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).

5,000,000 European Style Cash Settled Long Certificates relating to

the ordinary shares of ANTA Sports Products Limited

with a Daily Leverage of 5x

UBS AG

(Incorporated with limited liability in Switzerland)

acting through its London Branch

Issue Price: S$0.80 per Certificate

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

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

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

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

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

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

Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. It is expected that dealings in the Certificates will commence on or about 15 June 2022.

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

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

14 June 2022

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

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

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

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

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

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

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

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RISK FACTORS

The following risk factors are relevant to the Certificates:-

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

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

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

(d) 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;

(e) 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;

(f) 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;

(g) 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;

(h) 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;

(i) 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;

(j) 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;

(k) 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;

(l) 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);

(m) 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);

(n) 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;

(o) 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;

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

(q) 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);

(r) 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;

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

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

(u) 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;

(v) 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;

(w) 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;

(x) 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;

(y) 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;

(z) 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;

(aa) 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;

(bb) 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;

(cc) 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;

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

Discontinuance of, or changes to, benchmarks may require adjustments to the Issuer's agreements, systems and processes. The interbank offered rate(s) ("**IBOR**") and other interest rate, equity, commodity, foreign exchange and other types of indices which are deemed to be "benchmarks", are the subject of national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be or may be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Certificates referencing such a benchmark. Investors should consult their own independent advisers and make their own assessment about the potential risks or any of the international or national reforms in making any investment decision with respect to any Certificates referencing a benchmark; and (ee) 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:	5,000,000 European Style Cash Settled Long Certificates relating to the ordinary shares of ANTA Sports Products Limited (the "**Underlying Stock**" or the "**Underlying**")
ISIN:	CH1169123952
Company:	ANTA Sports Products Limited (RIC: 2020.HK)
Underlying Price[3] and Source:	HK$87.20 (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 0.80
Management Fee (p.a.)[4]:	0.40%
Gap Premium (p.a.)[5]:	6.90%, 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:	7 June 2022
Closing Date:	14 June 2022

[3] These figures are calculated as at, and based on information available to the Issuer on or about 14 June 2022. The Issuer is not obliged, and undertakes no responsibility to any person, to update or inform any person of any changes to the figures after 14 June 2022.
[4] Please note that the Management Fee is calculated on a 360-day basis and may be increased up to a maximum of 3% p.a. on giving one month's notice to investors. Any increase in the Management Fee will be announced on the SGXNET. Please refer to "Fees and Charges" below for further details of the fees and charges payable and the maximum of such fees as well as other ongoing expenses that may be borne by the Certificates.
[5] Please note that the Gap Premium is calculated on a 360-day basis.
[6] These costs are embedded within the Leverage Strategy.

Expected Listing Date:	15 June 2022
Last Trading Date:	The date falling 5 Business Days immediately preceding the Expiry Date, currently being 23 April 2025
Expiry Date:	30 April 2025 (if the Expiry Date is not a Business Day, then the Expiry Date shall fall on the preceding Business Day and subject to adjustment of the Valuation Date upon the occurrence of Market Disruption Events as set out in the Conditions of the Certificates)
Board Lot:	100 Certificates
Valuation Date:	29 April 2025 or if such day is not an Exchange Business Day, the immediately preceding Exchange Business Day.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Cash Settlement Amount:	In respect of each Certificate, shall be an amount (if positive) payable in the Settlement Currency equal to: Closing Level multiplied by the Notional Amount per Certificate Please refer to the “Information relating to the European Style Cash Settled Long Certificates on Single Equities” section on pages 34 to 48 of this document for examples and illustrations of the calculation of the Cash Settlement Amount.
Hedging Fee Factor:	In respect of each Certificate, shall be an amount calculated as: Product (for t from Expected Listing Date to Valuation Date) of (1 – Management Fee x (ACT (t-1;t) ÷ 360)) x (1 – Gap Premium (t-1) x (ACT (t-1;t) ÷ 360)), where: “**t**” refers to “**Observation Date**” which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and

including) the Underlying Stock Business Day immediately preceding the Expected Listing Date to the Valuation Date; and

ACT (t-1;t) means the number of calendar days between the Underlying Stock Business Day immediately preceding the Observation Date (which is "t-1") (included) and the Observation Date (which is "t") (excluded).

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

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

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

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

Initial Reference Level: 1,000

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

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

Initial Exchange Rate[3]: 0.1770393442

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

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

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

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

In addition, the Conditions have been modified as follows:

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

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

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

<u>Specific Definitions relating to the Leverage Strategy</u>

<u>Description of the Leverage Strategy</u>

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

TC means the Transaction Costs applicable as determined by the Calculation Agent (including Stamp Duty and any other applicable taxes, levies and costs which may be levied on the stock transactions on the Relevant Stock Exchange for the Underlying Stock by the applicable regulatory authorities from time to time) that are currently equal to :

0.13%

"Stamp Duty" refers to the applicable rate of stamp duty on the stock transactions in the jurisdiction of the Relevant Stock Exchange for the Underlying Stock, which may be changed by the applicable regulatory authorities from time to time.

Leverage 5

$\mathbf{S_t}$ means the Underlying Stock Price as of Leverage Reset Time (t) computed as follows, subject to the adjustments and provisions of the Conditions:

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

S_t is the Closing Price of the Underlying Stock as of such Observation Date.

Otherwise,

S_t is the lowest price of the Underlying Stock during the respective Intraday Restrike Observation Period.

$\mathbf{Rfactor_t}$ means an amount determined by the Calculation Agent, according to the following formula, subject to the adjustments and provisions of the Conditions:

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

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

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.

$\mathbf{Rate_t}$ means, in respect of the Observation Date of Leverage Reset Time (t), a rate calculated as of such day in accordance with the following formula:

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

$\mathbf{CashRate_t}$ means, in respect of the Observation Date of the Leverage Reset Time (t), the Overnight HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HIHKDOND= or any successor page, being the rate as of day (t), provided that if any of such rate is not available, then that rate shall be determined by reference to the latest available rate that was published on the relevant Reuters page. Upon the occurrence or likely occurrence, as determined by the Calculation Agent, of a Benchmark Event, the Calculation Agent may make adjustments as it may determine appropriate to account for the relevant event or circumstance, including but not limited to using any alternative rates from such date, with or without retroactive effect as the Calculation Agent may in its sole and absolute discretion determine.

$\mathbf{\%SpreadLevel_t}$ means, in respect of the Observation Date of the Leverage Reset Time (t), a rate which shall be determined with respect to such Valuation Date(t) by the Calculation Agent as the difference between (1) the 12-month HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HIHKD1YD= and (2) Overnight HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HIHKDOND=or any successor page, each being the rate as of day (t), provided that if any of such rates is not available, then that rate shall be determined by reference to the latest available rate that was published on the relevant Reuters page. Upon the occurrence or likely occurrence, as determined by the Calculation Agent, of a Benchmark Event, the Calculation Agent may make adjustments as it may determine appropriate to account for the relevant event or circumstance, including but not limited to using any alternative rates from such date, with or without retroactive effect as the Calculation Agent may in its sole and absolute discretion determine.

Provided that if such difference is negative, $\mathbf{\%SpreadLevel_t}$ should be 0%.

Benchmark Event means:

(a) the relevant reference rate has ceased to be published on the relevant screen page as a result of such benchmark ceasing to be calculated or administered; or

(b) a public statement by the administrator of the relevant reference rate that (in circumstances where no successor administrator has been or will be appointed that will continue publication of such reference rate) it has ceased publishing such reference rate permanently or indefinitely or that it will cease to do so by a specified future date (the "**Specified Future Date**"); or

(c) a public statement by the supervisor of the administrator of the relevant reference rate that such reference rate has been or will, by a specified future date (the "**Specified Future Date**"), be permanently or indefinitely discontinued; or

(d) a public statement by the supervisor of the administrator of the relevant reference rate as a consequence of which Reference Rate will, by a specified future date (the "**Specified Future Date**"), be prohibited from being used, or that its use will be subject to restrictions or adverse consequences, either generally or in respect of the Certificates; or

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

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

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

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

DayCountBasisRate 365

Air Bag Mechanism

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

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

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

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

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

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

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

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

TERMS AND CONDITIONS OF

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

1. Form, Status, Transfer and Title

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

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

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

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

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

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

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

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

2. Certificate Rights and Exercise Expenses

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

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

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

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

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

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

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

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

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

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

3. Expiry Date

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

4. Exercise of Certificates

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

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

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

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

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

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

5. Warrant Agent

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

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

6. Adjustments

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

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

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

(ii) a distribution or dividend to existing holders of the Underlying Stock of (1) such Underlying Stock, or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Company equally or proportionately with such payments to holders of such

Underlying Stock, or (3) share capital or other securities of another issuer acquired by the Company as a result of a “spin-off” or other similar transaction, or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Issuer;

(iii) an extraordinary dividend;

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

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

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

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

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

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

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

(iii) following any adjustment to the settlement terms of options on the Underlying Stock on such exchange(s) or trading system(s) or quotation system(s) as the Issuer in its reasonable discretion shall select (the “**Option Reference Source**”) make a corresponding adjustment to any one or more of the Conditions, which adjustment will be effective as of the date determined by the Issuer to be the effective date of the corresponding adjustment made by the Option Reference Source. If options on the Underlying Stock are not traded on the Option

Reference Source, the Issuer will make such adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate, with reference to the rules and precedents (if any) set by the Option Reference Source, to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, that in the determination of the Issuer would have given rise to an adjustment by the Option Reference Source if such options were so traded.

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

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

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

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

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

7. Purchases

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

8. Meetings of Certificate Holders; Modification

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

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

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

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

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

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

9. Notices

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

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

10. Liquidation

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

11. Further Issues

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

12. Delisting

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

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

13. Early Termination

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

For the purposes of this Condition:

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

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

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

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

14. Governing Law

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

15. Prescription

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

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

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

SUMMARY OF THE ISSUE

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

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

Transfers of Certificates:	Certificates may only be transferred in Board Lots (or integral multiples thereof). All transfers in Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records of CDP.
Listing:	Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. Issue of the Certificates is conditional on such listing being granted. It is expected that dealings in the Certificates on the SGX-ST will commence on or about 15 June 2022.
Governing Law:	The laws of Singapore
Warrant Agent:	The Central Depository (Pte) Limited 11 North Buona Vista Drive #06-07 The Metropolis Tower 2 Singapore 138589
Further Issues:	Further issues which will form a single series with the Certificates will be permitted.

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

INFORMATION RELATING TO

THE EUROPEAN STYLE CASH SETTLED LONG CERTIFICATES ON SINGLE EQUITIES

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

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

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

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

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

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

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

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

(3) is the Strike Level; and

(4) is the Hedging Fee Factor.

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

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

B) Trading the Certificates before Expiry

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

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

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

Illustration of the Calculation of Hedging Fee Factor

Hedging Fee Factor	=	Product of the Daily Fees

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

Illustration of the Calculation of Cash Settlement Amount

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

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

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

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

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

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

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

[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:	**Ordinary shares of ANTA Sports Products Limited**
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:	**0.80 SGD**
Notional Amount per Certificate:	**0.80 SGD**
Management Fee (p.a.):	**0.40%**
Gap Premium (p.a.):	**6.90%**
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):

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

$$\text{HFF}(1) = 100\% \times \left(1 - 0.40\% \times \frac{1}{360}\right) \times \left(1 - 6.90\% \times \frac{1}{360}\right)$$

$$\text{HFF}(1) = 100\% \times 99.9989\% \times 99.9808\% \approx 99.9797\%$$

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

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

$$\text{HFF}(2) = 99.9797\% \times \left(1 - 0.40\% \times \frac{3}{360}\right) \times \left(1 - 6.90\% \times \frac{3}{360}\right)$$

$$\text{HFF}(2) = 99.9797\% \times 99.9967\% \times 99.9425\% \approx 99.9189\%$$

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

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

In this example, the Hedging Fee Factor as of the Valuation Date would be equal to 99.6962% as illustrated below:

Date	HFF
2/1/2021	100.0000%
2/2/2021	99.9797%
2/3/2021	99.9594%
2/4/2021	99.9392%
2/5/2021	99.9189%
2/8/2021	99.8581%
2/9/2021	99.8379%
2/10/2021	99.8176%
2/11/2021	99.7974%
2/12/2021	99.7772%
2/15/2021	99.7165%
2/16/2021	99.6962%

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 99.6962%

= 119.64%

Cash Settlement Amount = Closing Level x Notional Amount per Certificate

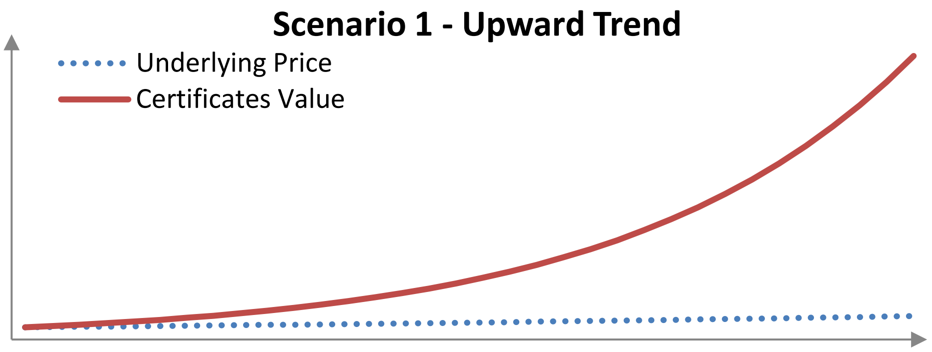
= 119.64% x 0.80 SGD

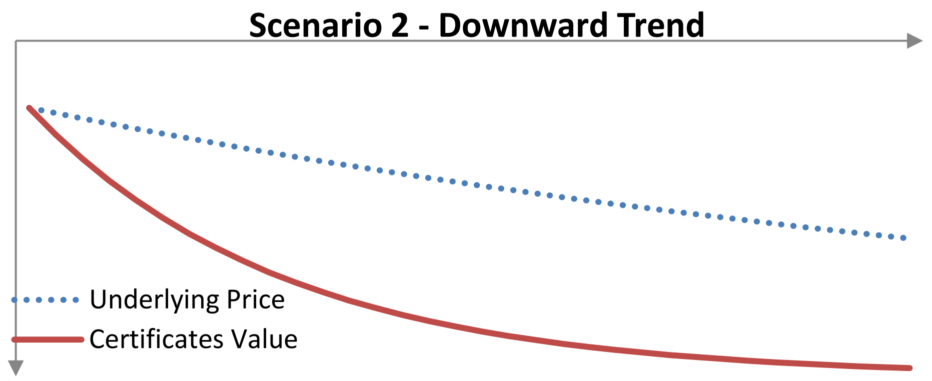
= 0.957 SGD

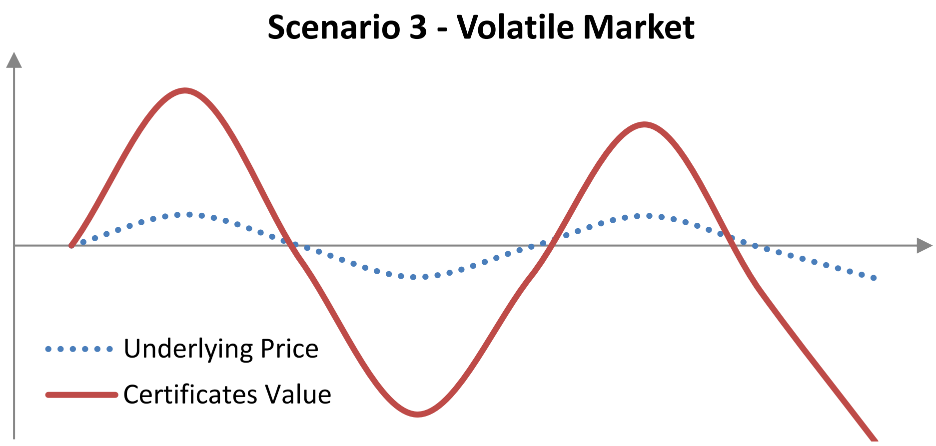
Illustration on how returns and losses can occur under different scenarios

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	0.80	0.88	0.97	1.06	1.17	1.29
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	0.80	0.72	0.65	0.58	0.52	0.47
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	0.80	0.88	0.79	0.71	0.78	0.86
Accumulated Return		10.00%	-1.00%	-10.90%	-1.99%	7.81%

Description of Air Bag Mechanism

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

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

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

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

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

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

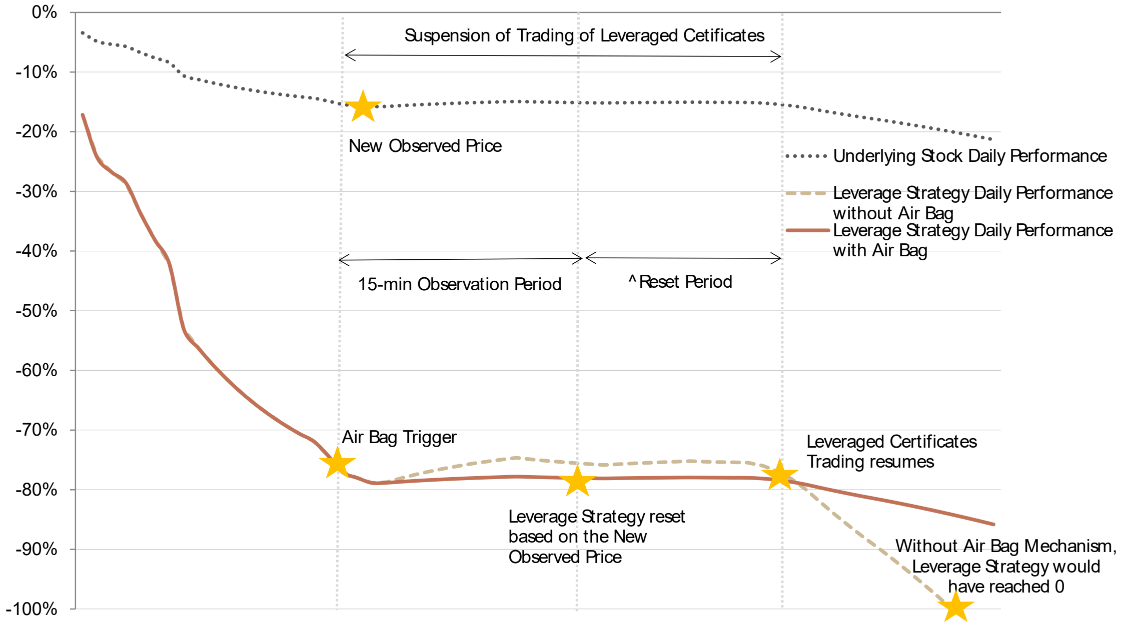
With **Market Close** defined as:

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

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

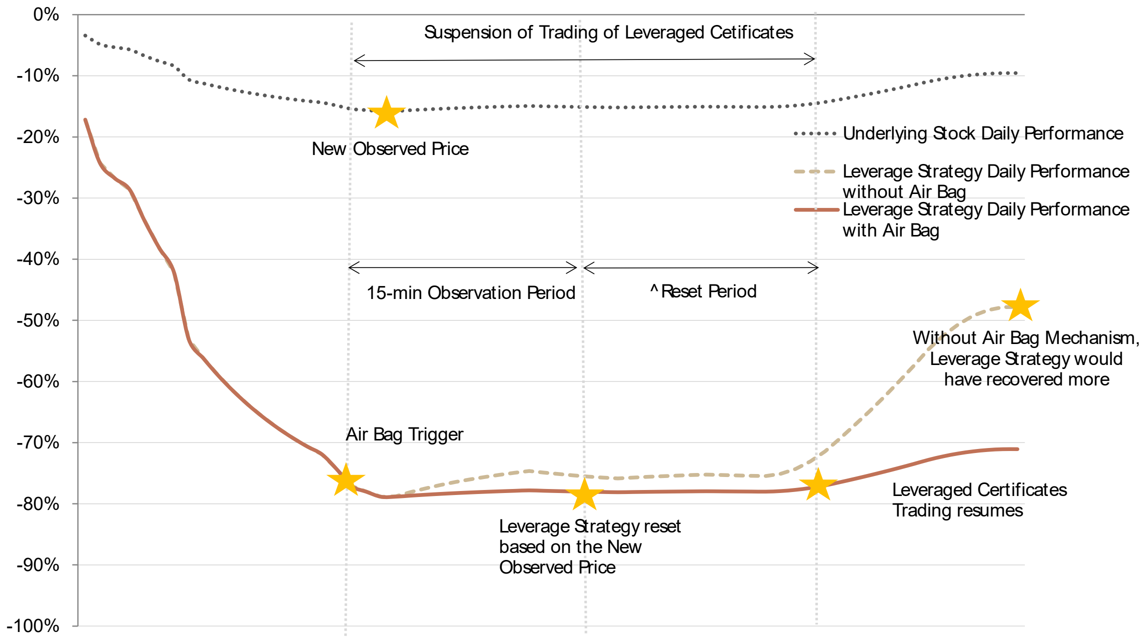
Illustrative examples of the Air Bag Mechanism[9]

Scenario 1 - Downward Trend after Air Bag Trigger



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

Scenario 2 - Upward Trend after Air Bag Trigger



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

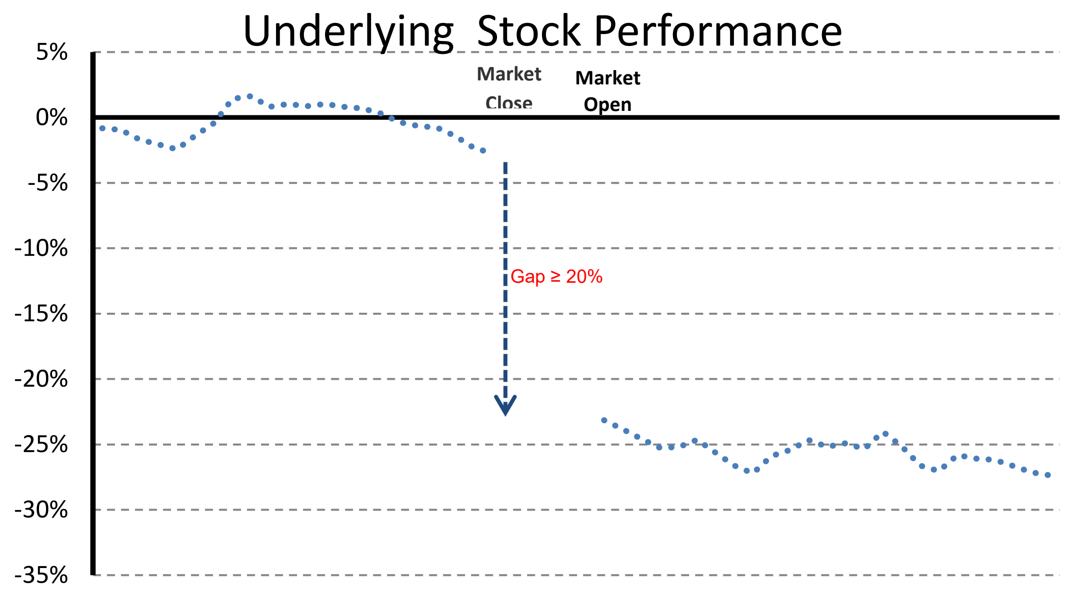
[9] The illustrative examples are not exhaustive.

