive practices in the foreign exchange market. Credit Suisse has appealed the decision to the European General Court. UBS received leniency and accordingly no fine was assessed.

Foreign-exchange-related civil litigation: Putative class actions have been filed since 2013 in US federal courts and in other jurisdictions against UBS, Credit Suisse and other banks on behalf of persons who engaged in foreign currency transactions with any of the defendant banks. UBS and Credit Suisse have 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. Certain class members have excluded themselves from that settlement and filed individual actions in US and English courts against UBS, Credit Suisse and other banks, alleging violations of US and European competition laws and unjust enrichment. UBS, Credit Suisse and the other banks have resolved those individual matters. In addition, Credit Suisse and UBS, together with other financial institutions, were named in a consolidated putative class action in Israel, which made allegations similar to those made in the actions pursued in other jurisdictions. Credit Suisse and UBS entered into agreements to settle all claims in this action in April 2022 and February 2024, respectively. Credit Suisse's settlement received court approval and will be deemed final in May 2025 if the petitioners do not further appeal. UBS's settlement remains subject to court approval.

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 and Credit Suisse 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, Yen LIBOR, EURIBOR, CHF LIBOR, and GBP LIBOR and seek unspecified compensatory and other damages under various legal theories.

USD LIBOR class and individual actions in the US: Beginning in 2013, putative class actions were filed in US federal district courts (and subsequently consolidated in the US District Court for the Southern District of New York (SDNY)) by plaintiffs who engaged in over-the-counter instruments, exchange-traded Eurodollar futures and options, bonds or loans that referenced USD LIBOR. The complaints allege violations of antitrust law and the Commodities Exchange Act, as well breach of contract and unjust enrichment. Following various rulings by the SDNY and the Second Circuit dismissing certain of the causes of action and allowing others to proceed, one class action with respect to transactions in over-the-counter instruments and several actions brought by individual plaintiffs are proceeding in the district court. UBS and Credit Suisse have entered into settlement agreements in respect of the class actions relating to exchange-traded instruments, bonds and loans. These settlements have received final court approval and the actions have been dismissed as to UBS and Credit Suisse. In addition, an individual action was filed in federal court in California against UBS, Credit Suisse 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 ICE LIBOR rate and monopolized the market for LIBOR-based consumer loans and credit cards. The court dismissed the initial complaint and subsequently dismissed an amended complaint with prejudice; the US Court of Appeals for the Ninth Circuit affirmed the dismissal. In April 2025, plaintiffs filed a petition for a writ of certiorari with the US Supreme Court challenging the decisions of the lower courts.

Other benchmark class actions in the US: The Yen LIBOR/Euroyen TIBOR, EURIBOR and GBP LIBOR actions have been dismissed. Plaintiffs have appealed the dismissals.

In January 2023, defendants moved to dismiss the complaint in the CHF LIBOR action. In 2023, the court approved a settlement by Credit Suisse of the claims against it in this matter.

Government bonds: In 2021, the European Commission issued a decision finding that UBS and six other banks breached European Union antitrust rules between 2007 and 2011 relating to European government bonds. The European Commission fined UBS EUR 172m, which amount was confirmed on appeal on 26 March 2025.

Credit default swap auction litigation – In June 2021, Credit Suisse, along with other banks and entities, was named in a putative class action filed in federal court in New Mexico alleging manipulation of credit default swap (CDS) final auction prices. Defendants filed a motion to enforce a previous CDS class action settlement in the SDNY. In January 2024, the SDNY ruled that, to the extent claims in the New Mexico action arise from conduct prior to 30 June 2014, those claims are barred by the SDNY settlement. The plaintiffs have appealed the SDNY decision.

With respect to additional matters and jurisdictions not encompassed by the settlements and orders referred to above, UBS's balance sheet at 31 March 2025 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.