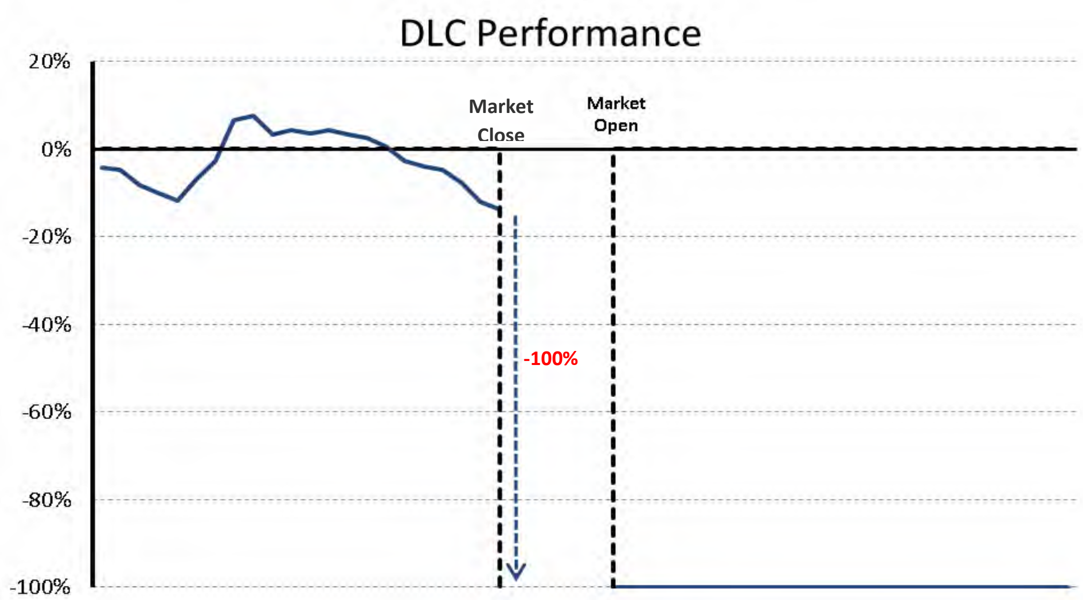
Scenarios where the investor may lose the entire value of the investment

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

Scenario 1 – Overnight fall of the Underlying Stock

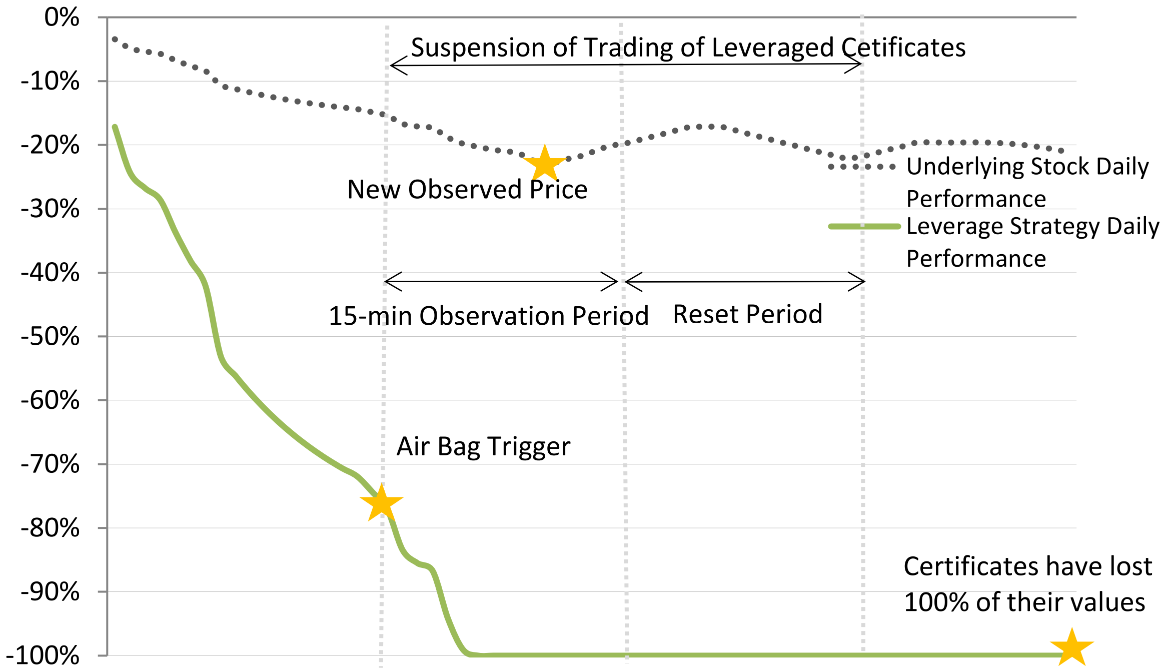
On any business day, the opening price of the Underlying Stock may be higher or lower than the closing price on the previous day. The difference between the previous closing price and the opening price of the Underlying Stock is termed a "gap". If the opening price of the Underlying Stock is 20% or more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





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:

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

$\mathrm{S_{r(t)}}$	$\mathrm{S_{r(t)}} \times Rfactor_t$	$\mathrm{S_t}$	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)
0.80	0.88	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:

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

$\mathrm{S_{r(t)}}$	$\mathrm{S_{r(t)}} \times Rfactor_t$	$\mathrm{S_t}$	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)
0.80	0.84	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:

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

$\mathrm{S_{r(t)}}$	$\mathrm{S_{r(t)}} \times Rfactor_t$	$\mathrm{S_t}$	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)
0.80	1.00	25%

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

4. <u>Bonus Issues</u>

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

$\mathrm{S}_{\mathrm{r(t)}}$ = $100

S_{t} = $85

$\mathrm{Div}_{\mathrm{t}} = \$0$

$\mathrm{DivExc}_{\mathrm{t}} = \$0$

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:

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

$\mathrm{S}_{\mathrm{r(t)}}$	$\mathrm{S}_{\mathrm{t(t)}} \times Rfactor_t$	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)
0.80	0.88	10%

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

5. <u>Extraordinary Dividend</u>

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

$\mathrm{S}_{\mathrm{r(t)}}$ = $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)
0.80	1.00	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://ir.anta.com/. The Issuer has not independently verified any of such information.*

ANTA Sports Products Limited (the "**Company**") is principally engaged in the manufacture and trading of sporting goods, including footwear, apparel and accessories in the Mainland China. The Company focuses on sportswear market in China with a brand portfolio, including ANTA, ANTA KIDS, FILA, FILA KIDS and NBA. Through its subsidiaries, the Company is also engaged in the manufacture of shoe sole. The Company's subsidiaries include Anta Enterprise Group Limited, Motive Force Sports Products Limited and REEDO Sports Products Limited.

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 2021 and has been extracted and reproduced from an announcement by the Company released on 30 March 2022 in relation to the same. Further information relating to the Company may be located on the web-site of the HKExCL at http://www.hkex.com.hk.

INFORMATION RELATING TO THE DESIGNATED MARKET MAKER

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PLACING AND SALE

General

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

United Kingdom

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

United States of America

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

Prohibition of Sales to European Economic Area

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

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

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

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

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

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

PUBLIC OFFER SELLING RESTRICTION UNDER THE PROSPECTUS REGULATION

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

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

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

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

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

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

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

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

Singapore

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

Hong Kong

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

SUPPLEMENTAL INFORMATION RELATING TO THE ISSUER

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

The information set out in Appendix III of this document is an extract of the unaudited consolidated financial statements of UBS AG and its subsidiaries for the first quarter ended 31 March 2022.

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

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

SUPPLEMENTAL GENERAL INFORMATION

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

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

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

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

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

5. There has been no adverse change, material in the context of the issue of the Certificates, in the financial position of the Issuer since 31 March 2022.

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 2021 OF ANTA SPORTS PRODUCTS LIMITED AND ITS SUBSIDIARIES

INDEPENDENT AUDITOR'S REPORT

KPMG

to the shareholders of ANTA Sports Products Limited
(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of ANTA Sports Products Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 117 to 188, which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") 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 Hong Kong Standards on Auditing ("HKSAs") issued by HKICPA. 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 are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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.

Revenue recognition: Sales to distributors

Refer to note 1(a) to the consolidated financial statements on page 121 and the accounting policy (W)(i) on page 177.

The key audit matter	How the matter was addressed in our audit
Revenue of sales to distributors principally comprises revenue from sales of branded sporting goods, including footwear, apparel and accessories. Every year, the Group enters into a framework distribution agreement with each distributor and, in accordance with the terms of each agreement, branded sporting goods of the Group are delivered to the location designated by the distributor which is when the control of the sporting goods is considered to have been transferred to the distributor and the point at which revenue is recognised. Under the Group's wholesale business model, distributors place most of their orders during the various trade fairs held by the Group during the reporting period. We identified recognition of revenue of sales to distributors as a key audit matter due to the inherent risk of manipulation of the timing of recognition of revenue by management to meet specific targets or expectations under the wholesale business model.	Our audit procedures to assess the recognition of revenue of sales to distributors included the following: • inspecting agreements with distributors, on a sample basis, to understand the terms of the sales transactions including the terms of delivery, applicable rebate and/or discount arrangements and any sales return arrangements to assess if the Group's revenue recognition criteria were in accordance with the requirements of the prevailing accounting standards; • assessing, on a sample basis, whether specific revenue transactions around the reporting period end had been recognised in the appropriate period in accordance with the terms of sale as set out in the distribution agreements; • identifying significant credit notes issued and sales returns from the sales ledger after the reporting period end and inspecting relevant underlying documentation to assess if the related revenue had been accounted for in the correct accounting period in accordance with the requirements of the prevailing accounting standards; • obtaining external confirmations of the value of sales transactions for the reporting period and outstanding trade receivable balances as at the end of the reporting period directly from distributors, on a sample basis; and • inspecting a sample of journal entries, applying a risk-based approach, on revenue recognised during the reporting period, enquiring of management about the reasons for such entries and comparing the details of the entries with relevant underlying documentation.

Valuation of inventories

Refer to note 18 to the consolidated financial statements on page 137 and the accounting policy (K) on page 173.

The key audit matter

The Group adopts direct to consumer business model for the ANTA brand for certain regions in Mainland China. Together with direct retail business model for FILA and other brands in Mainland China and other territories, a significant level of inventory is maintained to support the Group's overall operations.

Inventories are stated at cost or net realisable value, whichever is lower. In the event that net realisable value falls below cost, the difference is taken as write-down of inventories.

Management applies judgement in determining the net realisable value of inventories. Net realisable value is determined by management based upon a detailed analysis of the ageing profile of the inventories, with reference to the current marketability and latest selling prices of the respective inventories and the current retail market conditions existing at the end of the reporting period.

We identified the valuation of inventories as a key audit matter as significant management judgement is involved in determining the net realisable value of inventories.

How the matter was addressed in our audit

Our audit procedures to assess the valuation of inventories included the following:

- performing a retrospective review by comparing the carrying values of inventories as at 31 December 2020 with sales prices achieved during the reporting period to assess the reliability of management's judgement and whether there is any indication of management bias;
- evaluating the historical accuracy of management's assessment of net realisable value of inventories by examining, on a sample basis, the sales and utilisation during the current reporting period;
- enquiring of the management about any expected changes in plans for markdowns or disposals of off-season inventories and comparing, on a sample basis, the carrying value of inventories to actual prices for sales transactions subsequent to the end of reporting period;
- evaluating the reasonableness of the percentages and other parameters adopted in the Group's policy on the net realisable value calculation by comparing the net realisable value with selling price achieved subsequent to the end of reporting period;
- assessing, on a sample basis, whether items in the inventory ageing report were classified within the appropriate ageing bracket by comparing the individual items selected with the underlying records which indicated the product season of the item; and
- assessing whether the net realisable value of inventories and the subsequent write-down of inventories (if any) at the end of reporting period were calculated in a manner consistent with the Group's policy by recalculating based on percentages and other parameters adopted and considering the application of the Group's policy with reference to the requirements of the prevailing accounting standards.

Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all 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 the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB, HKFRSs issued by the HKICPA 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 directors are assisted by the audit committee of the Company in discharging their responsibilities 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. This report is made 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 HKSAs 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 HKSAs, we exercise professional judgement and maintain professional scepticism 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee of the Company 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 of the Company with a statement that we have complied with relevant ethical requirements regarding independence and 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 of the Company, 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 Ng Yu Hei.

KPMG

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

22 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note	2021 RMB'million	2020 RMB'million
Revenue	1(a)	**49,328**	35,512
Cost of sales		**(18,924)**	(14,861)
Gross profit		**30,404**	20,651
Other net income	2	**1,266**	1,389
Selling and distribution expenses		**(17,753)**	(10,766)
Administrative expenses		**(2,928)**	(2,122)
Profit from operations		**10,989**	9,152
Net finance income/(costs)	3	**332**	(462)
Share of loss of a joint venture	16	**(81)**	(601)
Profit before taxation	4	**11,240**	8,089
Taxation	5	**(3,021)**	(2,520)
PROFIT FOR THE YEAR		**8,219**	5,569
Other comprehensive income/(loss) for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of operations outside Mainland China		**(341)**	(44)
Share of other comprehensive income/(loss) of a joint venture	16	**329**	(302)
Items that will not be reclassified to profit or loss:			
Equity investments at fair value through other comprehensive income ("FVOCI") – net movement in fair value reserve (non-recycling)		**22**	6
Share of other comprehensive income of a joint venture	16	**48**	9
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**8,277**	5,238
PROFIT ATTRIBUTABLE TO:			
Equity shareholders of the Company		**7,720**	5,162
Non-controlling interests		**499**	407
PROFIT FOR THE YEAR		**8,219**	5,569
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity shareholders of the Company		**7,778**	4,831
Non-controlling interests		**499**	407
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**8,277**	5,238
		RMB	RMB
Earnings per share	8		
– Basic		**2.87**	1.92
– Diluted		**2.81**	1.89

The notes, significant accounting policies and principal subsidiaries on pages 121 to 188 form part of these financial statements. Details of dividends payable to equity shareholders of the Company are set out in note 28.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	2021 RMB'million	2020 RMB'million
Non-current assets			
Property, plant and equipment	10	**2,853**	2,184
Right-of-use assets	11	**6,611**	4,108
Construction in progress	12	**926**	545
Prepayments for acquisition of land use rights and other non-current assets	13	**43**	46
Intangible assets	14	**1,531**	1,579
Investment in a joint venture	16	**9,027**	9,658
Other investments	17	**722**	70
Deferred tax assets	25(b)	**1,053**	960
Total non-current assets		**22,766**	19,150
Current assets			
Inventories	18	**7,644**	5,486
Trade receivables	19	**3,296**	3,731
Other current assets	19	**3,618**	2,883
Other investments	17	**763**	270
Pledged deposits	20	**4**	1
Fixed deposits held at banks with maturity over three months	20	**6,985**	5,023
Cash and cash equivalents	20	**17,592**	15,323
Total current assets		**39,902**	32,717
Total assets		**62,668**	51,867
Current liabilities			
Borrowings	21	**1,748**	1,968
Trade payables	22	**3,146**	2,376
Other current liabilities	22	**6,930**	4,539
Payable to non-controlling interests		**39**	33
Lease liabilities		**2,237**	1,273
Amounts due to related parties	31(b)	**27**	19
Current taxation	25(a)	**1,816**	1,507
Total current liabilities		**15,943**	11,715
Net current assets		**23,959**	21,002
Total assets less current liabilities		**46,725**	40,152
Non-current liabilities			
Borrowings	21	**11,425**	12,456
Payable to non-controlling interests		**74**	99
Lease liabilities		**2,908**	1,246
Deferred tax liabilities	25(b)	**655**	527
Total non-current liabilities		**15,062**	14,328
Total liabilities		**31,005**	26,043
Net assets		**31,663**	25,824
Equity			
Share capital	26	**261**	261
Reserves	27	**28,662**	23,752
Total equity attributable to equity shareholders of the Company		**28,923**	24,013
Non-controlling interests		**2,740**	1,811
Total liabilities and equity		**62,668**	51,867

The notes, significant accounting policies and principal subsidiaries on pages 121 to 188 form part of these financial statements.

Ding Shizhong
Chairman, Executive Director and Chief Executive Officer

Lai Shixian
Executive Director and Chief Financial Officer

Hong Kong, 22 March 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Note	Attributable to equity shareholders of the Company Share capital RMB'million	Reserves RMB'million	Total RMB'million	Non-controlling interests RMB'million	Total equity RMB'million
Balances as at 1 January 2020		261	19,821	20,082	979	21,061
Changes in equity for 2020:						
– Profit for the year		–	5,162	5,162	407	5,569
– Other comprehensive loss for the year		–	(331)	(331)	–	(331)
Total comprehensive income for the year		–	4,831	4,831	407	5,238
Dividends approved in respect of the previous year	28(b)	–	(903)	(903)	–	(903)
Dividends declared in respect of the current year	28(a)	–	(501)	(501)	–	(501)
Shares purchased under share award scheme	24(b)	–	(464)	(464)	–	(464)
Shares issued under share option schemes	26	–	21	21	–	21
Equity-settled share-based payment transactions	27(f)	–	324	324	–	324
Issuance of convertible bonds	21(c)	–	463	463	–	463
Capital contribution by non-controlling interests of subsidiaries		–	–	–	34	34
Dividends to non-controlling interests of subsidiaries		–	–	–	(77)	(77)
Capital contribution-in-kind by non-controlling interests and dilution of interests in a subsidiary		–	279	279	473	752
Acquisition of partial interests in a subsidiary		–	(119)	(119)	(5)	(124)
Balances as at 31 December 2020 and 1 January 2021		**261**	**23,752**	**24,013**	**1,811**	**25,824**
Changes in equity for 2021:						
– Profit for the year		**–**	**7,720**	**7,720**	**499**	**8,219**
– Other comprehensive income for the year		**–**	**58**	**58**	**–**	**58**
Total comprehensive income for the year		**–**	**7,778**	**7,778**	**499**	**8,277**
Dividends approved in respect of the previous year	28(b)	**–**	**(1,054)**	**(1,054)**	**–**	**(1,054)**
Dividends declared in respect of the current year	28(a)	**–**	**(2,026)**	**(2,026)**	**–**	**(2,026)**
Equity-settled share-based payment transactions	27(f)	**–**	**168**	**168**	**–**	**168**
Share of other reserves of a joint venture	16	**–**	**44**	**44**	**–**	**44**
Capital contribution by non-controlling interests of subsidiaries		**–**	**–**	**–**	**475**	**475**
Dividends to non-controlling interests of subsidiaries		**–**	**–**	**–**	**(45)**	**(45)**
Balances as at 31 December 2021		**261**	**28,662**	**28,923**	**2,740**	**31,663**

The notes, significant accounting policies and principal subsidiaries on pages 121 to 188 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Note	2021 RMB'million	2020 RMB'million
Operating activities			
Profit before taxation		**11,240**	8,089
Adjustments for:			
– Depreciation of property, plant and equipment	10	**443**	414
– Depreciation of right-of-use assets	11	**2,694**	1,589
– Amortisation of intangible assets	14	**129**	76
– Dividend income	2	**(2)**	(2)
– Interest expenses	3	**443**	407
– Interest income	3	**(392)**	(271)
– Net loss on disposal of property, plant and equipment	2	**9**	7
– Gain on disposal of partial interests in a joint venture	2	**–**	(14)
– (Reversal of impairment loss)/impairment loss of trade receivables	4(b)	**(22)**	6
– Write-down of inventories	18(b)	**75**	172
– Share of loss of a joint venture	16	**81**	601
– COVID-19-related net concessions received		**(18)**	(131)
– Equity-settled share-based payment transactions	4(a)	**168**	324
– Net foreign exchange (gain)/loss		**(382)**	326
Changes in working capital			
– Increase in inventories		**(2,233)**	(1,253)
– Increase in trade receivables and other current assets		**(178)**	(304)
– Increase/(decrease) in trade payables and other current liabilities		**2,121**	(648)
– Increase/(decrease) in amounts due to related parties		**8**	(7)
Cash generated from operations		**14,184**	9,381
Income tax paid		**(2,677)**	(2,181)
Interest received		**354**	258
Net cash generated from operating activities		**11,861**	7,458
Investing activities			
Payments for purchase of property, plant and equipment		**(779)**	(424)
Payments for construction in progress		**(581)**	(225)
Payments for purchase of intangible assets		**(94)**	(84)
Payments for leasehold land		**(39)**	(118)
Net payments of other investments		**(1,131)**	(287)
Placements of pledged deposits		**(6)**	–
Uplift of pledged deposits		**3**	3
Placements of fixed deposits held at banks with maturity over three months		**(19,451)**	(13,458)
Uplift of fixed deposits held at banks with maturity over three months		**17,349**	12,385
Proceeds from disposal of partial interests in a joint venture		**–**	235
Other cash flows derived from investing activities		**60**	50
Net cash used in investing activities		**(4,669)**	(1,923)
Financing activities			
Drawdowns of new bank loans	20(b)	**652**	964
Repayments of bank loans	20(b)	**(848)**	(4,307)
Payments of interest expense on bank loans	20(b)	**(71)**	(152)
Net repayments of bills of exchange	20(b)	**–**	(200)
Net proceeds from issuance of convertible bonds	20(b)	**–**	7,678
Net proceeds from issuance of medium term notes	20(b)	**–**	998
Payments of interest expense on medium term notes	20(b)	**(40)**	–
Payments of lease liabilities	20(b)	**(2,637)**	(1,699)
Proceeds from shares issued under share option schemes	26	**–**	21
Payments for shares purchased under share award scheme	24(b)	**–**	(464)
Dividends paid to equity shareholders of the Company	28	**(2,411)**	(1,404)
Capital contribution by non-controlling interests of subsidiaries		**475**	–
Dividends paid to non-controlling interests of subsidiaries		**(45)**	(77)
Payment for acquisition of partial interests in a subsidiary		**–**	(124)
Other cash flows derived from financing activities		**(22)**	(5)
Net cash (used in)/received from financing activities		**(4,947)**	1,229
Net increase in cash and cash equivalents		**2,245**	6,764
Cash and cash equivalents as at 1 January		**15,323**	8,221
Effect of foreign exchange rate changes		**24**	338
Cash and cash equivalents as at 31 December	20(a)	**17,592**	15,323

The notes, significant accounting policies and principal subsidiaries on pages 121 to 188 form part of these financial statements.

(Expressed in Renminbi unless otherwise indicated)

1. Revenue and Segment Reporting

(a) Revenue

The principal activities of the Group are branding, production, design, procurement, supply chain management, wholesale and retail of branded sporting goods including footwear, apparel and accessories. The Group also has an investment in a joint venture, the principal activity of which is operating Amer Sports business, as detailed in note 16.

The Group's (other than the joint venture) revenue, expenses, results, assets and liabilities are predominantly attributable to a single geographical region, which is China. Therefore, no analysis by geographical regions is presented.

Revenue represents the sales value of goods sold less returns, discounts, rebates and value added tax. Disaggregation of revenue from contracts with customers by product categories is as follows:

	2021 RMB'million	2020 RMB'million
Footwear	**19,139**	12,700
Apparel	**28,632**	21,671
Accessories	**1,557**	1,141
	49,328	35,512

For the year ended 31 December 2021, there was no customer with whom transactions have exceeded 10% of the Group's revenue (2020: Nil).

The Group has applied practical expedient in paragraph 121 of IFRS/HKFRS 15 to exempt the disclosure of revenue expected to be recognised in the future arising from contracts with customers in existence at the end of reporting period as the performance obligation is part of a contract that has an original expected duration of one year or less.

(Expressed in Renminbi unless otherwise indicated)

1. Revenue and Segment Reporting (Continued)

(b) Segment reporting

Chief Executive Officer and senior management team are the Group's chief operating decision-makers (the "CODMs"). The CODMs review the Group's internal reports periodically in order to assess performance and allocate resources from a brand perspective. Consistent with the way in which information is reported internally to the CODMs, the Group has presented two reportable segments of ANTA brand and FILA brand, respectively. Other than the two reportable segments, all other operating segments have been aggregated and presented as "all other brands". The segment information for the reporting period is as follows:

	ANTA brand RMB'million	FILA brand RMB'million	All other brands RMB'million	Headquarter and unallocated items RMB'million	Total RMB'million
For the year ended 31 December 2021					
Revenue					
– Revenue from external customers	24,012	21,822	3,494	–	49,328
Gross profit	12,528	15,394	2,482	–	30,404
Results	5,145	5,339	644	(139)	10,989
– Net finance income	–	–	–	332	332
– Share of loss of a joint venture	–	–	–	(81)	(81)
Profit before taxation	5,145	5,339	644	112	11,240
As at 31 December 2021					
Assets					
– Investment in a joint venture	–	–	–	9,027	9,027
– Other investments	–	–	–	1,485	1,485
– Deferred tax assets	–	–	–	1,053	1,053
– Other assets	21,995	12,851	3,972	12,550	51,368
Reconciliation:					
– Elimination of internal borrowings	–	–	–	(265)	(265)
Total assets	21,995	12,851	3,972	23,850	62,668
Liabilities					
– Borrowings	–	–	–	13,173	13,173
– Current taxation	–	–	–	1,816	1,816
– Deferred tax liabilities	–	–	–	655	655
– Other liabilities	6,904	5,968	1,485	1,269	15,626
Reconciliation:					
– Elimination of internal borrowings	(26)	–	(239)	–	(265)
Total liabilities	6,878	5,968	1,246	16,913	31,005

1. Revenue and Segment Reporting (Continued)

(b) Segment reporting (Continued)

	ANTA brand RMB'million	FILA brand RMB'million	All other brands RMB'million	Headquarter and unallocated items RMB'million	Total RMB'million
For the year ended 31 December 2020					
Revenue					
– Revenue from external customers	15,749	17,450	2,313	–	35,512
Gross profit	7,035	12,092	1,524	–	20,651
Results	4,527	4,494	195	(64)	9,152
– Net finance costs	–	–	–	(462)	(462)
– Share of loss of a joint venture	–	–	–	(601)	(601)
Profit/(loss) before taxation	4,527	4,494	195	(1,127)	8,089
As at 31 December 2020					
Assets					
– Investment in a joint venture	–	–	–	9,658	9,658
– Other investments	–	–	–	340	340
– Deferred tax assets	–	–	–	960	960
– Other assets	16,259	9,927	3,337	11,723	41,246
Reconciliation:					
– Elimination of internal borrowings	–	(25)	–	(312)	(337)
Total assets	16,259	9,902	3,337	22,369	51,867
Liabilities					
– Borrowings	–	–	–	14,424	14,424
– Current taxation	–	–	–	1,507	1,507
– Deferred tax liabilities	–	–	–	527	527
– Other liabilities	4,786	3,792	1,148	196	9,922
Reconciliation:					
– Elimination of internal borrowings	(10)	(29)	(273)	(25)	(337)
Total liabilities	4,776	3,763	875	16,629	26,043

For reconciliation purpose, "Headquarter and unallocated items" is also presented in the segment information.

Certain classifications have been changed to reflect the change of information reported internally to the CODMs. Certain comparative figures have been restated to conform to the current year's presentation.

(Expressed in Renminbi unless otherwise indicated)

2. Other Net Income

	2021 RMB'million	2020 RMB'million
Government grants(i)	1,166	1,286
Net loss on disposal of property, plant and equipment	(9)	(7)
Dividend income from equity investments	2	2
Gain on disposal of partial interests in a joint venture	–	14
Others	107	94
	1,266	1,389

(i) *Government grants were received or receivable from several local government authorities as a recognition of the Group's contribution towards the local economic development, of which the entitlement was unconditional and at the discretion of the relevant authorities.*

3. Net Finance Income/(Costs)

	2021 RMB'million	2020 RMB'million
Total interest income on financial assets measured at amortised cost	392	271
Net gain on forward foreign exchange contracts and currency option contracts	9	11
Other net foreign exchange gain	374	–
	775	282
Interest expense on lease liabilities	(205)	(144)
Total interest expense on other financial liabilities measured at amortised cost	(238)	(263)
Other net foreign exchange loss	–	(337)
	(443)	(744)
Net finance income/(costs)	332	(462)

4. Profit Before Taxation

Profit before taxation is arrived at after charging/(crediting):

		2021 RMB'million	2020 RMB'million
(a)	**Staff costs[(i) & (ii)]:**		
	Salaries, wages and other benefits	**5,868**	3,904
	Contributions to defined contribution retirement plans	**632**	209
	Equity-settled share-based payment transactions (note 27(f))	**168**	324
		6,668	4,437
(b)	**Other items:**		
	Cost of inventories[(i)] (note 18(b))	**18,924**	14,861
	Research and development costs[(i) & (ii)]	**1,116**	871
	Subcontracting charges[(i)]	**349**	174
	Depreciation[(i)]		
	– Property, plant and equipment (note 10)	**443**	414
	– Right-of-use assets (note 11)	**2,694**	1,589
	Amortisation of intangible assets (note 14)	**129**	76
	(Reversal of impairment loss)/impairment loss of trade receivables (note 19)	**(22)**	6
	Variable lease payments not included in the measurement of lease liabilities	**3,023**	2,107
	Auditors' remuneration	**12**	11

(i) Cost of inventories includes research and development costs, subcontracting charges, staff costs and depreciation, total amounting to RMB2,358 million (2020: RMB1,812 million).

(ii) Research and development costs include staff costs of employees in the research and development department, of which RMB392 million (2020: RMB318 million) are included in the staff costs as disclosed above.

(Expressed in Renminbi unless otherwise indicated)

5. Taxation in the Consolidated Statement of Profit or Loss and Other Comprehensive Income

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2021 RMB'million	2020 RMB'million
Current tax		
PRC Corporate Income Tax and income taxes of other tax jurisdictions	**2,770**	2,421
Dividends withholding tax	**216**	42
Deferred tax (note 25(b))		
Dividends withholding tax	**(216)**	(42)
Origination and reversal of other temporary differences	**251**	99
	3,021	2,520

(i) *In accordance with the relevant PRC corporate income tax laws, implementation regulations and guidance notes, certain subsidiaries in Mainland China are entitled to tax concessions whereby the profits of these subsidiaries are taxed at a preferential income tax rate. Taxation of the Group's other subsidiaries in Mainland China are calculated using the applicable income tax rates of 25%.*

(ii) *Taxation for subsidiaries in other tax jurisdictions amounting to RMB3 million (2020: RMB2 million) was charged at the appropriate current rates under the relevant taxation rulings.*

(iii) *According to the PRC Corporate Income Tax Law and its implementation regulations, dividends receivable by non-Mainland China corporate residents from Mainland China enterprises are subject to withholding tax at a rate of 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008. In addition, under the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and its relevant regulations, a qualified Hong Kong tax resident will be liable for withholding tax at the rate of 5% for dividend income derived from Mainland China if the Hong Kong tax resident is the "beneficial owner" and holds 25% or more of the equity interests of the Mainland China company. Deferred tax liabilities have been provided for based on the expected dividends to be distributed from these subsidiaries in the foreseeable future in respect of the profits generated since 1 January 2008.*

Dividends withholding tax represents tax charged by tax authority on dividends distributed by the Group's subsidiaries in the Mainland China during the financial year.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2021 RMB'million	2020 RMB'million
Profit before taxation	**11,240**	8,089
Notional tax on profit before taxation, calculated at the applicable rates in the tax jurisdictions concerned	**2,711**	2,274
Tax effect of non-deductible expenses	**113**	135
Tax effect of non-taxable income	**(67)**	(98)
Tax effect of unused tax losses not recognised	**34**	44
Withholding tax on profits retained by Mainland China subsidiaries (note 5(a)(iii))	**315**	309
Effect of tax concessions (note 5(a)(i))	**(85)**	(144)
Actual tax expense	**3,021**	2,520

6. Directors' Emoluments

Details of directors' emoluments of the Company are set out below:

	Fees RMB'000	Basic salaries, allowances and other benefits RMB'000	Contributions to retirement benefit scheme RMB'000	Discretionary bonuses RMB'000	Equity-settled share-based payment transaction (Note) RMB'000	Total RMB'000
Year ended 31 December 2021						
Executive Directors						
Mr. Ding Shizhong	**–**	**1,080**	**79**	**532**	**–**	**1,691**
Mr. Ding Shijia	**–**	**1,000**	**79**	**–**	**–**	**1,079**
Mr. Lai Shixian	**–**	**1,500**	**79**	**–**	**16,032**	**17,611**
Mr. Wu Yonghua	**–**	**2,000**	**79**	**–**	**–**	**2,079**
Mr. Zheng Jie	**–**	**11,026**	**121**	**3,600**	**–**	**14,747**
Mr. Bi Mingwei(i)	**–**	**838**	**43**	**380**	**1,951**	**3,212**
	–	**17,444**	**480**	**4,512**	**17,983**	**40,419**
Non-Executive Director						
Mr. Wang Wenmo	**1,000**	**–**	**–**	**–**	**–**	**1,000**
Independent Non-Executive Directors						
Mr. Dai Zhongchuan	**120**	**–**	**–**	**–**	**–**	**120**
Mr. Yiu Kin Wah Stephen	**1,005**	**–**	**–**	**–**	**–**	**1,005**
Mr. Lai Hin Wing Henry Stephen(ii)	**503**	**–**	**–**	**–**	**–**	**503**
Ms. Wang Jiaqian(iii)	**251**	**–**	**–**	**–**	**–**	**251**
	1,879	**–**	**–**	**–**	**–**	**1,879**
Total	**2,879**	**17,444**	**480**	**4,512**	**17,983**	**43,298**
Year ended 31 December 2020						
Executive Directors						
Mr. Ding Shizhong	–	1,080	67	532	–	1,679
Mr. Ding Shijia	–	1,000	67	–	–	1,067
Mr. Lai Shixian	–	1,500	67	–	32,105	33,672
Mr. Wu Yonghua	–	2,000	67	–	–	2,067
Mr. Zheng Jie	–	11,394	59	3,600	–	15,053
	–	16,974	327	4,132	32,105	53,538
Non-Executive Director						
Mr. Wang Wenmo	1,000	–	–	–	–	1,000
Independent Non-Executive Directors						
Mr. Dai Zhongchuan	120	–	–	–	–	120
Mr. Yiu Kin Wah Stephen	1,079	–	–	–	–	1,079
Mr. Mei Ming Zhi(iv)	270	–	–	–	–	270
Mr. Lai Hin Wing Henry Stephen(ii)	90	–	–	–	–	90
	1,559	–	–	–	–	1,559
Total	2,559	16,974	327	4,132	32,105	56,097

(i) Appointed as an executive director of the Company on 1 July 2021.

(ii) Appointed as an independent non-executive director of the Company on 1 November 2020.

(iii) Appointed as an independent non-executive director of the Company on 1 July 2021.

(iv) Resigned on 1 November 2020.

Note: These represent the estimated value of awarded shares granted to the director(s) under the Share Award Scheme (note 24(b)). The value of these awarded shares is measured according to the Group's accounting policy (T)(ii) for share-based payment transactions.

6. Directors' Emoluments (Continued)

During the financial year, no amount was paid or payable by the Company to the directors or any of the 5 highest paid individuals set out in note 7 as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the financial year.

7. Individuals with Highest Emoluments

Of the 5 individuals with the highest emoluments, 2 individuals (2020: 2 individuals) are also directors of the Company whose emoluments are disclosed in note 6. The aggregate of the emoluments in respect of the remaining 3 individuals (2020: 3 individuals) are as follows:

	2021 RMB'000	2020 RMB'000
Salaries and other emoluments	**7,575**	5,900
Discretionary bonuses	**1,899**	785
Equity-settled share-based payment transactions (note 27(f))	**23,373**	41,736
Contributions to retirement benefit scheme	**223**	112
	33,070	48,533

The 3 individuals (2020: 3 individuals) are neither senior management nor director of the Company. The emoluments of the 3 individuals (2020: 3 individuals) with the highest emoluments are within the following bands:

	Number of individuals	
	2021	2020
RMB10,500,001 to RMB11,000,000	**2**	–
RMB12,500,001 to RMB13,000,000	**1**	1
RMB17,500,001 to RMB18,000,000	**–**	1
RMB18,000,001 to RMB18,500,000	**–**	1

8. Earnings Per Share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company and the weighted average number of ordinary shares in issue during the financial year.

Weighted average number of ordinary shares

	2021 **'000 Shares**	2020 '000 Shares
Issued ordinary shares as at 1 January	**2,703,329**	2,701,947
Effect of shares held under share award scheme	**(14,321)**	(14,399)
Effect of shares vested under share award scheme	**1,326**	1,370
Effect of shares issued under share option schemes	**–**	701
Weighted average number of ordinary shares as at 31 December	**2,690,334**	2,689,619

(b) Diluted earnings per share

The calculation of the diluted earnings per share is based on the profit attributable to equity shareholders of the Company and the weighted average number of ordinary shares, as adjusted for the effects of all dilutive potential ordinary shares.

Profit attributable to equity shareholders of the Company (diluted)

	2021 **RMB'million**	2020 RMB'million
Profit attributable to equity shareholders of the Company	**7,720**	5,162
Adjustment for interest on convertible bonds, net of tax	**87**	81
Profit attributable to equity shareholders of the Company (diluted)	**7,807**	5,243

Weighted average number of ordinary shares (diluted)

	2021 **'000 Shares**	2020 '000 Shares
Weighted average number of ordinary shares as at 31 December	**2,690,334**	2,689,619
Effect of awarded shares under share award scheme	**2,724**	2,722
Effect of deemed issue of shares under share option schemes	**–**	1,210
Effect of conversion of convertible bonds	**82,865**	74,617
Weighted average number of ordinary shares (diluted) as at 31 December	**2,775,923**	2,768,168

(Expressed in Renminbi unless otherwise indicated)

9. Company-level Statement of Financial Position

	Note	2021 RMB'million	2020 RMB'million
Non-current assets			
Investments in subsidiaries	15	**5,485**	5,633
Total non-current assets		**5,485**	5,633
Current assets			
Amounts due from subsidiaries		**12,178**	5,726
Cash and cash equivalents		**37**	16
Total current assets		**12,215**	5,742
Total assets		**17,700**	11,375
Current liabilities			
Borrowings		**40**	40
Amounts due to subsidiaries		**938**	855
Other payables		**670**	–
Total current liabilities		**1,648**	895
Net current assets		**10,567**	4,847
Total assets less current liabilities		**16,052**	10,480
Non-current liabilities			
Borrowings		**973**	973
Total liabilities		**2,621**	1,868
Net assets		**15,079**	9,507
Equity			
Share capital	26	**261**	261
Reserves	27	**14,818**	9,246
Total equity		**15,079**	9,507
Total liabilities and equity		**17,700**	11,375

10. Property, Plant and Equipment

	Buildings RMB'million	Plant and machinery RMB'million	Motor vehicles RMB'million	Furniture and fixtures RMB'million	Retail outlets leasehold improvements RMB'million	Total RMB'million
Cost:						
As at 1 January 2020	1,982	424	52	488	350	3,296
Additions	106	57	9	57	187	416
Transfer from construction in progress (note 12)	22	7	1	21	9	60
Disposals	(14)	(32)	(7)	(29)	(168)	(250)
As at 31 December 2020 and 1 January 2021	**2,096**	**456**	**55**	**537**	**378**	**3,522**
Additions	**30**	**31**	**8**	**95**	**613**	**777**
Transfer from construction in progress (note 12)	**265**	**24**	**4**	**60**	**–**	**353**
Disposals	**(7)**	**(19)**	**(3)**	**(34)**	**(24)**	**(87)**
As at 31 December 2021	**2,384**	**492**	**64**	**658**	**967**	**4,565**
Accumulated depreciation:						
As at 1 January 2020	490	159	31	292	176	1,148
Charge for the year (note 4)	92	45	8	71	198	414
Written back on disposals	(5)	(26)	(6)	(21)	(166)	(224)
As at 31 December 2020 and 1 January 2021	**577**	**178**	**33**	**342**	**208**	**1,338**
Charge for the year (note 4)	**94**	**37**	**8**	**77**	**227**	**443**
Written back on disposals	**(2)**	**(15)**	**(2)**	**(29)**	**(21)**	**(69)**
As at 31 December 2021	**669**	**200**	**39**	**390**	**414**	**1,712**
Net book value:						
As at 31 December 2021	**1,715**	**292**	**25**	**268**	**553**	**2,853**
As at 31 December 2020	1,519	278	22	195	170	2,184

All of the Group's buildings and plant and machinery are located in Mainland China.

(Expressed in Renminbi unless otherwise indicated)

11. Right-of-Use Assets

	Leasehold land RMB'million	Properties leased for own use RMB'million	Total RMB'million
Net book value:			
As at 1 January 2020	1,316	1,921	3,237
Additions	118	2,512	2,630
Depreciation charge for the year (note 4)	(30)	(1,559)	(1,589)
Disposals	–	(170)	(170)
As at 31 December 2020 and 1 January 2021	**1,404**	**2,704**	**4,108**
Additions	**39**	**5,324**	**5,363**
Depreciation charge for the year (note 4)	**(31)**	**(2,663)**	**(2,694)**
Disposals	**–**	**(166)**	**(166)**
As at 31 December 2021	**1,412**	**5,199**	**6,611**

Details of the maturity analysis of lease liabilities is set out in note 29(b).

(a) Leasehold land

The Group has obtained land use rights of leasehold land for properties held for own use in Mainland China.

(b) Properties leased for own use

The Group has obtained the right to use properties as its offices, warehouses and retail stores through tenancy agreements. The leases typically run for an initial period of 1 to 5 years. Total cash outflow for the leases in the reporting period was RMB5,621 million (2020: RMB3,908 million).

12. Construction in Progress

	2021 RMB'million	2020 RMB'million
As at 1 January	**545**	421
Additions	**734**	184
Transfer to property, plant and equipment (note 10)	**(353)**	(60)
As at 31 December	**926**	545

Construction in progress represents buildings under construction and plant and equipment pending for installation in Mainland China.

13. Prepayments for Acquisition of Land Use Rights and Other Non-current Assets

	2021 RMB'million	2020 RMB'million
Prepayments for acquisition of:		
Land use rights	**3**	3
Other non-current assets	**40**	43
	43	46

14. Intangible Assets

	Computer software RMB'million	Patents and trademarks RMB'million	Total RMB'million
Cost:			
As at 1 January 2020	213	762	975
Additions	93	–	93
Capital contribution-in-kind by non-controlling interests of a subsidiary	–	884	884
As at 31 December 2020 and 1 January 2021	**306**	**1,646**	**1,952**
Additions	**81**	**–**	**81**
As at 31 December 2021	**387**	**1,646**	**2,033**
Accumulated amortisation:			
As at 1 January 2020	149	148	297
Charge for the year (note 4)	48	28	76
As at 31 December 2020 and 1 January 2021	**197**	**176**	**373**
Charge for the year (note 4)	**72**	**57**	**129**
As at 31 December 2021	**269**	**233**	**502**
Net book value:			
As at 31 December 2021	**118**	**1,413**	**1,531**
As at 31 December 2020	109	1,470	1,579

The amortisation charge for the year is included in administrative expenses of profit or loss.

15. Investments in Subsidiaries

The investments in subsidiaries represent cost of unlisted shares of the subsidiaries. Details of principal subsidiaries as at 31 December 2021 are shown on pages 180 to 188.

(Expressed in Renminbi unless otherwise indicated)

16. Investment in a Joint Venture

	2021 RMB'million	2020 RMB'million
As at 1 January	**9,658**	10,551
Share of loss	**(81)**	(601)
Share of other comprehensive income/(loss)	**377**	(293)
Share of other reserves	**44**	–
Disposals	**–**	(221)
Foreign currency translation differences	**(971)**	222
As at 31 December	**9,027**	9,658

Details of the Group's interest in the joint venture, which is accounted for using the equity method in the consolidated financial statements, are as follows:

Name of joint venture	Place of incorporation and business	Proportion of interest held	Proportion of voting rights held
Amer Sports Holding (Cayman) Limited ("AS Holding")	Cayman Islands/Worldwide	52.70%	57.70%

Amer Sports Oy ("Amer Sports") is wholly-owned by AS Holding and is a sporting goods company with internationally recognised brands including Salomon, Arc'teryx, Peak Performance, Atomic, Wilson, etc. Its technically advanced sports equipment, footwear, apparel and accessories aim to improve performance and increase enjoyment of sports and outdoor activities. Amer Sports business is balanced by its broad portfolio of sports and products and presence in all major markets.

The Group accounts for AS Holding as an investment in a joint venture using the equity method in the consolidated financial statements of the Group under applicable financial reporting standards, as decisions about certain key activities of AS Holding require the consent of directors nominated by other shareholders.

AS Holding, the only joint venture in which the Group participates, is an unlisted corporate entity whose quoted market price is not available.