4. Mortgage-related matters

Government and regulatory related matters: DOJ RMBS settlement – In January 2017, Credit Suisse Securities (USA) LLC (CSS LLC) and its current and former US subsidiaries and US affiliates reached a settlement with the DOJ related to its legacy Residential Mortgage-Backed Securities (RMBS) business, a business conducted through 2007. The settlement resolved potential civil claims by the DOJ related to certain of those Credit Suisse entities' packaging, marketing, structuring, arrangement, underwriting, issuance and sale of RMBS. Pursuant to the terms of the settlement a civil monetary penalty was paid to the DOJ in January 2017. The settlement also required the Credit Suisse entities to provide certain levels of consumer relief measures, including affordable housing payments and loan forgiveness, and the DOJ and Credit Suisse agreed to the appointment of an independent monitor to oversee the completion of the consumer relief requirements of the settlement. UBS continues to evaluate its approach toward satisfying the remaining consumer relief obligations. The aggregate amount of the consumer relief obligation increased after 2021 by 5% per annum of the outstanding amount due until these obligations are settled. The monitor publishes reports periodically on these consumer relief matters.

Civil litigation: Repurchase litigations – Credit Suisse affiliates are defendants in various civil litigation matters related to their roles as issuer, sponsor, depositor, underwriter and/or servicer of RMBS transactions. These cases currently include repurchase actions by RMBS trusts and/or trustees, in which plaintiffs generally allege breached representations and warranties in respect of mortgage loans and failure to repurchase such mortgage loans as required under the applicable agreements. The amounts disclosed below do not reflect actual realized plaintiff losses to date. Unless otherwise stated, these amounts reflect the original unpaid principal balance amounts as alleged in these actions.

DLJ Mortgage Capital, Inc. (DLJ) is a defendant in New York State court in five actions: An action brought by Asset Backed Securities Corporation Home Equity Loan Trust, Series 2006-HE7 alleges damages of not less than USD 374m. In December 2023, the court granted in part DLJ's motion to dismiss, dismissing with prejudice all notice-based claims; the parties have appealed. An action by Home Equity Asset Trust, Series 2006-8, alleges damages of not less than USD 436m. An action by Home Equity Asset Trust 2007-1 alleges damages of not less than USD 420m. Following a non-jury trial, the court issued a decision in December 2024 that the plaintiff had established breaches of representations and warranties relating to 209 of the 783 loans at issue. The court deferred decision as to damages, which will either be agreed upon by the parties or briefed for further decision by the court. An action by Home Equity Asset Trust 2007-2 alleges damages of not less than USD 495m. An action by CSMC Asset-Backed Trust 2007-NC1 does not allege a damages amount.

5. ATA litigation

Since November 2014, a series of lawsuits have been filed against a number of banks, including Credit Suisse, in the US District Court for the Eastern District of New York (EDNY) and the SDNY alleging claims under the United States Anti-Terrorism Act (ATA) and the Justice Against Sponsors of Terrorism Act. The plaintiffs in each of these lawsuits are, or are relatives of, victims of various terrorist attacks in Iraq and allege a conspiracy and/or aiding and abetting based on allegations that various international financial institutions, including the defendants, agreed to alter, falsify or omit information from payment messages that involved Iranian parties for the express purpose of concealing the Iranian parties' financial activities and transactions from detection by US authorities. The lawsuits allege that this conduct has made it possible for Iran to transfer funds to Hezbollah and other terrorist organizations actively engaged in harming US military personnel and civilians. In January 2023, the Second Circuit affirmed a September 2019 ruling by the EDNY granting defendants' motion to dismiss the first filed lawsuit. In October 2023, the US Supreme Court denied plaintiffs' petition for a writ of certiorari. In February 2024, plaintiffs filed a motion to vacate the judgment in the first filed lawsuit. Of the other seven cases, four are stayed, including one that was dismissed as to Credit Suisse and most of the bank defendants prior to entry of the stay, and in three cases plaintiffs have filed amended complaints.

6. Customer account matters

Several clients have claimed that a former relationship manager in Switzerland had exceeded his investment authority in the management of their portfolios, resulting in excessive concentrations of certain exposures and investment losses. Credit Suisse AG has investigated the claims, as well as transactions among the clients. Credit Suisse AG filed a criminal complaint against the former relationship manager with the Geneva Prosecutor's Office upon which the prosecutor initiated a criminal investigation. Several clients of the former relationship manager also filed criminal complaints with the Geneva Prosecutor's Office. In February 2018, the former relationship manager was sentenced to five years in prison by the Geneva criminal court for fraud, forgery and criminal mismanagement and ordered to pay damages of approximately USD 130m. On appeal, the Criminal Court of Appeals of Geneva and, subsequently, the Swiss Federal Supreme Court upheld the main findings of the Geneva criminal court.