On 22 December 2020 (Hong Kong time) (21 December 2020 New York time), Amer Sports and Peloton Interactive, Inc (the "Purchaser") entered into a stock and asset purchase agreement, pursuant to which the Amer Sports has agreed to sell, and the Purchaser has agreed to purchase, (i) 100% of the issued share capital in each of the target companies (and their respective wholly-owned subsidiaries engaging in the Precor brand business, collectively "Precor Group") and (ii) any and all intellectual property related to the business of the Precor Group for an aggregate consideration of USD420 million (equivalent to approximately RMB2,779 million) in cash, subject to a number of customary adjustments in accordance with the terms and conditions thereof. Precor Group was classified as a disposal group held for sale at 22 December 2020 and a discontinued operation in the AS Holding's consolidated financial statements for the year ended 31 December 2020. The disposal was completed during the financial year.

16. Investment in a Joint Venture (Continued)

Summarised consolidated financial information of AS Holding, based on the latest available information to the Company and following the accounting policies adopted by the Group, and a reconciliation to the carrying amount in the consolidated financial statements, are as follows:

	2021 RMB'million	2020 RMB'million
Non-current assets	**38,526**	43,811
Current assets	**11,932**	13,840
Current liabilities	**(6,195)**	(7,774)
Non-current liabilities	**(27,132)**	(31,550)
Equity	**17,131**	18,327
Included in the above assets and liabilities:		
Cash and cash equivalents	**3,702**	2,541
Current financial liabilities (excluding trade and other payables and provisions)	**(223)**	(1,293)
Non-current financial liabilities (excluding trade and other payables and provisions)	**(21,360)**	(24,363)

	2021 RMB'million	2020 RMB'million (restated)
Revenue	**19,720**	16,704
Post-tax loss from continuing operations	**(126)**	(642)
Post-tax loss from discontinued operations	**(28)**	(498)
Other comprehensive income/(loss)	**714**	(554)
Total comprehensive income/(loss)	**560**	(1,694)
Included in the above loss:		
Depreciation and amortisation	**(1,375)**	(1,604)
Interest income	**11**	7
Interest expense	**(964)**	(1,073)
Income tax expense	**(193)**	(85)

The comparative information for the year ended 31 December 2020 has been re-presented.

Reconciliation to the Group's Investment in a joint venture	2021 RMB'million	2020 RMB'million
Gross amounts of AS Holding's net assets	**17,131**	18,327
Group's effective interest	**52.70%**	52.70%
Group's share of AS Holding's net assets	**9,027**	9,658
Carrying amount of the Group's investment	**9,027**	9,658

(Expressed in Renminbi unless otherwise indicated)

16. Investment in a Joint Venture (Continued)

A 5-year EUR1,300 million (equivalent to RMB9,366 million) term loan facility ("Facility A") is provided by independent third party bank lenders to AS Holding for the purpose of, amongst other things, (i) funding the settlement of the tender offer and the purchase of the shares of Amer Sports; and/or (ii) refinancing of any indebtedness of Amer Sports in connection with the acquisition of shares of Amer Sports. The Company has guaranteed the full and punctual performance of any and all obligations and undertakings of AS Holding to the arrangers, the lenders and the agent in connection with, and for all amounts which may become due and payable under, the aforesaid loan facilities. As at 31 December 2021, Facility A has been fully drawn by AS Holding.

17. Other Investments

	2021 RMB'million	2020 RMB'million
Current		
Financial instruments measured at fair value through profit or loss ("FVTPL"):		
– Unlisted debt securities	**–**	270
Financial instruments measured at amortised cost:		
– Listed debt securities	**763**	–
	763	270
Non-current		
Equity instruments designated at FVOCI (non-recycling):		
– Unlisted equity investments(i)	**65**	70
– Listed perpetual bonds (equity investment in nature)(ii)	**657**	–
	722	70
Total	**1,485**	340

(i) *The Group designated certain equity investments at FVOCI (non-recycling), as the investments are held for strategic purposes. Dividends with amount of RMB2 million were received on the unlisted equity investments during the reporting period (2020: RMB2 million).*

(ii) *The Group designated certain listed perpetual bonds (equity investment in nature) issued by a Big 4 domestic bank at FVOCI (non-recycling), as the investments are not held for trading purposes and are intended to be held for medium to long-term.*

The movements of the above unlisted equity investments are as follows:

	2021 RMB'million	2020 RMB'million
At 1 January	**70**	64
Total unrealised gains recognised in other comprehensive income	**9**	6
Disposal	**(14)**	–
At 31 December	**65**	70

18. Inventories

(a) Inventories in the consolidated statement of financial position comprise:

	2021 RMB'million	2020 RMB'million
Raw materials	**339**	212
Work in progress	**297**	274
Finished goods	**7,008**	5,000
	7,644	5,486

(b) The analysis of the amount of inventories recognised as an expense and charged to profit or loss is as follows:

	2021 RMB'million	2020 RMB'million
Carrying amount of inventories sold	**18,849**	14,689
Write-down of inventories	**75**	172
	18,924	14,861

19. Trade Receivables and Other Current Assets

	2021 RMB'million	2020 RMB'million
Trade receivables	**3,321**	3,778
Less: loss allowance	**(25)**	(47)
	3,296	3,731
Other current assets:		
Other assets in relation to refunds (note 22)	**96**	167
Advance payments to suppliers	**888**	753
Deposits and other prepayments	**1,557**	1,100
VAT deductible	**762**	476
Interest receivables	**73**	44
Derivative financial instruments	**–**	2
Others	**242**	341
	3,618	2,883

(Expressed in Renminbi unless otherwise indicated)

19. Trade Receivables and Other Current Assets (Continued)

All of the trade receivables and other receivables (net of loss allowance) are expected to be recovered or recognised as expenses within one year.

An ageing analysis of the trade receivables, based on the invoice date, is as follows:

	2021 RMB'million	2020 RMB'million
Current	**3,278**	3,709
Less than 3 months past due	**17**	25
Past due over 3 months	**26**	44
	3,321	3,778

The movement in the loss allowance account for trade receivables during the financial year is as follows:

	2021 RMB'million	2020 RMB'million
As at 1 January	**47**	41
(Reversal of impairment loss)/impairment loss recognised (note 4)	**(22)**	6
As at 31 December	**25**	47

The Group normally grants a credit period of 30 to 90 days to its customers. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 29(a).

20. Cash and Cash Equivalents, Fixed Deposits held at Banks, Pledged Deposits and Other Cash Flow Information

(a) Cash and cash equivalents, fixed deposits held at banks and pledged deposits comprise:

	2021 RMB'million	2020 RMB'million
Fixed deposits with banks within three months to maturity when placed	**9,444**	7,875
Cash at bank and in hand	**2,498**	3,052
Short-term investments[(i)]	**5,650**	4,396
Cash and cash equivalents in the consolidated statement of financial position and consolidated statement of cash flows	**17,592**	15,323
Fixed deposits with banks with more than three months to maturity when placed	**6,985**	5,023
Pledged deposits[(ii)]	**4**	1
Total[(iii)]	**24,581**	20,347

(i) The short-term investments comprise national debt reverse repurchase products, being highly liquid debt securities with fixed maturities (within three months from subscription date) and determinable returns, and subject to insignificant risk of changes in value.

(ii) As at 31 December 2021, certain bank deposits have been pledged as security for certain contracts.

(iii) As at 31 December 2021, the balances, deposits and short-term investments that were placed with banks and financial institutions in Mainland China amounted to RMB20,897 million (2020: RMB15,674 million). Remittance of funds out of Mainland China is subject to the foreign exchange restrictions imposed by government.

20. Cash and Cash Equivalents, Fixed Deposits held at Banks, Pledged Deposits and Other Cash Flow Information (Continued)

(a) Cash and cash equivalents, fixed deposits held at banks and pledged deposits comprise: (Continued)

As at the end of the reporting period, all balances, deposits and short-term investments were placed with highly reputable and sizable banks and financial institutions without significant credit risk. The breakdown by placement banks/financial institutions is as follows:

	2021 RMB'million	2020 RMB'million
Big 4 domestic banks (and its subsidiaries)	7,862	5,998
Other reputable and sizeable domestic shareholding commercial banks (and its subsidiaries)	9,832	8,971
Reputable domestic non-bank financial institutions	5,650	4,396
Highly reputable and sizeable foreign-owned banks	1,237	982
	24,581	20,347

Big 4 domestic banks comprise Industrial and Commercial Bank of China Limited, Agricultural Bank of China Limited, Bank of China Limited and China Construction Bank Corporation.

The breakdown by currency is as follows:

	2021 RMB'million	2020 RMB'million
Renminbi	16,931	12,240
United States Dollars	7,416	7,347
Hong Kong Dollars	125	265
Euro	36	432
Singapore Dollars	46	35
Others	27	28
	24,581	20,347

(Expressed in Renminbi unless otherwise indicated)

20. Cash and Cash Equivalents, Fixed Deposits held at Banks, Pledged Deposits and Other Cash Flow Information (Continued)

(b) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank loans RMB'million	Bills payable (financing in nature) RMB'million	Convertible bonds RMB'million	Medium term notes RMB'million	Lease liabilities RMB'million	Total RMB'million
As at 1 January 2021	4,801	1,000	7,610	1,013	2,519	16,943
Changes from financing cash flows:						
Drawdown of new bank loans	652	–	–	–	–	652
Repayment of bank loans	(848)	–	–	–	–	(848)
Payments of interest expense on bank loans	(71)	–	–	–	–	(71)
Payments of interest expense on medium term notes	–	–	–	(40)	–	(40)
Proceed from bills of exchange	–	1,000	–	–	–	1,000
Repayment of bills of exchange	–	(1,000)	–	–	–	(1,000)
Payments of lease liabilities	–	–	–	–	(2,637)	(2,637)
Total changes from financing cash flows	(267)	–	–	(40)	(2,637)	(2,944)
Other changes:						
Increase in lease liabilities from entering into new leases	–	–	–	–	5,249	5,249
Interest expenses	88	23	87	40	205	443
COVID-19-related rent concessions received	–	–	–	–	(18)	(18)
Foreign currency translation differences	(404)	–	(755)	–	–	(1,159)
Others	–	(23)	–	–	(173)	(196)
Total other changes	(316)	–	(668)	40	5,263	4,319
As at 31 December 2021	4,218	1,000	6,942	1,013	5,145	18,318

20. Cash and Cash Equivalents, Fixed Deposits held at Banks, Pledged Deposits and Other Cash Flow Information (Continued)

(b) Reconciliation of liabilities arising from financing activities: (Continued)

	Bank loans RMB'million	Bills payable (financing in nature) RMB'million	Convertible bonds RMB'million	Medium term notes RMB'million	Lease liabilities RMB'million	Total RMB'million
As at 1 January 2020	8,003	1,200	–	–	1,863	11,066
Changes from financing cash flows:						
Drawdown of new bank loans	964	–	–	–	–	964
Repayment of bank loans	(4,307)	–	–	–	–	(4,307)
Payments of interest expense on bank loans	(152)	–	–	–	–	(152)
Proceed from bills of exchange	–	1,000	–	–	–	1,000
Repayment of bills of exchange	–	(1,200)	–	–	–	(1,200)
Net proceeds from issuance of convertible bonds	–	–	7,678	–	–	7,678
Net proceeds from issuance of medium term notes	–	–	–	998	–	998
Payments of lease liabilities	–	–	–	–	(1,699)	(1,699)
Total changes from financing cash flows	(3,495)	(200)	7,678	998	(1,699)	3,282
Other changes:						
Increase in lease liabilities from entering into new leases	–	–	–	–	2,512	2,512
Interest expenses	144	23	81	15	144	407
Equity component of convertible bonds	–	–	(463)	–	–	(463)
COVID-19-related rent concessions received	–	–	–	–	(131)	(131)
Foreign currency translation differences	149	–	314	–	–	463
Others	–	(23)	–	–	(170)	(193)
Total other changes	293	–	(68)	15	2,355	2,595
As at 31 December 2020	4,801	1,000	7,610	1,013	2,519	16,943

21. Borrowings

	Note	2021 RMB'million	2020 RMB'million
Current			
Bank loans	(a)	**708**	928
Bills payable (financing in nature)	(b)	**1,000**	1,000
Medium term notes	(d)	**40**	40
		1,748	1,968
Non-Current			
Bank loans	(a)	**3,510**	3,873
Convertible bonds	(c)	**6,942**	7,610
Medium term notes	(d)	**973**	973
		11,425	12,456
Total		**13,173**	14,424

(a) Bank loans

All bank loans are unsecured, denominated in Euro or United States dollars and measured at amortised cost.

(b) Bills payable (financing in nature)

Bills payable (financing in nature) were bills of exchange which were denominated at Renminbi, measured at amortised cost and repayable within one year.

21. Borrowings (Continued)

(c) Convertible Bonds

On 5 February 2020, the Group completed the issuance of EUR1.0 billion zero coupon convertible bonds ("Bonds") due on 5 February 2025 and the Bonds are listed on the Singapore Stock Exchange.

Each Bond could, at the option of the holder, be convertible on or after the date which is 41 days after 5 February 2020 up to the date falling 10 days prior to 5 February 2025 into fully paid ordinary shares with a par value of HKD0.10 each of the Company (the "Shares"). The number of Shares to be issued shall be determined by dividing the principal amount of the Bonds to be converted (translated into Hong Kong dollars at the pre-determined fixed rate of HKD8.6466 = EUR1.00 under the terms and conditions of the Bonds) by the conversion price in effect on the relevant conversion date. On 31 December 2021, assuming full conversion of the Bonds at the applicable conversion price of HKD103.68 per Share on that date, the Bonds will be convertible into 83,396,991 conversion shares.

The outstanding principal amount of the Bonds is repayable by the Group upon the maturity of the Bonds on 5 February 2025, if not previously redeemed, converted or purchased and cancelled. On 5 February 2023 (the "Optional Put Date"), the holder of each Bond will have the right at such holder's option, to require the Group to redeem all or some only of such holder's Bonds on the Optional Put Date at their principal amount. The Bonds may be redeemed, on giving not less than 30 nor more than 60 days' notice to the bondholders, in whole but not in part, at its option of the Group, at their principal amount on the date specified in the optional redemption notice, at any time if prior to the date the relevant optional redemption notice is given, conversion rights have been exercised and/or purchased (and corresponding cancellations) and/or redemptions effected in respect of 90% or more in aggregate principal amount of the Bonds originally issued.

At initial recognition, the liability component is measured at fair value based on the principal payments, discounted at the prevailing market rate of interest for similar non-convertible instruments. The remainder of the proceeds is allocated to the conversion option as the equity component. Transaction costs associated with the issuance of the Bonds are allocated to the liability and equity components in proportion to the allocation of proceeds. The liability component is subsequently carried at amortised cost calculated using the effective interest method.

During the financial year, there was no conversion nor redemption of convertible bonds.

(d) Medium term notes

Medium term notes were unsecured, denominated in Renminbi and measured at amortised cost.

(Expressed in Renminbi unless otherwise indicated)

22. Trade Payables and Other Current Liabilities

	2021 RMB'million	2020 RMB'million
Trade payables	**3,146**	2,376
Other current liabilities:		
Refund liabilities[(i)]	**176**	303
Contract liabilities[(ii) & (iii)]	**959**	1,067
Construction costs payables	**256**	92
VAT and other taxes payables	**731**	471
Accruals	**2,402**	1,638
Dividends payable to equity shareholders of the Company	**669**	–
Derivative financial instruments	**–**	17
Others	**1,737**	951
	6,930	4,539

(i) The Group recognises a refund liability for the consideration received or receivable of which the Group does not expect to be entitled. The Group also recognises other assets in relation to refunds, measured with reference to the former carrying amount of the products (see note 19). The costs to recover the products are not material because the product returned are usually in a saleable condition.

(ii) Revenue that was included in the contract liability balance at the beginning of the reporting period amounting to RMB876 million (2020: RMB1,493 million) was recognised in the reporting period.

(iii) A contract liability, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue, or when the Group receives consideration from a customer and expects to refund some or all of that consideration to the customer.

All of the trade payables and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

An ageing analysis of the trade payables, based on the invoice date, is as follows:

	2021 RMB'million	2020 RMB'million
Within 3 months	**3,131**	2,346
3 months to 6 months	**3**	16
Over 6 months	**12**	14
	3,146	2,376

23. Employee Retirement Benefits

Defined contribution retirement plans

The Mainland China subsidiaries of the Group participate in defined contribution retirement benefit schemes (the "Schemes") organised by the municipal and provincial government authorities whereby the Group is required to make contributions to the Schemes at the applicable rates of the eligible employees' salaries. The local government authority is responsible for the entire pension obligations payable to retired employees.

The Group also operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Scheme Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HKD30,000. Contributions to the plan vest immediately.

The Group has no other material obligation for the payment of pension benefits beyond the contributions described above.

24. Equity-settled Share-based Payment Transactions

(a) Share option scheme

Share Option Scheme I

The Company adopted a share option scheme (the "Share Option Scheme I") pursuant to the shareholders' written resolution passed on 11 June 2007. The Board might, at its absolute discretion, offer options to the eligible persons (as defined in the Share Option Scheme I) to subscribe for such number of shares of the Company in accordance with the terms set out in the Share Option Scheme I. Each option gave the holder the right to subscribe for one ordinary share of the Company.

Pursuant to a resolution passed by the shareholders of the Company at the annual general meeting held on 6 April 2017, the Share Option Scheme I was terminated. Any outstanding share options granted under the Share Option Scheme I would continue to be valid and exercisable until expiry. On 14 September 2020, all outstanding share options granted but not exercised under the Share Option Scheme I were expired and forfeited.

Share Option Scheme II

Pursuant to a resolution passed by the shareholders of the Company at the annual general meeting held on 6 April 2017, to enable the continuity of terminated Share Option Scheme I, the Company has adopted a new share option scheme ("Share Option Scheme II") which has similar terms as Share Option Scheme I. The Share Option Scheme II shall be valid and effective for a period of 10 years from the adoption of the scheme on 6 April 2017.

The purpose of the Share Option Scheme II is to motivate the eligible persons (as defined in the Share Option Scheme II) to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of executives (as defined in the Share Option Scheme II), to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

No options were granted, exercised, lapsed or cancelled under the Share Option Scheme II during the financial year. As at 31 December 2021, there were no outstanding options under the Share Option Scheme II.

24. Equity-settled Share-based Payment Transactions (Continued)

(b) Share award scheme

The Company adopted a share award scheme (the "Share Award Scheme") on 19 October 2018 in which employees of the Group are entitled to participate, and shall be valid and effective for a term of 10 years commencing on the adoption date. The specific objectives of Share Award Scheme are (i) to recognise the contributions by certain employees and to provide them with incentives in order to retain them for the continual operation and development of the Group and (ii) to attract suitable personnel for further development of the Group.

Pursuant to the Share Award Scheme, the professional trustee appointed by the Company for the administration of the scheme could use the cash contributed by the Group to purchase from open market or subscribe (as the case may be) the shares of the Company, and hold the shares in the trust for selected employees until such shares are vested with the relevant selected employees in accordance with the provisions of the scheme.

During the financial year, no ordinary shares (2020: 7,822,000) in the Company were purchased from open market by the trustee of the Share Award Scheme. For the year ended 31 December 2020, total consideration paid, including all relevant expenses, for such share purchases were RMB464 million.

The terms and conditions of the grants of awarded shares are as follows:

	Number of awarded shares '000	Vesting conditions
Awarded shares granted to a director:		
– on 5 November 2019	1,000	0.5 years to 4.5 years from the date of grant
Awarded shares granted to employees:		
– on 5 November 2019	10,170	0.5 years to 4.5 years from the date of grant
– on 2 November 2020	890	0.5 years to 4.5 years from the date of grant
– on 1 November 2021	849	0.5 years to 4.5 years from the date of grant
Total awarded shares	**12,909**	

The fair value of the awarded shares was measured based on the market price of the Company's shares at the respective grant date. No expected dividends were incorporated into the measurement of fair value.

During the financial year, the number and weighted average fair value of the awarded shares granted were 848,835 shares (2020: 890,000) and HKD119.70 per awarded share (2020: HKD86.75) respectively. During the financial year, 1,983,416 awarded shares (2020: 2,055,667) with a total amount of RMB110 million (2020: RMB112 million) were vested, resulting in the transfer out of RMB140 million (2020: RMB145 million) from the share-based compensation reserve, with the difference of RMB30 million (2020: RMB33 million) credited to share premium account. 464,584 awarded shares were lapsed during the financial year (2020: 1,246,333).

As at 31 December 2021, the total number of awarded shares granted but not vested (subject to certain vesting conditions) under the Share Award Scheme was 7,158,835 (2020: 8,758,000).

25. Taxation in the Consolidated Statement of Financial Position

(a) Current taxation in the consolidated statement of financial position

Current taxation in the consolidated statement of financial position represents provisions for PRC Corporate Income Tax of RMB1,811 million (2020: RMB1,503 million) and income taxes in other tax jurisdictions of RMB5 million (2020: RMB4 million).

(b) Deferred tax assets and liabilities recognised

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the financial year are as follows:

Deferred tax arising from:	Dividend withholding tax RMB'million	Other deferred tax liabilities RMB'million	Accruals RMB'million	Other deferred tax assets RMB'million	Total RMB'million
As at 1 January 2020	225	31	(524)	(222)	(490)
Charged/(credited) to profit or loss (note 5(a))	309	4	146	(360)	99
Released upon distribution of dividends (note 5(a)(iii))	(42)	–	–	–	(42)
As at 31 December 2020 and 1 January 2021	**492**	**35**	**(378)**	**(582)**	**(433)**
Charged/(credited) to profit or loss (note 5(a))	**315**	**29**	**53**	**(146)**	**251**
Released upon distribution of dividends (note 5(a)(iii))	**(216)**	**–**	**–**	**–**	**(216)**
As at 31 December 2021	**591**	**64**	**(325)**	**(728)**	**(398)**

(ii) Reconciliation to the consolidated statement of financial position

	2021 RMB'million	2020 RMB'million
Amount recognised in the consolidated statement of financial position:		
– Deferred tax assets	**(1,053)**	(960)
– Deferred tax liabilities	**655**	527
	(398)	(433)

(Expressed in Renminbi unless otherwise indicated)

25. Taxation in the Consolidated Statement of Financial Position (Continued)

(c) Deferred tax assets not recognised

As at 31 December 2021, certain subsidiaries of the Group have not recognised deferred tax assets in respect of cumulative tax losses carried forward of RMB704 million (2020: RMB573 million) of which RMB427 million (2020: RMB357 million) will expire within 5 years under the current tax legislation. These cumulative tax losses have not been recognised as a deferred tax asset as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

(d) Deferred tax liabilities not recognised

As at 31 December 2021, temporary differences relating to the undistributed profits of certain subsidiaries of the Group in Mainland China amounted to RMB9,747 million (2020: RMB7,411 million). Deferred tax liabilities of RMB487 million (2020: RMB371 million) have not been recognised in respect of the withholding tax that would be payable on the distribution of these retained profits, as the Company controls the dividend policy of these subsidiaries in Mainland China and the Company has determined that these profits are not likely to be distributed in the foreseeable future.

26. Share Capital

	Par value HKD	Number of Shares '000	Nominal value of ordinary shares HKD'million
Authorised:			
Ordinary shares			
As at 31 December 2020 and 2021	**0.10**	**5,000,000**	**500**

Movements in the Company's issued share capital are as follows:

	Par value HKD	Number of Shares '000	Nominal value of ordinary shares HKD'million	RMB'million
Issued and fully paid:				
As at 1 January 2020	0.10	2,701,947	270	261
Shares issued under share option schemes	0.10	1,382	–	–
As at 31 December 2020, 1 January 2021 and 31 December 2021	**0.10**	**2,703,329**	**270**	**261**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

During the year ended 31 December 2020, pursuant to the Company's share option schemes (note 24(a)), options were exercised to subscribe for 1,382,000 ordinary shares in the Company at a consideration of RMB21 million of which RMB127,000 was credited to share capital and the balance of approximately RMB21 million was credited to the share premium account. RMB5 million was transferred from the share-based compensation reserve to the share premium account.

27. Reserves

The Group

	Note	Shares held for share award scheme RMB'million Note 24(b)	Share premium RMB'million Note 27(a)	Capital reserve RMB'million Note 27(b)	Statutory reserve RMB'million Note 27(c)	Fair value reserve (non-recycling) RMB'million Note 27(d)	Exchange reserve RMB'million Note 27(e)	Share-based compensation reserve RMB'million Note 27(f)	Convertible bonds related reserve RMB'million	Share of reserves of a joint venture RMB'million	Retained profits RMB'million	Total RMB'million
Balances as at 1 January 2020		(445)	4,559	176	1,420	19	(350)	99	–	(60)	14,403	19,821
Changes in equity for 2020:												
– Profit for the year		–	–	–	–	–	–	–	–	–	5,162	5,162
– Other comprehensive income/(loss) for the year		–	–	–	–	6	(44)	–	–	(293)	–	(331)
Total comprehensive income for the year		–	–	–	–	6	(44)	–	–	(293)	5,162	4,831
Disposal of partial interests in a joint venture		–	–	–	–	–	–	–	–	1	(1)	–
Dividends approved in respect of the previous year	28(b)	–	–	–	–	–	–	–	–	–	(903)	(903)
Dividends declared in respect of the current year	28(a)	–	–	–	–	–	–	–	–	–	(501)	(501)
Shares purchased under share award scheme	24(b)	(464)	–	–	–	–	–	–	–	–	–	(464)
Shares issued under share option schemes	26	–	26	–	–	–	–	(5)	–	–	–	21
Expiry and forfeiture of share options	24(a)	–	–	–	–	–	–	(6)	–	–	6	–
Equity-settled share-based payment transactions	27(f)	–	–	–	–	–	–	324	–	–	–	324
Vesting of awarded shares of share award scheme	24(b)	112	33	–	–	–	–	(145)	–	–	–	–
Issuance of convertible bonds		–	–	–	–	–	–	–	463	–	–	463
Appropriation to statutory reserve	27(c)	–	–	–	141	–	–	–	–	–	(141)	–
Capital contribution-in-kind by non-controlling interests and dilution of interests in a subsidiary		–	–	–	–	–	–	–	–	–	279	279
Acquisition of partial interests in a subsidiary		–	–	–	–	–	–	–	–	–	(119)	(119)
Balances as at 31 December 2020 and 1 January 2021		**(797)**	**4,618**	**176**	**1,561**	**25**	**(394)**	**267**	**463**	**(352)**	**18,185**	**23,752**
Changes in equity for 2021:												
– Profit for the year		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**7,720**	**7,720**
– Other comprehensive income/(loss) for the year		**–**	**–**	**–**	**–**	**22**	**(341)**	**–**	**–**	**377**	**–**	**58**
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**22**	**(341)**	**–**	**–**	**377**	**7,720**	**7,778**
Dividends approved in respect of the previous year	28(b)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,054)**	**(1,054)**
Dividends declared in respect of the current year	28(a)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,026)**	**(2,026)**
Equity-settled share-based payment transactions	27(f)	**–**	**–**	**–**	**–**	**–**	**–**	**168**	**–**	**–**	**–**	**168**
Vesting of awarded shares of share award scheme	24(b)	**110**	**30**	**–**	**–**	**–**	**–**	**(140)**	**–**	**–**	**–**	**–**
Share of other reserves of a joint venture	16	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**44**	**–**	**44**
Appropriation to statutory reserve	27(c)	**–**	**–**	**–**	**162**	**–**	**–**	**–**	**–**	**–**	**(162)**	**–**
Balances as at 31 December 2021		**(687)**	**4,648**	**176**	**1,723**	**47**	**(735)**	**295**	**463**	**69**	**22,663**	**28,662**

(Expressed in Renminbi unless otherwise indicated)

27. Reserves (Continued)

The Company

	Note	Shares held for share award scheme RMB'million Note 24(b)	Share premium RMB'million Note 27(a)	Exchange reserve RMB'million Note 27(e)	Share-based compensation reserve RMB'million Note 27(f)	Convertible bonds related reserve RMB'million	Retained profits RMB'million	Total reserves RMB'million
Balances as at 1 January 2020		(445)	4,559	(307)	99	–	6,138	10,044
Changes in equity for 2020:								
– Profit for the year		–	–	–	–	–	900	900
– Other comprehensive loss for the year		–	–	(638)	–	–	–	(638)
Total comprehensive income for the year		–	–	(638)	–	–	900	262
Dividends approved in respect of the previous year	28(b)	–	–	–	–	–	(903)	(903)
Dividends declared in respect of the current year	28(a)	–	–	–	–	–	(501)	(501)
Shares purchased under share award scheme	24(b)	(464)	–	–	–	–	–	(464)
Shares issued under share option schemes	26	–	26	–	(5)	–	–	21
Expiry and forfeiture of share options	24(a)	–	–	–	(6)	–	6	–
Equity-settled share-based payment transactions	27(f)	–	–	–	324	–	–	324
Vesting of awarded shares of share award scheme	24(b)	112	33	–	(145)	–	–	–
Issuance of convertible bonds		–	–	–	–	463	–	463
Balances as at 31 December 2020 and 1 January 2021		**(797)**	**4,618**	**(945)**	**267**	**463**	**5,640**	**9,246**
Changes in equity for 2021:								
– Profit for the year		**–**	**–**	**–**	**–**	**–**	**8,713**	**8,713**
– Other comprehensive loss for the year		**–**	**–**	**(229)**	**–**	**–**	**–**	**(229)**
Total comprehensive income for the year		**–**	**–**	**(229)**	**–**	**–**	**8,713**	**8,484**
Dividends approved in respect of the previous year	28(b)	**–**	**–**	**–**	**–**	**–**	**(1,054)**	**(1,054)**
Dividends declared in respect of the current year	28(a)	**–**	**–**	**–**	**–**	**–**	**(2,026)**	**(2,026)**
Equity-settled share-based payment transactions	27(f)	**–**	**–**	**–**	**168**	**–**	**–**	**168**
Vesting of awarded shares of share award scheme	24(b)	**110**	**30**	**–**	**(140)**	**–**	**–**	**–**
Balances as at 31 December 2021		**(687)**	**4,648**	**(1,174)**	**295**	**463**	**11,273**	**14,818**

27. Reserves (Continued)

(a) Share premium and distributability of reserves

Under the Companies Law of the Cayman Islands, the share premium account of the Company may be applied for payment of distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

The aggregate amount of distributable reserves, comprising share premium and retained profits, of the Company as at 31 December 2021 was HKD17,909 million (2020: HKD11,016 million).

(b) Capital reserve

Pursuant to the reorganisation of the Group prior to the listing of the Company on the Main Board of the Hong Kong Stock Exchange, Anta Enterprise Group Limited ("Anta Enterprise") entered into a deed of assignment with the controlling shareholders of the Company whereby advances from the controlling shareholders to ANTA Investment Limited (formerly known as Anda International Investment Limited) totalling HKD144 million (equivalent to RMB141 million) were assigned to Anta Enterprise at a consideration of HKD1.0. This assignment of debt was reflected as a reduction in the advances from the controlling shareholders and a corresponding increase in the capital reserve during 2007.

On 26 July 2017, the non-controlling shareholders of Full Prospect Sports Limited ("Full Prospect"), a subsidiary of the Group, requested to convert all its class B shares of Full Prospect to ordinary shares in accordance with the articles of Full Prospect. The long-term payable to non-controlling interests related to the class B shares was therefore derecognised. Such derecognition was reflected as a corresponding increase in capital reserve (amounting to RMB35 million) and non-controlling interest.

(c) Statutory reserve

Pursuant to applicable PRC regulations, Mainland China subsidiaries are required to appropriate 10% of their profit after tax (after offsetting prior years' losses) to the reserve until such reserve reaches 50% of the registered capital. The transfer to the reserve must be made before distribution of dividends to shareholders. The statutory reserve can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase paid-in capital of the subsidiary, provided that the balance after such issue is not less than 25% of its registered capital.

(d) Fair value reserve (non-recycling)

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity instruments designated at FVOCI under IFRS/HKFRS 9 that are held at the end of the reporting period.

(e) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside the Mainland China.

(f) Share-based compensation reserve

Share-based compensation reserve represents the fair value of employee services in respect of exercisable share options and awarded shares granted to certain directors of the Company and employees of the Group.

(Expressed in Renminbi unless otherwise indicated)

27. Reserves (Continued)

(g) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure in the light of changes in economic conditions so as to maintain a sound capital position. Total capital is defined as the total equity attributable to equity shareholders of the Company in the consolidated statement of financial position.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

28. Dividends

(a) Dividends payable to equity shareholders of the Company attributable to the financial year

	2021 RMB'million	2020 RMB'million
Interim dividend declared and paid of HK60 cents per ordinary share (2020: HK21 cents per ordinary share)	**1,357**	501
Special interim dividend declared and payable of HK30 cents per ordinary share (2020: Nil)	**669**	–
Final dividend recommended after the end of the reporting period of HK68 cents per ordinary share (2020: HK47 cents per ordinary share)	**1,498**	1,054
	3,524	1,555

The final dividend recommended after the end of the reporting period has not been recognised as liabilities as at the end of the reporting period.

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the financial year

	2021 RMB'million	2020 RMB'million
Final dividend in respect of the year ended 31 December 2020, approved and paid during the financial year, of HK47 cents per ordinary share (2019: HK36 cents per ordinary share)	**1,054**	903

29. Financial Risk Management and Fair Values

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below:

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables.

The Group's exposure to credit risk arising from listed debt securities measured at amortised cost, pledged deposits, bank deposits and cash and cash equivalents are limited because the counterparties are either highly reputable and sizeable banks and financial institutions or the Government of the PRC for which the Group considers to have low credit risk.

Except for the financial guarantee given by the Group relating to a joint venture as set out in note 16, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. The Group does not provide any other guarantees which would expose the Group to credit risk.

In respect of trade receivables, the Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk on trade receivables is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 3% (2020: 3%) and 8% (2020: 9%) of the total trade receivables were due from the Group's largest customer and the five largest customers respectively.

The Group measures loss allowances for trade receivables at an amount equal to lifetime expected credit losses ("ECLs"), which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

(Expressed in Renminbi unless otherwise indicated)

29. Financial Risk Management and Fair Values (Continued)

(a) Credit risk (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	2021					
	Expected loss rate	Gross carrying amount excluding specific debtor(s) RMB'million	Loss allowance excluding specific debtor(s) RMB'million	Gross carrying amount of specific debtor(s) RMB'million	Loss allowance of specific debtor(s) RMB'million	Total loss allowance RMB'million
Current	0.32%	3,278	(10)	–	–	(10)
Less than 3 months past due	9.39%	17	(2)	–	–	(2)
Past due over 3 months	50.00%	26	(13)	–	–	(13)
		3,321	(25)	–	–	(25)

	2020					
	Expected loss rate	Gross carrying amount excluding specific debtor(s) RMB'million	Loss allowance excluding specific debtor(s) RMB'million	Gross carrying amount of specific debtor(s) RMB'million	Loss allowance of specific debtor(s) RMB'million	Total loss allowance RMB'million
Current	0.32%	3,709	(12)	–	–	(12)
Less than 3 months past due	4.69%	25	(1)	–	–	(1)
Past due over 3 months	50.00%	20	(10)	24	(24)	(34)
		3,754	(23)	24	(24)	(47)

The Group keeps assessing the expected loss rates based on the Group's historical credit loss experience over the past years, adjusted for factors that are specific to the debtors, and an assessment of both the current and forecast general economic conditions at the end of the reporting period over the expected lives of the receivables.

(b) Liquidity risk

The Group's policy is to actively and regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable short-term investments of cash surplus and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term.

29. Financial Risk Management and Fair Values (Continued)

(b) Liquidity risk (Continued)

The following table details the remaining contractual maturities as at the end of the reporting period of the Group's non-derivative financial liabilities and derivative financial instruments, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current as at the end of the reporting period) and the earliest date the Group can be required to pay:

	Contractual undiscounted cash outflows/(inflows)					Carrying amount on consolidated statement of financial position
	Within 1 year or on demand RMB'million	More than 1 year but less than 2 years RMB'million	More than 2 years but less than 5 years RMB'million	More than 5 years RMB'million	Total RMB'million	RMB'million
As at 31 December 2021						
Non-derivative financial liabilities:						
Bank loans	**710**	**64**	**3,634**	**–**	**4,408**	**4,218**
Bills payable (financing in nature)	**1,000**	**–**	**–**	**–**	**1,000**	**1,000**
Convertible bonds(Note)	**–**	**7,205**	**–**	**–**	**7,205**	**6,942**
Medium term notes	**40**	**1,040**	**–**	**–**	**1,080**	**1,013**
Trade payables	**3,146**	**–**	**–**	**–**	**3,146**	**3,146**
Other payables`	**6,754**	**–**	**–**	**–**	**6,754**	**6,754**
Payable to non-controlling interests	**39**	**48**	**26**	**–**	**113**	**113**
Lease liabilities	**2,401**	**1,496**	**1,403**	**347**	**5,647**	**5,145**
Amounts due to related parties	**27**	**–**	**–**	**–**	**27**	**27**
	14,117	**9,853**	**5,063**	**347**	**29,380**	**28,358**
As at 31 December 2020						
Non-derivative financial liabilities:						
Bank loans	933	71	4,103	–	5,107	4,801
Bills payable (financing in nature)	1,000	–	–	–	1,000	1,000
Convertible bonds(Note)	–	–	7,994	–	7,994	7,610
Medium term notes	40	40	1,040	–	1,120	1,013
Trade payables	2,376	–	–	–	2,376	2,376
Other payables	4,219	–	–	–	4,219	4,219
Payable to non-controlling interests	33	46	53	–	132	132
Lease liabilities	1,408	766	557	38	2,769	2,519
Amounts due to related parties	19	–	–	–	19	19
	10,028	923	13,747	38	24,736	23,689
Derivative financial instruments:						
Forward foreign exchange contracts						
– outflow	102	–	–	–	102	
– inflow	(102)	–	–	–	(102)	
Currency option contracts						
– outflow	400	–	–	–	400	
– inflow	(397)	–	–	–	(397)	

Note: As set out in note 21(c), the holder of each convertible bond will have the right at such holder's option to require the Group to redeem all or some only of such holder's convertible bonds on 5 February 2023 at their principal amount. Accordingly, the contractual undiscounted cash outlfow due to the redemption of the convertible bonds by the holder's put option was more than 1 year but less than 2 years at the end of the financial year.

(Expressed in Renminbi unless otherwise indicated)

29. Financial Risk Management and Fair Values (Continued)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from floating rate bank loans. All of the bank deposits and other borrowings of the Group are fixed rate instruments and are insensitive to any change in market interest rates, other than repricing risk at maturity.

The Group actively and regularly monitors the interest rate fluctuation to ensure that its net exposure is kept to an acceptable level.

(i) Interest rate profile

The following table details the interest rate profile of the Group's bank loans as at the end of the reporting period:

	2021 Effective interest rate	**2021** RMB'million	2020 Effective interest rate	2020 RMB'million
Fixed rate portion:				
Bank loans	**0.47%**	**644**	1.02%~3.75%	848
Variable rate portion:				
Bank loans	**EURIBOR +1.75%**	**3,574**	EURIBOR +1.75%	3,943
			HIBOR+1.5%	10
Total		**4,218**		4,801
Fixed rate portion as a percentage of total bank loans		**15%**		18%

(ii) Sensitivity analysis

At 31 December 2021, it is estimated that a general increase/decrease of 100 basis points in interest rates for floating rate bank loans, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately RMB36 million (2020: RMB40 million). Other components of consolidated equity would not be affected (2020: Nil) by the changes in interest rates.

The sensitivity analysis has been performed assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained profits) and other components of consolidated equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis as 2020.

29. Financial Risk Management and Fair Values (Continued)

(d) Currency risk

The Group is exposed to currency risk primarily through contractual obligations, bank deposits and borrowings that are denominated in a foreign currency i.e. a currency other than the functional currency of the operations to which the transactions relate.

The Group actively and regularly monitors foreign exchange rate fluctuations to ensure that its net exposure is kept to an acceptable level.

(i) *Exposure to currency risk*

The following table details the Group's major exposure as at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the end of the reporting period. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded in below table.

	Exposure to foreign currencies (expressed in Renminbi)							
	2021				2020			
	Renminbi RMB'million	**Hong Kong Dollars RMB'million**	**United States Dollars RMB'million**	**Euros RMB'million**	Renminbi RMB'million	Hong Kong Dollars RMB'million	United States Dollars RMB'million	Euros RMB'million
Cash and cash equivalents	**475**	**11**	**114**	**29**	256	20	172	110
Fixed deposits held at banks with maturity over three months	**–**	**–**	**–**	**–**	–	–	101	320
Trade receivables	**2**	**1**	**6**	**–**	–	6	4	–
Other receivables	**–**	**7**	**14**	**7**	–	5	–	–
Amount due from group companies	**2,466**	**1,024**	**25**	**–**	1,565	1,116	23	–
Bank loans	**–**	**–**	**–**	**–**	–	(10)	–	–
Medium term notes	**(1,013)**	**–**	**–**	**–**	(1,013)	–	–	–
Trade payables	**–**	**–**	**(88)**	**(1)**	–	–	(84)	–
Other payables	**–**	**(6)**	**(254)**	**(2)**	(37)	(2)	(232)	–
Amount due to group companies	**(39)**	**(73)**	**(74)**	**–**	–	(183)	(34)	(5,121)
Gross exposure to currency risk	**1,891**	**964**	**(257)**	**33**	771	952	(50)	(4,691)
Notional amounts of forward foreign exchange contracts	**–**	**–**	**–**	**–**	–	–	(102)	–
Notional amounts of currency option contracts	**–**	**–**	**–**	**–**	–	–	–	(400)
Net exposure to currency risk	**1,891**	**964**	**(257)**	**33**	771	952	(152)	(5,091)

(Expressed in Renminbi unless otherwise indicated)

29. Financial Risk Management and Fair Values (Continued)

(d) Currency risk (Continued)

(ii) Sensitivity analysis

The following table indicates the instantaneous changes in the Group's profit after taxation (and retained profits) and other components of consolidated equity that would arise if the foreign exchange rates to which the Group has significant foreign exchange exposure as at the end of the reporting period had changed, assuming all other risk variables remained constant.

	2021			2020		
	Increase/ (decrease) in foreign exchange rates in %	**Effect on profit after taxation and retained profits RMB'million**	**Effect on other components of equity RMB'million**	Increase/ (decrease) in foreign exchange rates in %	Effect on profit after taxation and retained profits RMB'million	Effect on other components of equity RMB'million
Renminbi	**5**	**95**	**(95)**	5	39	(39)
	(5)	**(95)**	**95**	(5)	(39)	39
Hong Kong Dollars	**5**	**47**	**(73)**	5	46	(35)
	(5)	**(47)**	**73**	(5)	(46)	35
United States Dollars	**5**	**(10)**	**401**	5	(6)	328
	(5)	**10**	**(401)**	(5)	6	(328)
Euros	**5**	**2**	**(308)**	5	(255)	(322)
	(5)	**(2)**	**308**	(5)	255	322

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after taxation (and retained profits) and other components of consolidated equity measured in the respective functional currencies, translated into Renminbi at the exchange rate ruling as at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk as at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis is performed on the same basis for 2020.

29. Financial Risk Management and Fair Values (Continued)

(e) Fair values measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS/HKFRS 13, *Fair Value Measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

– Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

– Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

– Level 3 valuations: Fair value measured using significant unobservable inputs.

		Fair value measurements as at 31 December 2021 categorised into		
	Total RMB'million	**Level 1 RMB'million**	**Level 2 RMB'million**	**Level 3 RMB'million**
Recurring fair value measurements				
Financial assets:				
Equity instruments:				
– Unlisted equity investments	**65**	**–**	**–**	**65**
– Listed perpetual bonds	**657**	**657**	**–**	**–**

		Fair value measurements as at 31 December 2020 categorised into		
	Total RMB'million	Level 1 RMB'million	Level 2 RMB'million	Level 3 RMB'million
Recurring fair value measurements				
Financial assets/(liabilities):				
Equity instruments:				
– Unlisted equity investments	70	–	–	70
Debt instruments:				
– Unlisted debt securities	270	–	270	–
Derivative financial instruments:				
– Forward foreign exchange contracts	2	–	2	–
– Currency option contracts	(17)	–	(17)	–

During the financial year ended 31 December 2021 and 2020, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(Expressed in Renminbi unless otherwise indicated)

29. Financial Risk Management and Fair Values (Continued)

(e) Fair values measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of financial assets/liabilities in Level 2 is determined by discounting the expected future cash flows at prevailing market interest rate as at the end of the reporting period or option pricing model that incorporated present value techniques and reflected both the time value and the intrinsic value, taking into account the terms and conditions of the contracts.

Information about Level 3 fair value measurements

The fair values of the unlisted equity investments are determined by using the adjusted net assets value method, with unobservable inputs of net assets value. The fair value measurements are positively correlated to the net assets value.

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of all financial assets and liabilities measured at amortised cost are not materially different from their fair values as at 31 December 2021 and 2020.

30. Capital Commitments

Capital commitments outstanding as at 31 December 2021 not provided for in the financial statements were as follows:

	2021 RMB'million	2020 RMB'million
Contracted for	**2,597**	2,478
Authorised but not contracted for	**518**	396
	3,115	2,874

31. Material Related Party Transactions

(a) Transactions with related parties

During the reporting period the Group entered into the following transactions with related parties:

	2021 RMB'million	2020 RMB'million
Recurring transactions		
Purchases of raw materials		
– Quanzhou Anda Packaging Co., Ltd. ("Quanzhou Anda") and other related entities[i]	**107**	101
Service fees		
– Mr. Ding Shijia (and his associates)	**20**	19
Non-recurring transaction		
Acquisition of land use rights and factory under construction		
– Fujian Anta Investment Co., Limited	**72**	–

(i) Quanzhou Anda (and for and on behalf of certain entities) entered into an agreement in relation to the supply of paper packaging materials from Quanzhou Anda (and those entities) to the Group. Those other related entities are associates of certain directors of the Company.