Civil lawsuits have been initiated against Credit Suisse AG and / or certain affiliates in various jurisdictions, based on the findings established in the criminal proceedings against the former relationship manager.

In Singapore, in a civil lawsuit against Credit Suisse Trust Limited, the Singapore International Commercial Court issued a judgment finding for the plaintiffs and, in September 2023, the court awarded damages of USD 742.73m, excluding post-judgment interest. This figure does not exclude potential overlap with the Bermuda proceedings against Credit Suisse Life (Bermuda) Ltd., described below, and the court ordered the parties to ensure there is no double recovery in relation to this award and the Bermuda proceedings. On appeal from this judgment, in July 2024, the court ordered changes to the damages calculation and directed the parties to agree on adjustments to the award. The court ordered a revised award of USD 461m, including interest and costs, in October 2024 and the Singapore proceeding has concluded.

In Bermuda, in the civil lawsuit brought against Credit Suisse Life (Bermuda) Ltd., the Supreme Court of Bermuda issued a judgment awarding damages of USD 607.35m to the plaintiff. Credit Suisse Life (Bermuda) Ltd. appealed the decision. In June 2023, the Bermuda Court of Appeal confirmed the award and the Supreme Court of Bermuda's finding that Credit Suisse Life (Bermuda) Ltd. breached its contractual and fiduciary duties, but overturned the finding that Credit Suisse Life (Bermuda) Ltd. made fraudulent misrepresentations. In March 2024, the Bermuda Court of Appeal granted Credit Suisse Life (Bermuda) Ltd.'s motion for leave to appeal the judgment to the Judicial Committee of the Privy Council and the notice of such appeal was filed. The Bermuda Court of Appeal also ordered that the current stay continue pending determination of the appeal on the condition that the damages awarded, plus interest calculated at the Bermuda statutory rate of 3.5%, remain in the escrow account.

In Switzerland, civil lawsuits have been commenced against Credit Suisse AG in the Court of First Instance of Geneva, with statements of claim served in March 2023 and March 2024.

7. Mozambique matter

Credit Suisse was subject to investigations by regulatory and enforcement authorities, as well as civil litigation, regarding certain Credit Suisse entities' arrangement of loan financing to Mozambique state enterprises, Proindicus S.A. and Empresa Moçambicana de Atum S.A. (EMATUM), a distribution to private investors of loan participation notes (LPN) related to the EMATUM financing in September 2013, and certain Credit Suisse entities' subsequent role in arranging the exchange of those LPNs for Eurobonds issued by the Republic of Mozambique. In 2019, three former Credit Suisse employees pleaded guilty in the EDNY to accepting improper personal benefits in connection with financing transactions carried out with two Mozambique state enterprises.

In October 2021, Credit Suisse reached settlements with the DOJ, the US Securities and Exchange Commission (SEC), the UK Financial Conduct Authority (FCA) and FINMA to resolve inquiries by these agencies, including findings that Credit Suisse failed to appropriately organize and conduct its business with due skill and care, and manage risks. Credit Suisse Group AG entered into a three-year Deferred Prosecution Agreement (DPA) with the DOJ in connection with the criminal information charging Credit Suisse Group AG with conspiracy to commit wire fraud and Credit Suisse Securities (Europe) Limited (CSSEL) entered into a Plea Agreement and pleaded guilty to one count of conspiracy to violate the US federal wire fraud statute. Under the terms of the DPA, UBS Group AG (as successor to Credit Suisse Group AG) continued compliance enhancement and remediation efforts agreed by Credit Suisse, and undertake additional measures as outlined in the DPA. In January 2025, as permitted under the terms of the DPA, the DOJ elected to extend the term of the DPA by one year.

Note 16 Provisions and contingent liabilities (continued)

8. ETN-related litigation

XIV litigation: Since March 2018, three class action complaints were filed in the SDNY on behalf of a putative class of purchasers of VelocityShares Daily Inverse VIX Short-Term Exchange Traded Notes linked to the S&P 500 VIX Short-Term Futures Index (XIV ETNs). The complaints have been consolidated and asserts claims against Credit Suisse for violations of various anti-fraud and anti-manipulation provisions of US securities laws arising from a decline in the value of XIV ETNs in February 2018. On appeal from an order of the SDNY dismissing all claims, the Second Circuit issued an order that reinstated a portion of the claims. In decisions in March 2023 and February 2025, the court granted class certification for two of the three classes proposed by plaintiffs and denied class certification of the third proposed class.