31. Material Related Party Transactions (Continued)

(a) Transactions with related parties (Continued)

The above recurring related party transactions were in the ordinary and usual course of business of the Group, on normal commercial terms or better, and fair and reasonable.

The above non-recurring related party transaction was on normal commercial terms or better, and fair and reasonable.

The above recurring and non-recurring related party transactions also fall under the definition of continuing connected transactions and connected transactions respectively in Chapter 14A of the Listing Rules. The Company has complied with the requirements in accordance with Chapter 14A of the Listing Rules.

(b) Balances with related parties

	2021 RMB'million	2020 RMB'million
Amounts due to related parties		
Trade balance		
– Quanzhou Anda and other related entities	**22**	16
Other balances		
– Mr. Ding Shijia (and his associates)	**5**	3
	27	19

The amounts due to related parties are unsecured, interest free and are expected to be paid within one year.

(c) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's executive directors were as follows:

	2021 RMB'million	2020 RMB'million
Short-term employee benefits	**23**	22
Equity-settled share-based payment transactions	**18**	32
	41	54

The total remuneration is included in "staff costs" (see note 4(a)).

32. Significant Accounting Estimates and Judgements

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the financial statements. The Group believes the following critical accounting policies involve the most significant estimates and judgements used in the preparation of the financial statements. Accounting estimates and judgements are continually evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Impairments

The management determines the impairment loss if circumstances indicate that the carrying value of an asset may not be recoverable. The carrying amounts of assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount.

The recoverable amount is the greater of the fair value less costs of disposal and the value in use. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to level of sales volume, sales revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sales volume, sales revenue and amount of operating costs.

(b) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs to completion and selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of changes in customer preferences and competitor actions in response to severe industry cycles. Management reassesses these estimates at the end of each reporting period.

(c) Loss allowance for trade receivables

The Group estimates the loss allowances for trade receivables by assessing the ECLs. This requires the use of estimates and judgements. ECLs are based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, and an assessment of both the current and forecast general economic conditions at the end of the reporting period. Where the estimation is different from the previous estimate, such difference will affect the carrying amounts of trade receivables and thus the impairment loss in the period in which such estimate is changed. The Group keeps assessing the expected credit loss of trade receivables during their expected lives.

(d) Provision for deferred tax

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

33. Revised IFRSs/HKFRSs

The IASB and HKICPA have issued a number of amendments to IFRSs and HKFRSs that are first effective for the current accounting period of the Group. Except for the below amendments, none of other developments to IFRSs and HKFRSs that are first effective for the current accounting period of the Group have a material effect to the Group's results and financial position prepared or presented in these financial statements:

Amendment to IFRS/HKFRS 16, *COVID-19-Related Rent Concessions beyond 30 June 2021* ("2021 Amendment")

The amendment extends the availability of the practical expedient under the *Amendment to IFRS/HKFRS 16, COVID-19-Related Rent Concessions* issued in May 2020 that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of 2019 novel coronavirus disease (COVID-19) (the "Pandemic") are lease modifications and, instead, to account for those rent concessions as if they were not lease modifications. The amendment applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

The Group has elected to early adopt the amendment and applies the practical expedient to all qualifying COVID-19-related rent concessions granted to the Group during the reporting period. Consequently, rent concessions received have been accounted for as negative variable lease payments credited to profit or loss in the period in which the event or condition that triggers those payments occurred. There is no impact on the opening balance of equity at 1 January 2021.

Other than the 2021 Amendment discussed above, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

34. Non-adjusting Event after the Reporting Period

The special interim dividend in respect of the financial year declared and payable to the equity shareholders of the Company as disclosed in note 28 was paid on 25 January 2022.

After the end of the reporting period the directors of the Company recommended a final dividend of HK68 cents per share. Further details are disclosed in note 28.

35. Possible Impact of Amendments, New Standards and Interpretations Issued but not yet Effective for the Year ended 31 December 2021

Up to the date of issue of these financial statements, the IASB/HKICPA have issued a number of amendments, and a new standard, IFRS/HKFRS 17, *Insurance contracts*, which are not yet effective for the year ended 31 December 2021 and which have not been adopted in these financial statements.

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it is concluded that the adoption of them is unlikely to have significant impact on the consolidated financial statements.

36. Immediate and Ultimate Holding Company

The directors of the Company consider the immediate and ultimate holding company of the Company as at 31 December 2021 to be Anta International Group Holdings Limited, which is incorporated in the BVI. This entity does not produce financial statements available for public use.

37. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the Board on 22 March 2022.

APPENDIX II

RECENT DEVELOPMENTS IN THE ISSUER'S BUSINESS

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

1. Overview

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

On 31 March 2022, UBS Group's common equity tier 1 ("**CET1**") capital ratio was 14.3%, the CET1 leverage ratio was 4.16%, the total loss-absorbing capacity ratio was 34.2%, and the total loss-absorbing capacity leverage ratio was 9.9%.[1] On the same date, invested assets stood at USD 4,380 billion, equity attributable to shareholders was USD 58,855 million and market capitalisation was USD 65,775 million. On the same date, UBS employed 71,697 people.[2]

On 31 March 2022, UBS AG consolidated CET1 capital ratio was 13.4%, the CET1 leverage ratio was 3.88%, the total loss-absorbing capacity ratio was 33.1%, and the total loss-absorbing capacity leverage ratio was 9.6%.[1] On the same date, invested assets stood at USD 4,380 billion and equity attributable to UBS AG shareholders was USD 57,962 million. On the same date, UBS AG Group employed 47,139 people.[2]

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

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

[1] All figures based on the Swiss systemically relevant bank framework. Refer to the "Capital management" section of the Annual Report 2021 and of the UBS Group First Quarter 2022 Report for more information.
[2] Full-time equivalents.

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

No profit forecasts or estimates are included in this document.

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

2. Information about the Issuer

2.1 Corporate Information

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

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

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

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

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

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

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

3. Business Overview

3.1 Organisational Structure of the Issuer

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

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

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

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

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

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

3.2 Principal activities

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

- *Global Wealth Management* provides financial services, advice and solutions to private clients, in particular in the ultrahigh net worth and high net worth segments. Its offering ranges from investment management to estate planning and corporate finance advice, in addition to specific wealth management products and services. The business division is managed globally across the regions.
- *Personal & Corporate Banking* serves its private, corporate, and institutional clients' needs, from basic banking to retirement, financing, investments and strategic transactions, in Switzerland, through its branch network and digital channels.
- Asset Management is a large-scale and diversified global asset manager. It offers investment capabilities and styles across all major traditional and alternative asset classes, as well as advisory support to institutions, wholesale intermediaries and wealth management clients globally.

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

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

3.3 Competition

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

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

3.4 Recent Developments

3.4.1 UBS AG consolidated key figures

UBS AG derived the selected consolidated financial information included in the table below for the years ended 31 December 2021, 2020 and 2019 from the Annual Report 2021, except where noted. The selected consolidated financial information included in the table below for the quarter ended 31 March 2022 and 31 March 2021 was derived from the UBS AG First Quarter 2022 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 2021, 2020 and 2019 which is indicated as being unaudited in the table below was included in the Annual Report 2021, but has not been audited on the basis that the respective disclosures are not required under IFRS, and therefore are not part of the audited financial statements. Prospective investors should read the whole of this document, the Annual Report 2021 and the UBS AG First Quarter 2022 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	31.3.22	31.3.21	31.12.21	31.12.20	31.12.19
	unaudited		*audited, except where indicated*		
Results					
Income statement					
Operating income	9,475	8,836	35,976	32,780	29,307
Net interest income	1,746	1,589	6,605	5,788	4,415
Net fee and commission income	5,384	5,719	22,438	19,207	17,460

Credit loss (expense) / release	(18)	28	148	(695)	(78)
Other net income from financial instruments measured at fair value through profit or loss	2,225	1,314	5,844	6,930	6,833
Operating expenses	6,916	6,684	27,012	25,081	24,138
Operating profit / (loss) before tax	2,559	2,151	8,964	7,699	5,169
Net profit / (loss) attributable to shareholders	2,004	1,710	7,032	6,196	3,965
Balance sheet [1]					
Total assets	1,139,876		1,116,145	1,125,327	971,927
Total financial liabilities measured at amortized cost	749,052		744,762	732,364	617,429
of which: customer deposits	542,984		544,834	527,929	450,591
of which: debt issued measured at amortized cost	75,013		82,432	85,351	62,835
of which: subordinated debt	5,056		5,163	7,744	7,431
Total financial liabilities measured at fair value through profit or loss	322,941		300,916	325,080	291,452
of which: debt issued designated at fair value	69,421		71,460	59,868	66,592
Loans and advances to customers	393,960		398,693	380,977	327,992
Total equity	58,319		58,442	58,073	53,896
Equity attributable to shareholders	57,962		58,102	57,754	53,722
Profitability and growth					
Return on equity (%) [2]	13.8	11.9	12.3*	10.9*	7.4*
Return on tangible equity (%) [3]	15.5	13.4	13.9*	12.4*	8.5*
Return on common equity tier 1 capital (%) [4]	19.3	17.8	17.6*	16.6*	11.3*
Return on risk-weighted assets, gross (%) [5]	12.5	12.3	12.3*	11.9*	11.2*
Return on leverage ratio denominator, gross (%) [6, 7]	3.5	3.4	3.4*	3.4*	3.2*
Cost / income ratio (%) [8]	72.8	75.9	75.4*	74.9*	82.1*
Net profit growth (%) [9]	17.2	20.3	13.5*	56.3*	(3.4)*
Resources					
Common equity tier 1 capital [10]	41,577	38,826	41,594	38,181	35,233*
Risk-weighted assets [10]	309,374	285,119	299,005*	286,743*	257,831*
Common equity tier 1 capital ratio (%) [10]	13.4	13.6	13.9*	13.3*	13.7*
Going concern capital ratio (%) [10]	18.1	18.7	18.5*	18.3*	18.3*
Total loss-absorbing capacity ratio (%) [10]	33.1	34.2	33.3*	34.2*	33.9*
Leverage ratio denominator [6, 10]	1,072,766	1,039,736	1,067,679*	1,036,771*	911,228*
Common equity tier 1 leverage ratio (%) [6, 10]	3.88	3.73	3.90*	3.68*	3.87*
Going concern leverage ratio (%) [6, 10]	5.2	5.1	5.2*	5.1*	5.2*
Total loss-absorbing capacity leverage ratio (%) [10]	9.6	9.4	9.3*	9.5*	9.6*
Other					
Invested assets (USD billion) [11]	4,380	4,306	4,596	4,187	3,607
Personnel (full-time equivalents)	47,139	47,592	47,067*	47,546*	47,005*

* unaudited

[1] Except for *Total assets*, *Total equity* and *Equity attributable to shareholders*, balance sheet information for year ended 31 December 2019 is derived from the Annual Report 2020.
[2] Calculated as 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.
[3] 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.
[4] 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.
[5] Calculated as annualized operating income before credit loss expense or release divided by average risk-weighted assets. This measure provides information about the revenues of the business in relation to risk-weighted assets.
[6] Leverage ratio denominators and leverage ratios for year 2020 do not reflect the effects of the temporary exemption that applied from 25 March 2020 until 1 January 2021 and was granted by FINMA in connection with COVID-19.
[7] Calculated as annualized operating income before credit loss expense or release divided by average leverage ratio denominator. This measure provides information about the revenues of the business in relation to leverage ratio denominator.
[8] Calculated as operating expenses divided by operating income before credit loss expense or release (annualized as applicable). This measure provides information about the efficiency of the business by comparing operating expenses with gross income.
[9] Calculated as 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 in comparison with the prior period.
[10] Based on the applicable Swiss systemically relevant bank framework as of 1 January 2020.
[11] Consists of invested assets for Global Wealth Management, Asset Management and Personal & Corporate Banking. Calculated as the sum of managed fund assets, managed institutional assets, discretionary and advisory wealth management portfolios, fiduciary deposits, time deposits, savings accounts, and wealth management securities or brokerage accounts. This measure provides information about the volume of client assets managed by or deposited with UBS for investment purposes.

3.4.2 Regulatory, legal and other developments

Refer to “*Recent developments*” in the UBS Group First Quarter 2022 Report, as well as to “*Our environment” and "Regulatory and legal developments*" in the Annual Report 2021, for further information on key regulatory, legal and other developments.

3.5 Trend Information

For information on trends, refer to “*Outlook*” under “*Group performance*” and to “*Country risk*” under “*Risk management and control*” in the UBS Group First Quarter 2022 Report, as well as to the “*Our environment*” section, and to “*Top and emerging risks*” and “*Country risk*” in the “*Risk management and control*” section of the Annual Report 2021. In addition, please refer to the "*Risk factors*" and the “*Recent Developments*” sections of this document for more information.

4. Administrative, Management and Supervisory Bodies of the Issuer

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

UBS AG operates under a strict dual board structure, as mandated by Swiss banking law. The Board of Directors (“**BoD**”) exercises the ultimate supervision over management, whereas the Executive

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

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

4.1 Board of Directors

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

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

4.1.1 Members of the Board of Directors

The current members of the BoD are listed below.

Member	**Title**	**Term of office**	**Current principal activities outside UBS AG**
Colm Kelleher	Chairman	2023	Chairman of the Board of Directors of UBS Group AG; member of the board of Norfolk Southern Corporation (chair of the risk and finance committee); member of the Board of Directors of the Bretton Woods Committee; member of the board of Americans for Oxford; member of the Oxford Chancellor's Court of Benefactors; and member of the Advisory Council of the British Museum.
Lukas Gähwiler	Member	2023	Vice Chairman of the Board of Directors of UBS Group AG; member of the Board of Directors of Pilatus Aircraft Ltd; member of the Board of Directors of Ringier AG; member of the Board of Directors of Opernhaus Zürich AG; 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 economiesuisse; chairman of the Foundation Board of the UBS Pension Fund; member of the Foundation Council of the UBS Center for Economics in Society; and member of the board of the Swiss Finance Council.
Jeremy Anderson	Member	2023	Senior Independent Director of the Board of Directors of UBS Group AG; board member of Prudential plc; trustee of the UK's Productivity Leadership Group; trustee of Kingham Hill Trust; trustee of St. Helen Bishopsgate.

Claudia Böckstiegel	Member	2023	Member of the Board of Directors of UBS Group AG; General Counsel and member of the Enlarged Executive Committee of Roche Holding AG.
William C. Dudley	Member	2023	Member of the Board of Directors of UBS Group AG; member of the board of Treliant LLC; senior advisor to the Griswold Center for Economic Policy Studies at Princeton University; member of the Group of Thirty; member of the Council on Foreign Relations; chair of the Bretton Woods Committee board of directors; member of the board of the Council for Economic Education.
Patrick Firmenich	Member	2023	Member of the Board of Directors of UBS Group AG; chairman of the board of Firmenich International SA; member of the board of Jacobs Holding AG; member of the Board of INSEAD and INSEAD World Foundation; member of the Advisory Council of the Swiss Board Institute.
Fred Hu	Member	2023	Member of the Board of Directors of UBS Group AG; non-executive chairman of the board of Yum China Holdings (chair of the nomination and governance committee); board member of Industrial and Commercial Bank of China; chairman of Primavera Capital Ltd and of Primavera Capital Group; member of the Board of Ant Group; board member of Minsheng Financial Leasing Co.; trustee of the China Medical Board; Governor of the Chinese International School in Hong Kong; co-chairman of the Nature Conservancy Asia Pacific Council; member of the Board of Trustees of the Institute for Advanced Studies (IAS).
Mark Hughes	Member	2023	Member of the Board of Directors of UBS Group AG; chair of the Board of Directors of the Global Risk Institute; visiting lecturer at the University of Leeds; senior advisor to McKinsey & Company.
Nathalie Rachou	Member	2023	Member of the Board of Directors of UBS Group AG; member of the board of Euronext N.V. (chair of the remuneration committee); member of the board of Veolia Environnement SA (chair of the audit committee); member of the board of the African Financial Institutions Investment Platform.
Julie G. Richardson	Member	2023	Member of the Board of Directors of UBS Group AG; member of the board of Yext (chair of the audit committee); member of the board of Datalog (chair of the audit committee).
Dieter Wemmer	Member	2023	Member of the Board of Directors of UBS Group AG; board member of Ørsted A/S (chair of the audit and risk committee); chairman of Marco Capital Holdings

			Limited and Marco Insurance, Malta; member of the Berlin Center of Corporate Governance.
Jeanette Wong	Member	2023	Member of the Board of Directors of UBS Group AG; member of the board of Prudential plc; member of the board of Singapore Airlines Limited; member of the Board Risk Committee of GIC Pte Ltd; board member of Jurong Town Corporation; board member of PSA International; chairman of the CareShield Life Council; member of the Securities Industry Council; member of the Board of Trustees of the National University of Singapore.

4.2 Executive Board ("EB")

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

4.2.1 Members of the Executive Board

The current members of the EB are listed below. In addition, Sarah Youngwood joined the GEB at the beginning of March 2022, and will take over as Group Chief Financial Officer from 16 May 2022 succeeding Kirt Gardner, who will retire from the firm.

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

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

UBS AG, Bahnhofstrasse 45, CH-8001 Zurich		the Employers' Board of the Global Institute for Women's Leadership, King's College London; member of the Board of Directors of the European General Counsel Association.
Tom Naratil UBS AG, 1285 Avenue of the Americas, New York, NY 10019 USA	Co-President Global Wealth Management and President UBS Americas	Member of the Group Executive Board and co-President Global Wealth Management and President UBS Americas of UBS Group AG; CEO and board member of UBS Americas Holding LLC; board member of the American Swiss Foundation.
Markus Ronner UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Chief Compliance and Governance Officer	Member of the Group Executive Board and Group Chief Compliance and Governance Officer of UBS Group AG.
Sarah Youngwood UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Designated Chief Financial Officer as of 16 May 2022	Member of the Group Executive Board of UBS Group AG, and Designated Group Chief Financial Officer as of May 2022; Advisory Board Member – Wall Street Women's Alliance.

4.3 Potential Conflicts of Interest

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

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

5. Auditors

Based on article 31 of the Articles of Association, UBS AG shareholders elect the auditors for a term of office of one year. At the AGMs of 27 April 2020, 7 April 2021 and 5 April 2022, 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 year 2021 is available in the section "*UBS AG consolidated financial statements*" of the Annual Report 2021 and in the UBS AG's standalone financial statements for the year ended 31 December 2021 (the "**Standalone Financial Statements 2021**"), respectively; and for financial year 2020 it is available in the "*UBS AG consolidated financial statements*" section of the UBS Group AG and UBS AG annual report 2020, published on 5 March 2021 ("**Annual Report 2020**") and in the UBS AG's standalone financial statements for the year ended 31 December 2020 published on 5 March 2021 (the "**Standalone Financial Statements 2020**"). The consolidated and standalone financial accounts are closed on 31 December of each year.

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

7.2 Auditing of Historical Annual Financial Information

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

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

7.3 Interim Financial Information

Reference is also made to the UBS Group AG first quarter 2022 report published on 26 April 2022 ("**UBS Group First Quarter 2022 Report**"), and the UBS AG first quarter 2022 report published on 29 April 2022 ("**UBS AG First Quarter 2022 Report**"), which contain information on the financial condition and results of operations, including the interim financial statements, of UBS Group AG consolidated and UBS AG consolidated, respectively, as of and for the period ended 31 March 2022. The interim consolidated financial statements 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 15 Provisions and contingent liabilities*" to the UBS AG unaudited interim consolidated financial statements included in the UBS AG First Quarter 2022 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 2022.

8. Share Capital

As reflected in the Articles of Association most recently registered with the Commercial Register of the Canton of Zurich and the Commercial Register of Basel-City, UBS AG has (i) fully paid and issued share capital of CHF 385,840,846.60, divided into 3,858,408,466 registered shares with a par value of CHF 0.10 each (article 4), and (ii) conditional capital in the amount of CHF 38,000,000, comprising

380,000,000 registered shares with a par value of CHF 0.10 each that can be issued upon the voluntary or mandatory exercise of conversion rights and/or warrants (article 4a).

9. Documents Available

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

APPENDIX III

EXTRACT OF
THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF
UBS AG AND ITS SUBSIDIARIES
FOR THE FIRST QUARTER ENDED 31 MARCH 2022

UBS AG interim consolidated financial statements (unaudited)

Income statement

		For the quarter ended		
USD million	Note	31.3.22	31.12.21	31.3.21
Interest income from financial instruments measured at amortized cost and fair value through other comprehensive income	3	2,145	2,152	2,098
Interest expense from financial instruments measured at amortized cost	3	(809)	(794)	(859)
Net interest income from financial instruments measured at fair value through profit or loss	3	410	388	351
Net interest income	3	1,746	1,746	1,589
Other net income from financial instruments measured at fair value through profit or loss		2,225	1,364	1,314
Credit loss (expense) / release	8	(18)	27	28
Fee and commission income	4	5,868	6,054	6,197
Fee and commission expense	4	(485)	(513)	(478)
Net fee and commission income	4	5,384	5,541	5,719
Other income		139	169	185
Total operating income		9,475	8,846	8,836
Personnel expenses	5	4,233	3,552	4,086
General and administrative expenses	6	2,233	3,164	2,141
Depreciation, amortization and impairment of non-financial assets		449	511	457
Total operating expenses		6,916	7,227	6,684
Operating profit / (loss) before tax		2,559	1,619	2,151
Tax expense / (benefit)	7	547	353	439
Net profit / (loss)		2,012	1,266	1,713
Net profit / (loss) attributable to non-controlling interests		8	11	3
Net profit / (loss) attributable to shareholders		2,004	1,255	1,710

Statement of comprehensive income

	For the quarter ended		
USD million	31.3.22	31.12.21	31.3.21
Comprehensive income attributable to shareholders			
Net profit / (loss)	2,004	1,255	1,710
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	(465)	296	(1,407)
Effective portion of changes in fair value of hedging instruments designated as net investment hedges, before tax	212	(184)	705
Foreign currency translation differences on foreign operations reclassified to the income statement	0	0	1
Effective portion of changes in fair value of hedging instruments designated as net investment hedges reclassified to the income statement	0	3	0
Income tax relating to foreign currency translations, including the impact of net investment hedges	2	(24)	10
Subtotal foreign currency translation, net of tax	(251)	91	(691)
Financial assets measured at fair value through other comprehensive income			
Net unrealized gains / (losses), before tax	(439)	(49)	(131)
Net realized gains / (losses) reclassified to the income statement from equity	0	0	(6)
Income tax relating to net unrealized gains / (losses)	112	13	35
Subtotal financial assets measured at fair value through other comprehensive income, net of tax	(327)	(37)	(102)
Cash flow hedges of interest rate risk			
Effective portion of changes in fair value of derivative instruments designated as cash flow hedges, before tax	(2,465)[1]	(250)	(1,172)
Net (gains) / losses reclassified to the income statement from equity	(237)	(269)	(254)
Income tax relating to cash flow hedges	518	98	266
Subtotal cash flow hedges, net of tax	(2,184)	(421)	(1,160)
Cost of hedging			
Cost of hedging, before tax	77	(14)	(6)
Income tax relating to cost of hedging	0	6	0
Subtotal cost of hedging, net of tax	77	(8)	(6)
Total other comprehensive income that may be reclassified to the income statement, net of tax	(2,685)	(375)	(1,958)
Other comprehensive income that will not be reclassified to the income statement			
Defined benefit plans			
Gains / (losses) on defined benefit plans, before tax	128	153	(35)
Income tax relating to defined benefit plans	(17)	(26)	3
Subtotal defined benefit plans, net of tax	110	127	(32)
Own credit on financial liabilities designated at fair value[2]			
Gains / (losses) from own credit on financial liabilities designated at fair value, before tax	423	55	(29)
Income tax relating to own credit on financial liabilities designated at fair value	0	0	0
Subtotal own credit on financial liabilities designated at fair value, net of tax	423	55	(29)
Total other comprehensive income that will not be reclassified to the income statement, net of tax	533	182	(61)
Total other comprehensive income	(2,152)	(194)	(2,019)
Total comprehensive income attributable to shareholders	(148)	1,062	(309)
Comprehensive income attributable to non-controlling interests			
Net profit / (loss)	8	11	3
Total other comprehensive income that will not be reclassified to the income statement, net of tax	18	(4)	(12)
Total comprehensive income attributable to non-controlling interests	26	7	(9)
Total comprehensive income			
Net profit / (loss)	2,012	1,266	1,713
Other comprehensive income	(2,134)	(197)	(2,032)
of which: other comprehensive income that may be reclassified to the income statement	*(2,685)*	*(375)*	*(1,958)*
of which: other comprehensive income that will not be reclassified to the income statement	*551*	*178*	*(73)*
Total comprehensive income	(121)	1,069	(319)

1 Mainly reflects net unrealized losses on US dollar hedging derivatives resulting from significant increases in the relevant US dollar long-term interest rates. 2 Refer to Note 9 for more information.

Balance sheet

USD million	Note	31.3.22	31.12.21
Assets			
Cash and balances at central banks		206,773	192,817
Loans and advances to banks		17,781	15,360
Receivables from securities financing transactions		69,452	75,012
Cash collateral receivables on derivative instruments	10	39,254	30,514
Loans and advances to customers	8	393,960	398,693
Other financial assets measured at amortized cost	11	28,766	26,236
Total financial assets measured at amortized cost		755,987	738,632
Financial assets at fair value held for trading	9	114,995	131,033
of which: assets pledged as collateral that may be sold or repledged by counterparties		*40,217*	*43,397*
Derivative financial instruments	9,10	140,311	118,145
Brokerage receivables	9	20,762	21,839
Financial assets at fair value not held for trading	9	60,575	59,642
Total financial assets measured at fair value through profit or loss		336,643	330,659
Financial assets measured at fair value through other comprehensive income	9	9,093	8,844
Investments in associates		1,150	1,243
Property, equipment and software		11,365	11,712
Goodwill and intangible assets		6,383	6,378
Deferred tax assets		9,097	8,839
Other non-financial assets	11	10,158	9,836
Total assets		1,139,876	1,116,145
Liabilities			
Amounts due to banks		16,649	13,101
Payables from securities financing transactions		7,110	5,533
Cash collateral payables on derivative instruments	10	39,609	31,801
Customer deposits		542,984	544,834
Funding from UBS Group AG		57,520	57,295
Debt issued measured at amortized cost	13	75,013	82,432
Other financial liabilities measured at amortized cost	11	10,167	9,765
Total financial liabilities measured at amortized cost		749,052	744,762
Financial liabilities at fair value held for trading	9	34,687	31,688
Derivative financial instruments	9,10	138,444	121,309
Brokerage payables designated at fair value	9	48,015	44,045
Debt issued designated at fair value	9,12	69,421	71,460
Other financial liabilities designated at fair value	9,11	32,374	32,414
Total financial liabilities measured at fair value through profit or loss		322,941	300,916
Provisions	15	3,413	3,452
Other non-financial liabilities	11	6,152	8,572
Total liabilities		1,081,558	1,057,702
Equity			
Share capital		338	338
Share premium		24,660	24,653
Retained earnings		30,450	27,912
Other comprehensive income recognized directly in equity, net of tax		2,514	5,200
Equity attributable to shareholders		57,962	58,102
Equity attributable to non-controlling interests		356	340
Total equity		58,319	58,442
Total liabilities and equity		1,139,876	1,116,145

Statement of changes in equity

USD million	Share capital	Share premium	Retained earnings
Balance as of 1 January 2021	**338**	**24,580**	**25,251**
Tax (expense) / benefit		1	
Dividends			
Translation effects recognized directly in retained earnings			23
Share of changes in retained earnings of associates and joint ventures			2
New consolidations / (deconsolidations) and other increases / (decreases)		(1)	
Total comprehensive income for the period			1,649
of which: net profit / (loss)			*1,710*
of which: OCI, net of tax			*(61)*
Balance as of 31 March 2021	**338**	**24,579**	**26,926**
Balance as of 1 January 2022	338	24,653	27,912
Tax (expense) / benefit		3	
Dividends			
Translation effects recognized directly in retained earnings			1
Share of changes in retained earnings of associates and joint ventures			0
New consolidations / (deconsolidations) and other increases / (decreases)		5	
Total comprehensive income for the period			2,537
of which: net profit / (loss)			*2,004*
of which: OCI, net of tax			*533*
Balance as of 31 March 2022	338	24,660	30,450

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

Other comprehensive income recognized directly in equity, net of tax [1]	*of which: foreign currency translation*	*of which: financial assets measured at fair value through OCI*	*of which: cash flow hedges*	*of which: cost of hedging*	Total equity attributable to shareholders	Non-controlling interests	Total equity
7,585	*5,126*	*151*	*2,321*	*(13)*	**57,754**	**319**	**58,073**
					1		1
					0	(3)	(3)
(23)		*0*	*(23)*	*0*	0		0
					2		2
					(1)	0	(1)
(1,958)	*(691)*	*(102)*	*(1,160)*	*(6)*	(309)	(9)	(319)
					1,710	*3*	*1,713*
(1,958)	*(691)*	*(102)*	*(1,160)*	*(6)*	*(2,019)*	*(12)*	*(2,032)*
5,603	*4,436*	*49*	*1,138*	*(19)*	**57,446**	**307**	**57,753**
5,200	*4,617*	*(7)*	*628*	*(39)*	58,102	340	58,442
					3		3
					0	(3)	(3)
(1)		*0*	*(1)*	*0*	0		0
					0		0
					5	(7)	(3)
(2,685)	*(251)*	*(327)*	*(2,184)*	*77*	(148)	26	(121)
					2,004	*8*	*2,012*
(2,685)	*(251)*	*(327)*	*(2,184)*	*77*	*(2,152)*	*18*	*(2,134)*
2,514	*4,366*	*(334)*	*(1,556)*	*38*	57,962	356	58,319

Statement of cash flows

	Year-to-date	
USD million	31.3.22	31.3.21
Cash flow from / (used in) operating activities		
Net profit / (loss)	2,012	1,713
Non-cash items included in net profit and other adjustments:		
Depreciation, amortization and impairment of non-financial assets	449	457
Credit loss expense / (release)	0	(28)
Share of net (profit) / loss of associates and joint ventures and impairment related to associates	4	(53)
Deferred tax expense / (benefit)	212	61
Net loss / (gain) from investing activities	19	(146)
Net loss / (gain) from financing activities	(4,599)	(1,570)
Other net adjustments	1,920	6,619
Net change in operating assets and liabilities:		
Loans and advances to banks and amounts due to banks	3,869	1,995
Securities financing transactions	7,011	(8,614)
Cash collateral on derivative instruments	(959)	(3,068)
Loans and advances to customers	791	(12,847)
Customer deposits	3,002	(2,661)
Financial assets and liabilities at fair value held for trading and derivative financial instruments	8,197	1,705
Brokerage receivables and payables	5,081	7,329
Financial assets at fair value not held for trading and other financial assets and liabilities	(52)	8,948
Provisions and other non-financial assets and liabilities	(1,415)	(961)
Income taxes paid, net of refunds	(644)	(201)
Net cash flow from / (used in) operating activities	24,899	(1,322)
Cash flow from / (used in) investing activities		
Purchase of subsidiaries, associates and intangible assets	0	(1)
Purchase of property, equipment and software	(371)	(368)
Purchase of financial assets measured at fair value through other comprehensive income	(1,645)	(1,376)
Disposal and redemption of financial assets measured at fair value through other comprehensive income	1,092	1,412
Net (purchase) / redemption of debt securities measured at amortized cost	(2,547)	4
Net cash flow from / (used in) investing activities	(3,472)	(329)

Statement of cash flows (continued)

	Year-to-date	
USD million	31.3.22	31.3.21
Cash flow from / (used in) financing activities		
Net short-term debt issued / (repaid)	(5,188)	1,054
Issuance of debt designated at fair value and long-term debt measured at amortized cost[1]	24,824	36,336
Repayment of debt designated at fair value and long-term debt measured at amortized cost[1]	(21,201)	(22,965)
Net cash flows from other financing activities	(219)	(150)
Net cash flow from / (used in) financing activities	(1,784)	14,275
Total cash flow		
Cash and cash equivalents at the beginning of the period	207,755	173,430
Net cash flow from / (used in) operating, investing and financing activities	19,644	12,624
Effects of exchange rate differences on cash and cash equivalents	(2,729)	(7,983)
Cash and cash equivalents at the end of the period[2]	224,669	178,071
of which: cash and balances at central banks[3]	*206,666*	*158,769*
of which: loans and advances to banks	*16,485*	*17,050*
of which: money market paper	*1,518*	*2,252*
Additional information		
Net cash flow from / (used in) operating activities includes:		
Interest received in cash	2,889	2,758
Interest paid in cash	1,428	1,679
Dividends on equity investments, investment funds and associates received in cash	456	624

1 Includes funding from UBS Group AG measured at amortized cost (recognized in Funding from UBS Group AG on the balance sheet) and measured at fair value (recognized in Other financial liabilities designated at fair value on the balance sheet). 2 USD 4,359 million and USD 4,064 million of cash and cash equivalents (mainly reflected in Loans and advances to banks) were restricted as of 31 March 2022 and 31 March 2021, respectively. Refer to "Note 23 Restricted and transferred financial assets" in the "Consolidated financial statements" section of the Annual Report 2021 for more information. 3 Includes only balances with an original maturity of three months or less.

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 International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (the IASB), and are presented in US dollars (USD). 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 2021. These interim financial statements are unaudited and should be read in conjunction with UBS AG's audited consolidated financial statements in the Annual Report 2021. 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 1a Material accounting policies" in the "Consolidated financial statements" section of the Annual Report 2021.

Note 2 Segment reporting

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

› **Refer to "Note 2 Segment reporting" in the "Consolidated financial statements" section of the Annual Report 2021 for more information about UBS AG's reporting segments**

USD million	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Group Functions	UBS AG
For the quarter ended 31 March 2022						
Net interest income	1,141	535	(4)	133	(60)	1,746
Non-interest income	3,763	552	582	2,777	74	7,748
Income	4,904	1,087	578	2,910	14	9,494
Credit loss (expense) / release	7	(23)	0	(4)	0	(18)
Total operating income	4,912	1,064	578	2,907	15	9,475
Total operating expenses	3,629	644	402	1,999	242	6,916
Operating profit / (loss) before tax	**1,283**	**420**	**176**	**908**	**(227)**	**2,559**
Tax expense / (benefit)						547
Net profit / (loss)						**2,012**
As of 31 March 2022						
Total assets[1]	**407,861**	**231,993**	**22,579**	**381,574**	**95,869**	**1,139,876**

USD million	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Group Functions	UBS AG
For the quarter ended 31 March 2021						
Net interest income	997	513	(4)	114	(31)	1,589
Non-interest income	3,848	500	641	2,161	68	7,218
Income	4,845	1,013	637	2,274	37	8,807
Credit loss (expense) / release	3	23	0	2	0	28
Total operating income	4,848	1,037	637	2,276	37	8,836
Total operating expenses	3,457	647	410	1,882	288	6,684
Operating profit / (loss) before tax	**1,391**	**390**	**227**	**394**	**(251)**	**2,151**
Tax expense / (benefit)						439
Net profit / (loss)						**1,713**
As of 31 December 2021						
Total assets	395,235	225,425	25,202	346,641	123,641	1,116,145

1 In the first quarter of 2022, UBS AG refined the methodology applied to allocate balance sheet resources from Group Functions to the business divisions, with prospective effect. If the new methodology had been applied as of 31 December 2021, balance sheet assets allocated to business divisions would have been USD 17 billion higher, of which USD 14 billion related to the Investment Bank.

Note 3 Net interest income

	For the quarter ended		
USD million	31.3.22	31.12.21	31.3.21
Net interest income from financial instruments measured at amortized cost and fair value through other comprehensive income			
Interest income from loans and deposits[1]	1,661	1,647	1,586
Interest income from securities financing transactions[2]	118	120	135
Interest income from other financial instruments measured at amortized cost	72	71	73
Interest income from debt instruments measured at fair value through other comprehensive income	41	31	35
Interest income from derivative instruments designated as cash flow hedges	253	284	268
Total interest income from financial instruments measured at amortized cost and fair value through other comprehensive income	2,145	2,152	2,098
Interest expense on loans and deposits[3]	429	393	439
Interest expense on securities financing transactions[4]	224	252	258
Interest expense on debt issued	135	126	137
Interest expense on lease liabilities	22	23	26
Total interest expense from financial instruments measured at amortized cost	809	794	859
Total net interest income from financial instruments measured at amortized cost and fair value through other comprehensive income	1,336	1,358	1,239
Net interest income from financial instruments measured at fair value through profit or loss	410	388	351
Total net interest income	1,746	1,746	1,589

1 Consists of interest income from cash and balances at central banks, loans and advances to banks and customers, 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, as well as negative interest on cash and balances at central banks, loans and advances to 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 4 Net fee and commission income

	For the quarter ended		
USD million	31.3.22	31.12.21	31.3.21
Underwriting fees	203	346	420
M&A and corporate finance fees	237	218	238
Brokerage fees	1,078	971	1,358
Investment fund fees	1,388	1,520	1,437
Portfolio management and related services	2,463	2,535	2,284
Other	501	462	461
Total fee and commission income[1]	5,868	6,054	6,197
of which: recurring	*3,860*	*4,015*	*3,621*
of which: transaction-based	*1,989*	*1,940*	*2,482*
of which: performance-based	*19*	*99*	*94*
Fee and commission expense	485	513	478
Net fee and commission income	5,384	5,541	5,719

1 Reflects third-party fee and commission income for the first quarter of 2022 of USD 3,637 million for Global Wealth Management (fourth quarter of 2021: USD 3,624 million; first quarter of 2021: USD 3,673 million), USD 447 million for Personal & Corporate Banking (fourth quarter of 2021: USD 427 million; first quarter of 2021: USD 389 million), USD 762 million for Asset Management (fourth quarter of 2021: USD 902 million; first quarter of 2021: USD 815 million), USD 1,018 million for the Investment Bank (fourth quarter of 2021: USD 1,095 million; first quarter of 2021: USD 1,305 million) and USD 4 million for Group Functions (fourth quarter of 2021: USD 6 million; first quarter of 2021: USD 15 million).

Note 5 Personnel expenses

	For the quarter ended		
USD million	31.3.22	31.12.21	31.3.21
Salaries and variable compensation	2,465	1,822	2,370
Financial advisor compensation[1]	1,220	1,269	1,170
Contractors	28	35	36
Social security	228	159	211
Post-employment benefit plans	182	124	194
Other personnel expenses	109	144	105
Total personnel expenses	4,233	3,552	4,086

1 Financial advisor compensation consists of formulaic compensation based directly on compensable revenues generated by financial advisors and supplemental compensation calculated on the basis of financial advisor productivity, firm tenure, new assets and other variables. 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 6 General and administrative expenses

	For the quarter ended		
USD million	31.3.22	31.12.21	31.3.21
Outsourcing costs	106	130	89
IT expenses	122	127	125
Consulting, legal and audit fees	104	155	84
Real estate and logistics costs	124	140	127
Market data services	93	96	89
Marketing and communication	31	69	32
Travel and entertainment	19	29	8
Litigation, regulatory and similar matters[1]	57	826	9
Other	1,577	1,592	1,578
of which: shared services costs charged by UBS Group AG or its subsidiaries	*1,390*	*1,365*	*1,375*
of which: UK and German bank levies	*33*	*38*	*41*
Total general and administrative expenses	2,233	3,164	2,141

1 Reflects the net increase in provisions for litigation, regulatory and similar matters recognized in the income statement. Refer to Note 15b for more information.

Note 7 Income taxes

Income tax expenses of USD 547 million were recognized for the first quarter of 2022, representing an effective tax rate of 21.4%, compared with USD 439 million for the first quarter of 2021 and an effective tax rate of 20.4%.

Current tax expenses were USD 335 million, compared with USD 377 million, and related to taxable profits of UBS Switzerland AG and other entities.

Net deferred tax expenses were USD 212 million, compared with USD 61 million, and primarily related to the amortization of deferred tax assets that were previously recognized in relation to tax losses carried forward and deductible temporary differences of UBS Americas Inc.

Note 8 Expected credit loss measurement

a) Credit loss expense / release

Total net credit loss expenses in the first quarter of 2022 were USD 18 million, reflecting USD 11 million net credit loss expenses related to stage 1 and 2 positions and USD 7 million net credit loss expenses related to stage 3 positions.

Stage 1 and 2 net expenses included scenario-related net expenses of USD 18 million, model change-related net releases of USD 14 million, and net expenses of USD 7 million including additional effects from book quality and size changes.

Stage 3 net credit loss expenses were USD 7 million, including USD 10 million net expenses in Personal & Corporate Banking, across various corporate lending positions.

Credit loss (expense) / release

USD million	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Group Functions	Total
For the quarter ended 31.3.22						
Stages 1 and 2	5	(13)	0	(3)	0	(11)
Stage 3	2	(10)	0	0	0	(7)
Total credit loss (expense) / release	7	(23)	0	(4)	0	(18)
For the quarter ended 31.12.21						
Stages 1 and 2	2	(4)	0	2	0	(1)
Stage 3	1	14	(1)	14	0	28
Total credit loss (expense) / release	**2**	**10**	**(1)**	**16**	**0**	**27**
For the quarter ended 31.3.21						
Stages 1 and 2	4	16	0	5	0	26
Stage 3	(2)	8	0	(4)	0	3
Total credit loss (expense) / release	**3**	**23**	**0**	**2**	**0**	**28**

Note 8 Expected credit loss measurement (continued)

b) Changes to ECL models, scenarios, scenario weights and post-model adjustments

Scenarios

The expected credit loss (ECL) scenarios, along with the related macroeconomic factors, were reviewed in light of the economic and political conditions prevailing in the first quarter of 2022 through a series of governance meetings, with input and feedback from UBS Risk and Finance experts across the business divisions and regions.

As a response to inflationary developments and Russia's invasion of Ukraine, UBS AG has replaced the mild global interest rate steepening scenario with a severe global interest rate steepening scenario, applied more adverse weightings and reflected updated scenario data as of the end of the first quarter of 2022 in the calculations.

The baseline scenario assumptions on a calendar-year basis are included in the table below and imply a weaker economic forecast for 2022 compared with 2021.

The shocks in the newly adopted severe global interest rate steepening scenario are more severe compared with the previously applied mild global interest rate steepening scenario; for example, inflation and interest rates are higher and GDP growth substantially lower.

The global crisis scenario remains materially unchanged.

Scenario weights and post-model adjustments

In response to recent developments, UBS AG changed the scenario weights for the first quarter of 2022: upside at 0% (31 December 2021: 5%), baseline at 55% (unchanged), severe global interest rate steepening scenario at 25% (31 December 2021: mild global interest rate steepening scenario 10%) and the global crisis scenario at 20% (31 December 2021: 30%).

The post-model adjustment amounted to USD 204 million as of 31 March 2022 (31 December 2021: USD 224 million) and includes effects from the uncertainty caused by the continued COVID-19 pandemic and heightened geopolitical tensions, which cannot be fully and reliably modeled due to a lack of sufficiently supportable data. The post-model adjustment was reduced during the first quarter of 2022 following the scenario substitution and weighting changes noted above, which resulted in higher modeled ECL and addressed some of the uncertainties that had not been reflected in the modeling approach in prior periods.

Comparison on shock factors

	Baseline		
Key parameters	2021	2022	2023
Real GDP growth (annual percentage change)			
United States	5.5	3.5	2.4
Eurozone	5.1	2.9	2.2
Switzerland	3.1	2.5	1.5
Unemployment rate (%, annual average)			
United States	5.4	3.5	3.3
Eurozone	7.7	7.0	6.9
Switzerland	3.0	2.3	2.1
Real estate (annual percentage change, Q4)			
United States	16.1	2.0	1.7
Eurozone	7.9	5.0	1.7
Switzerland	6.0	3.0	0.0

Economic scenarios and weights applied

	Assigned weights in %		
ECL scenario	31.3.22	31.12.21	31.3.21
Upside	0.0	5.0	0.0
Baseline	55.0	55.0	60.0
Mild global interest rate steepening	-	10.0	0.0
Severe global interest rate steepening	25.0	-	-
Global crisis	20.0	30.0	40.0

Note 8 Expected credit loss measurement (continued)

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.

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.