9. Bulgarian former clients matter

In December 2020, the Swiss Office of the Attorney General brought charges against Credit Suisse AG and other parties concerning the diligence and controls applied to a historical relationship with Bulgarian former clients who are alleged to have laundered funds through Credit Suisse AG accounts. In June 2022, following a trial, Credit Suisse AG was convicted in the Swiss Federal Criminal Court of certain historical organizational inadequacies in its anti-money-laundering framework and ordered to pay a fine of CHF 2m. In addition, the court seized certain client assets in the amount of approximately CHF 12m and ordered Credit Suisse AG to pay a compensatory claim in the amount of approximately CHF 19m. Credit Suisse AG appealed the decision to the Swiss Federal Court of Appeals. Following the merger of UBS AG and Credit Suisse AG, UBS AG confirmed the appeal. In November 2024, the court issued a judgment that acquitted UBS AG and annulled the fine and compensatory claim ordered by the first instance court. In February 2025, the court affirmed the acquittal of UBS AG, and the Office of the Attorney General has appealed the judgment to the Swiss Federal Supreme Court. UBS has also appealed limited to the issue whether a successor entity by merger can be criminally liable for acts of the predecessor entity.

10. Archegos

Credit Suisse and UBS have received requests for documents and information in connection with inquiries, investigations and/or actions relating to their relationships with Archegos Capital Management (Archegos), including from FINMA (assisted by a third party appointed by FINMA), the DOJ, the SEC, the US Federal Reserve, the US Commodity Futures Trading Commission (CFTC), the US Senate Banking Committee, the Prudential Regulation Authority (PRA), the FCA, the WEKO, the Hong Kong Competition Commission and other regulatory and governmental agencies. UBS is cooperating with the authorities in these matters. In July 2023, CSI and CSSEL entered into a settlement agreement with the PRA providing for the resolution of the PRA's investigation. Also in July 2023, FINMA issued a decree ordering remedial measures and the Federal Reserve Board issued an Order to Cease and Desist. Under the terms of the order, Credit Suisse paid a civil money penalty and agreed to undertake certain remedial measures relating to counterparty credit risk management, liquidity risk management and non-financial risk management, as well as enhancements to board oversight and governance. UBS Group, as the legal successor to Credit Suisse Group AG, is a party to the FINMA decree and Federal Reserve Board Cease and Desist Order.

Civil actions relating to Credit Suisse's relationship with Archegos have been filed against Credit Suisse and/or certain officers and directors, including claims for breaches of fiduciary duties.

Note 17 Events after the reporting period

On 5 May 2025, Credit Suisse Services AG entered into an agreement with the U.S. Department of Justice to settle a long-running tax-related investigation into Credit Suisse's implementation of its 2014 plea agreement, relating to its legacy cross-border business with US taxpayers booked in Switzerland, which began before UBS acquired Credit Suisse. Credit Suisse Services AG pleaded guilty to one count of conspiracy to aid and assist in the preparation of false income tax returns and will pay an aggregate of USD 371.9m. Credit Suisse Services AG also contemporaneously entered into a non-prosecution agreement regarding US taxpayers booked in the legacy Credit Suisse Singapore booking center and will pay an aggregate of USD 138.7m. UBS AG has not made any post-balance sheet adjustment as the expected impact is not material.

REGISTERED OFFICE OF THE ISSUER

UBS AG, London Branch
5 Broadgate
London
EC2M 2QS
United Kingdom

ISSUER'S AUDITORS

Ernst & Young Ltd
Aeschengraben 9
P.O. Box 2149 CH-4002 Basel
Switzerland

LEGAL ADVISERS
(as to Singapore law)

Allen & Gledhill LLP
One Marina Boulevard #28-00
Singapore 018989

WARRANT AGENT

The Central Depository (Pte) Limited
4 Shenton Way
#02-01 SGX Centre 2
Singapore 068807