USD million	31.3.22							
	Carrying amount[1] / Total exposure				ECL allowances / provisions			
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	206,773	206,728	46	0	(6)	(0)	(6)	0
Loans and advances to banks	17,781	17,717	65	0	(9)	(8)	(1)	(0)
Receivables from securities financing transactions	69,452	69,452	(0)	0	(2)	(2)	(0)	0
Cash collateral receivables on derivative instruments	39,254	39,254	0	0	(0)	(0)	0	0
Loans and advances to customers	393,960	376,969	15,513	1,478	(801)	(121)	(155)	(525)
of which: Private clients with mortgages	*153,645*	*145,272*	*7,702*	*671*	*(126)*	*(27)*	*(71)*	*(28)*
of which: Real estate financing	*43,920*	*40,006*	*3,907*	*7*	*(57)*	*(17)*	*(40)*	*(0)*
of which: Large corporate clients	*13,432*	*11,966*	*1,169*	*296*	*(143)*	*(21)*	*(14)*	*(108)*
of which: SME clients	*13,911*	*11,995*	*1,508*	*407*	*(260)*	*(22)*	*(20)*	*(218)*
of which: Lombard	*144,398*	*144,374*	*0*	*24*	*(34)*	*(7)*	*0*	*(27)*
of which: Credit cards	*1,709*	*1,341*	*341*	*28*	*(36)*	*(10)*	*(9)*	*(17)*
of which: Commodity trade finance	*4,441*	*4,425*	*7*	*9*	*(103)*	*(6)*	*(0)*	*(96)*
Other financial assets measured at amortized cost	28,766	28,297	302	168	(109)	(27)	(7)	(75)
of which: Loans to financial advisors	*2,388*	*2,164*	*86*	*138*	*(86)*	*(20)*	*(3)*	*(63)*
Total financial assets measured at amortized cost	**755,987**	**738,416**	**15,925**	**1,646**	**(928)**	**(158)**	**(170)**	**(600)**
Financial assets measured at fair value through other comprehensive income	**9,093**	**9,093**	**0**	**0**	**0**	**0**	**0**	**0**
Total on-balance sheet financial assets in scope of ECL requirements	**765,080**	**747,509**	**15,925**	**1,646**	**(928)**	**(158)**	**(170)**	**(600)**
Off-balance sheet (in scope of ECL)								
Guarantees	22,496	21,264	1,072	159	(66)	(17)	(10)	(39)
of which: Large corporate clients	*3,459*	*2,621*	*736*	*102*	*(32)*	*(3)*	*(4)*	*(26)*
of which: SME clients	*1,318*	*1,154*	*107*	*57*	*(11)*	*(1)*	*(1)*	*(9)*
of which: Financial intermediaries and hedge funds	*11,428*	*11,307*	*121*	*0*	*(16)*	*(12)*	*(5)*	*0*
of which: Lombard	*2,545*	*2,545*	*0*	*0*	*(1)*	*(0)*	*0*	*(1)*
of which: Commodity trade finance	*2,680*	*2,680*	*0*	*0*	*(1)*	*(1)*	*(0)*	*0*
Irrevocable loan commitments	38,039	35,827	2,123	89	(112)	(68)	(44)	0
of which: Large corporate clients	*23,698*	*21,723*	*1,916*	*58*	*(98)*	*(63)*	*(35)*	*0*
Forward starting reverse repurchase and securities borrowing agreements	6,432	6,432	0	0	(0)	(0)	0	0
Committed unconditionally revocable credit lines	42,303	39,523	2,715	65	(40)	(30)	(10)	0
of which: Real estate financing	*9,621*	*9,343*	*278*	*0*	*(7)*	*(5)*	*(2)*	*0*
of which: Large corporate clients	*4,618*	*3,862*	*733*	*23*	*(5)*	*(2)*	*(3)*	*0*
of which: SME clients	*4,793*	*4,254*	*503*	*37*	*(15)*	*(12)*	*(3)*	*0*
of which: Lombard	*8,216*	*8,216*	*0*	*0*	*0*	*(0)*	*0*	*0*
of which: Credit cards	*9,398*	*8,941*	*453*	*4*	*(6)*	*(5)*	*(2)*	*0*
of which: Commodity trade finance	*280*	*280*	*0*	*0*	*(0)*	*(0)*	*0*	*0*
Irrevocable committed prolongation of existing loans	5,355	5,342	12	2	(2)	(2)	(0)	0
Total off-balance sheet financial instruments and other credit lines	**114,625**	**108,389**	**5,922**	**314**	**(221)**	**(117)**	**(64)**	**(39)**
Total allowances and provisions					**(1,148)**	**(275)**	**(234)**	**(639)**

1 The carrying amount of financial assets measured at amortized cost represents the total gross exposure net of the respective ECL allowances.

Note 8 Expected credit loss measurement (continued)

USD million	31.12.21							
	Carrying amount[1] / Total exposure				ECL allowances / provisions			
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	192,817	192,817	0	0	0	0	0	0
Loans and advances to banks	15,360	15,333	26	1	(8)	(7)	(1)	0
Receivables from securities financing transactions	75,012	75,012	0	0	(2)	(2)	0	0
Cash collateral receivables on derivative instruments	30,514	30,514	0	0	0	0	0	0
Loans and advances to customers	398,693	381,496	15,620	1,577	(850)	(126)	(152)	(572)
of which: Private clients with mortgages	*152,479*	*143,505*	*8,262*	*711*	*(132)*	*(28)*	*(71)*	*(33)*
of which: Real estate financing	*43,945*	*40,463*	*3,472*	*9*	*(60)*	*(19)*	*(40)*	*0*
of which: Large corporate clients	*13,990*	*12,643*	*1,037*	*310*	*(170)*	*(22)*	*(16)*	*(133)*
of which: SME clients	*14,004*	*12,076*	*1,492*	*436*	*(259)*	*(19)*	*(15)*	*(225)*
of which: Lombard	*149,283*	*149,255*	*0*	*27*	*(33)*	*(6)*	*0*	*(28)*
of which: Credit cards	*1,716*	*1,345*	*342*	*29*	*(36)*	*(10)*	*(9)*	*(17)*
of which: Commodity trade finance	*3,813*	*3,799*	*7*	*7*	*(114)*	*(6)*	*0*	*(108)*
Other financial assets measured at amortized cost	26,236	25,746	302	189	(109)	(27)	(7)	(76)
of which: Loans to financial advisors	*2,453*	*2,184*	*106*	*163*	*(86)*	*(19)*	*(3)*	*(63)*
Total financial assets measured at amortized cost	**738,632**	**720,917**	**15,948**	**1,767**	**(969)**	**(161)**	**(160)**	**(647)**
Financial assets measured at fair value through other comprehensive income	**8,844**	**8,844**	**0**	**0**	**0**	**0**	**0**	**0**
Total on-balance sheet financial assets in scope of ECL requirements	**747,477**	**729,762**	**15,948**	**1,767**	**(969)**	**(161)**	**(160)**	**(647)**
Off-balance sheet (in scope of ECL)								
Guarantees	20,972	19,695	1,127	150	(41)	(18)	(8)	(15)
of which: Large corporate clients	*3,464*	*2,567*	*793*	*104*	*(6)*	*(3)*	*(3)*	*0*
of which: SME clients	*1,353*	*1,143*	*164*	*46*	*(8)*	*(1)*	*(1)*	*(7)*
of which: Financial intermediaries and hedge funds	*9,575*	*9,491*	*84*	*0*	*(17)*	*(13)*	*(4)*	*0*
of which: Lombard	*2,454*	*2,454*	*0*	*0*	*(1)*	*0*	*0*	*(1)*
of which: Commodity trade finance	*3,137*	*3,137*	*0*	*0*	*(1)*	*(1)*	*0*	*0*
Irrevocable loan commitments	39,478	37,097	2,335	46	(114)	(72)	(42)	0
of which: Large corporate clients	*23,922*	*21,811*	*2,102*	*9*	*(100)*	*(66)*	*(34)*	*0*
Forward starting reverse repurchase and securities borrowing agreements	1,444	1,444	0	0	0	0	0	0
Committed unconditionally revocable credit lines	42,373	39,802	2,508	63	(38)	(28)	(10)	0
of which: Real estate financing	*7,328*	*7,046*	*281*	*0*	*(5)*	*(4)*	*(1)*	*0*
of which: Large corporate clients	*5,358*	*4,599*	*736*	*23*	*(7)*	*(4)*	*(3)*	*0*
of which: SME clients	*5,160*	*4,736*	*389*	*35*	*(15)*	*(11)*	*(3)*	*0*
of which: Lombard	*8,670*	*8,670*	*0*	*0*	*0*	*0*	*0*	*0*
of which: Credit cards	*9,466*	*9,000*	*462*	*4*	*(6)*	*(5)*	*(2)*	*0*
of which: Commodity trade finance	*117*	*117*	*0*	*0*	*0*	*0*	*0*	*0*
Irrevocable committed prolongation of existing loans	5,611	5,527	36	48	(3)	(3)	0	0
Total off-balance sheet financial instruments and other credit lines	**109,878**	**103,565**	**6,006**	**307**	**(196)**	**(121)**	**(60)**	**(15)**
Total allowances and provisions					**(1,165)**	**(282)**	**(220)**	**(662)**

1 The carrying amount of financial assets measured at amortized cost represents the total gross exposure net of the respective ECL allowances.

Note 8 Expected credit loss measurement (continued)

The table below provides information about the ECL gross exposure 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*, *Loans and advances to 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.

Coverage ratios for core loan portfolio

31.3.22	Gross carrying amount (USD million)				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	153,771	145,299	7,773	699	8	2	91	6	403
Real estate financing	43,977	40,023	3,947	7	13	4	102	13	455
Total real estate lending	197,748	185,321	11,720	707	9	2	95	8	404
Large corporate clients	13,574	11,987	1,184	404	105	17	122	27	2,666
SME clients	14,170	12,017	1,528	626	183	18	130	31	3,489
Total corporate lending	27,745	24,004	2,712	1,029	145	18	127	29	3,166
Lombard	144,432	144,381	0	51	2	0	0	0	5,326
Credit cards	1,745	1,351	350	44	204	72	256	110	3,803
Commodity trade finance	4,544	4,432	7	105	226	14	2	14	9,157
Other loans and advances to customers	18,548	17,602	879	66	23	7	9	7	4,517
Loans to financial advisors	2,473	2,184	88	201	347	92	322	101	3,132
Total other lending	171,742	169,949	1,325	468	18	3	95	4	4,986
Total[1]	397,235	379,274	15,757	2,204	22	4	100	8	2,667

	Gross exposure (USD million)				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	7,972	7,733	236	3	3	3	7	3	241
Real estate financing	10,787	10,499	287	0	9	6	118	9	0
Total real estate lending	18,759	18,232	523	3	7	5	68	7	241
Large corporate clients	31,774	28,206	3,384	183	43	24	124	35	1,410
SME clients	7,512	6,693	700	119	48	23	159	36	791
Total corporate lending	39,286	34,899	4,084	303	44	24	130	35	1,166
Lombard	13,761	13,761	0	0	1	0	0	0	0
Credit cards	9,398	8,941	453	4	7	5	34	7	0
Commodity trade finance	3,010	3,010	0	0	4	4	0	4	0
Financial intermediaries and hedge funds	11,646	11,048	598	0	15	11	83	15	0
Other off-balance sheet commitments	12,334	12,065	265	4	9	5	40	6	0
Total other lending	50,148	48,825	1,315	8	7	5	58	7	0
Total[2]	108,193	101,956	5,922	314	20	11	108	17	1,255

1 Includes Loans and advances to customers of USD 394,761 million and Loans to financial advisors of USD 2,473 million, which are presented on the balance sheet line Other assets measured at amortized cost.
2 Excludes Forward starting reverse repurchase and securities borrowing agreements.

Note 8 Expected credit loss measurement (continued)

Coverage ratios for core loan portfolio — 31.12.21

On-balance sheet	Gross carrying amount (USD million) Total	Stage 1	Stage 2	Stage 3	ECL coverage (bps) Total	Stage 1	Stage 2	Stage 1&2	Stage 3
Private clients with mortgages	152,610	143,533	8,333	744	9	2	85	6	446
Real estate financing	44,004	40,483	3,512	10	14	5	114	14	231
Total real estate lending	196,615	184,016	11,845	754	10	3	94	8	443
Large corporate clients	14,161	12,665	1,053	443	120	18	148	28	2,997
SME clients	14,263	12,095	1,507	661	182	16	103	25	3,402
Total corporate lending	28,424	24,760	2,560	1,104	151	17	121	26	3,240
Lombard	149,316	149,261	0	55	2	0	0	0	5,026
Credit cards	1,752	1,355	351	46	204	72	255	109	3,735
Commodity trade finance	3,927	3,805	7	115	290	15	3	15	9,388
Other loans and advances to customers	19,510	18,425	1,010	75	23	9	15	9	3,730
Loans to financial advisors	2,539	2,203	109	226	338	88	303	99	2,791
Total other lending	177,043	175,049	1,477	517	18	3	93	4	4,718
Total[1]	**402,081**	**383,825**	**15,882**	**2,374**	**23**	**4**	**98**	**8**	**2,673**

Off-balance sheet	Gross exposure (USD million) Total	Stage 1	Stage 2	Stage 3	ECL coverage (bps) Total	Stage 1	Stage 2	Stage 1&2	Stage 3
Private clients with mortgages	9,123	8,798	276	49	3	3	9	3	15
Real estate financing	8,766	8,481	285	0	9	7	88	9	0
Total real estate lending	17,889	17,278	562	49	6	5	49	6	15
Large corporate clients	32,748	28,981	3,630	136	34	25	110	35	1
SME clients	8,077	7,276	688	114	38	19	151	30	585
Total corporate lending	40,826	36,258	4,318	250	35	24	117	34	266
Lombard	14,438	14,438	0	0	1	0	0	0	0
Credit cards	9,466	9,000	462	4	7	5	34	7	0
Commodity trade finance	3,262	3,262	0	0	4	4	0	4	0
Financial intermediaries and hedge funds	13,747	13,379	369	0	13	10	120	13	0
Other off-balance sheet commitments	8,806	8,507	296	4	15	6	30	7	0
Total other lending	49,720	48,585	1,127	8	8	5	61	7	0
Total[2]	**108,434**	**102,121**	**6,006**	**307**	**18**	**12**	**100**	**17**	**486**

1 Includes Loans and advances to customers of USD 399,543 million and Loans to financial advisors of USD 2,539 million, which are presented on the balance sheet line Other assets measured at amortized cost.
2 Excludes Forward starting reverse repurchase and securities borrowing agreements.

Note 9 Fair value measurement

This Note provides fair value measurement information for both financial and non-financial instruments and should be read in conjunction with "Note 21 Fair value measurement" in the "Consolidated financial statements" section of the Annual Report 2021, which provides more information about valuation principles, valuation governance, fair value hierarchy classification, valuation adjustments, valuation techniques and inputs, sensitivity of fair value measurements, and methods applied to calculate fair values for financial instruments not measured at fair value.

All financial and non-financial assets and liabilities measured or disclosed at fair value are categorized into one of three fair value hierarchy levels. When the inputs used to measure fair value may fall within different levels of the fair value hierarchy, the level in the hierarchy within which each instrument is classified in its entirety is based on the lowest-level input that is significant to the position's fair value measurement:
– Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities;
– Level 2 – valuation techniques for which all significant inputs are, or are based on, observable market data; or
– Level 3 – valuation techniques for which significant inputs are not based on observable market data.

Note 9 Fair value measurement (continued)

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.

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

	31.3.22				31.12.21			
USD million	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	97,077	15,296	2,623	114,995	113,722	15,012	2,299	131,033
of which:								
Equity instruments	*82,255*	*512*	*278*	*83,045*	*97,983*	*1,090*	*149*	*99,222*
Government bills / bonds	*7,579*	*1,491*	*10*	*9,080*	*7,135*	*1,351*	*10*	*8,496*
Investment fund units	*6,495*	*2,030*	*16*	*8,541*	*7,843*	*1,364*	*21*	*9,229*
Corporate and municipal bonds	*741*	*9,201*	*611*	*10,553*	*708*	*7,791*	*556*	*9,055*
Loans	*0*	*1,726*	*1,577*	*3,303*	*0*	*3,099*	*1,443*	*4,542*
Asset-backed securities	*6*	*336*	*131*	*473*	*53*	*317*	*120*	*489*
Derivative financial instruments	1,512	137,116	1,683	140,311	522	116,482	1,140	118,145
of which:								
Foreign exchange contracts	*750*	*66,804*	*6*	*67,559*	*255*	*53,046*	*7*	*53,307*
Interest rate contracts	*0*	*36,372*	*772*	*37,144*	*0*	*32,747*	*494*	*33,241*
Equity / index contracts	*0*	*29,477*	*450*	*29,927*	*0*	*27,861*	*384*	*28,245*
Credit derivative contracts	*0*	*1,392*	*338*	*1,730*	*0*	*1,179*	*236*	*1,414*
Commodity contracts	*0*	*2,886*	*58*	*2,944*	*0*	*1,590*	*16*	*1,606*
Brokerage receivables	0	20,762	0	20,762	0	21,839	0	21,839
Financial assets at fair value not held for trading	25,704	30,838	4,033	60,575	27,278	28,185	4,180	59,642
of which:								
Financial assets for unit-linked investment contracts	*18,475*	*0*	*1*	*18,476*	*21,110*	*187*	*6*	*21,303*
Corporate and municipal bonds	*137*	*12,665*	*288*	*13,090*	*123*	*13,937*	*306*	*14,366*
Government bills / bonds	*6,713*	*4,561*	*0*	*11,274*	*5,624*	*3,236*	*0*	*8,860*
Loans	*0*	*3,815*	*869*	*4,684*	*0*	*4,982*	*892*	*5,874*
Securities financing transactions	*0*	*9,677*	*100*	*9,776*	*0*	*5,704*	*100*	*5,804*
Auction rate securities	*0*	*0*	*1,635*	*1,635*	*0*	*0*	*1,585*	*1,585*
Investment fund units	*291*	*120*	*112*	*523*	*338*	*137*	*117*	*591*
Equity instruments	*89*	*0*	*699*	*788*	*83*	*2*	*681*	*765*
Other	*0*	*0*	*329*	*329*	*0*	*0*	*495*	*495*
Financial assets measured at fair value through other comprehensive income on a recurring basis								
Financial assets measured at fair value through other comprehensive income	2,341	6,751	0	9,093	2,704	6,140	0	8,844
of which:								
Asset-backed securities	*0*	*4,639*	*0*	*4,639*	*0*	*4,849*	*0*	*4,849*
Government bills / bonds	*2,293*	*19*	*0*	*2,312*	*2,658*	*27*	*0*	*2,686*
Corporate and municipal bonds	*48*	*2,093*	*0*	*2,141*	*45*	*1,265*	*0*	*1,310*
Non-financial assets measured at fair value on a recurring basis								
Precious metals and other physical commodities	4,626	0	0	4,626	5,258	0	0	5,258
Non-financial assets measured at fair value on a non-recurring basis								
Other non-financial assets[2]	0	0	24	24	0	0	26	26
Total assets measured at fair value	131,260	210,763	8,363	350,386	149,484	187,658	7,645	344,787

Note 9 Fair value measurement (continued)

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

	31.3.22				31.12.21			
USD million	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	26,770	7,841	76	34,687	25,413	6,170	105	31,688
of which:								
Equity instruments	*19,390*	*328*	*61*	*19,778*	*18,328*	*513*	*83*	*18,924*
Corporate and municipal bonds	*32*	*5,728*	*15*	*5,775*	*30*	*4,219*	*17*	*4,266*
Government bills / bonds	*6,857*	*1,047*	*0*	*7,905*	*5,883*	*826*	*0*	*6,709*
Investment fund units	*491*	*695*	*1*	*1,187*	*1,172*	*555*	*6*	*1,733*
Derivative financial instruments	1,505	135,069	1,869	138,444	509	118,558	2,242	121,309
of which:								
Foreign exchange contracts	*737*	*65,303*	*33*	*66,073*	*258*	*53,800*	*21*	*54,078*
Interest rate contracts	*0*	*33,518*	*221*	*33,739*	*0*	*28,398*	*278*	*28,675*
Equity / index contracts	*0*	*32,182*	*1,142*	*33,324*	*0*	*33,438*	*1,511*	*34,949*
Credit derivative contracts	*0*	*1,421*	*370*	*1,791*	*0*	*1,412*	*341*	*1,753*
Commodity contracts	*0*	*2,530*	*74*	*2,604*	*0*	*1,503*	*63*	*1,566*
Financial liabilities designated at fair value on a recurring basis								
Brokerage payables designated at fair value	0	48,015	0	48,015	0	44,045	0	44,045
Debt issued designated at fair value	0	58,643	10,778	69,421	0	59,606	11,854	71,460
Other financial liabilities designated at fair value	0	29,500	2,874	32,374	0	29,258	3,156	32,414
of which:								
Financial liabilities related to unit-linked investment contracts	*0*	*18,661*	*0*	*18,661*	*0*	*21,466*	*0*	*21,466*
Securities financing transactions	*0*	*9,386*	*2*	*9,388*	*0*	*6,375*	*2*	*6,377*
Over-the-counter debt instruments	*0*	*1,299*	*970*	*2,269*	*0*	*1,334*	*794*	*2,128*
Total liabilities measured at fair value	28,275	279,067	15,598	322,941	25,922	257,637	17,357	300,916

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 valuation adjustment reserves recognized on the balance sheet. Details about each category are provided further below.

Valuation adjustment reserves on the balance sheet

	As of	
Life-to-date gain / (loss), USD million	31.3.22	31.12.21
Deferred day-1 profit or loss reserves	425	418
Own credit adjustments on financial liabilities designated at fair value	114	(315)
CVAs, FVAs, DVAs and other valuation adjustments	(969)	(1,004)

Deferred day-1 profit or loss reserves

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 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 million	31.3.22	31.12.21	31.3.21
Reserve balance at the beginning of the period	418	429	269
Profit / (loss) deferred on new transactions	75	78	181
(Profit) / loss recognized in the income statement	(69)	(88)	(63)
Foreign currency translation	0	0	(1)
Reserve balance at the end of the period	425	418	387

Note 9 Fair value measurement (continued)

Own credit

The valuation of financial liabilities designated at fair value requires consideration of the own credit component of fair value. Own credit risk is reflected in the valuation of UBS AG's fair value option liabilities where this component is considered relevant for valuation purposes by UBS AG's counterparties and other market participants. However, own credit risk is not reflected in the valuation of UBS AG's liabilities that are fully collateralized or for other obligations for which it is established market practice to not include an own credit component.

A description of UBS AG's methodology to estimate own credit and the related accounting principles is included in "Note 21 Fair value measurement" in the "Consolidated financial statements" section of the Annual Report 2021.

In the first quarter of 2022, other comprehensive income related to own credit on financial liabilities designated at fair value was positive USD 423 million, primarily due to a widening of UBS's credit spreads.

Own credit adjustments on financial liabilities designated at fair value

	Included in Other comprehensive income		
	For the quarter ended		
USD million	31.3.22	31.12.21	31.3.21
Recognized during the period:			
Realized gain / (loss)	(7)	0	(6)
Unrealized gain / (loss)	430	55	(23)
Total gain / (loss), before tax	423	55	(29)
	As of		
USD million	31.3.22	31.12.21	31.3.21
Recognized on the balance sheet as of the end of the period:			
Unrealized life-to-date gain / (loss)	114	(315)	(400)

Credit, funding, debit and other valuation adjustments

A description of UBS AG's methodology for estimating credit valuation adjustments (CVAs), funding valuation adjustments (FVAs), debit valuation adjustments (DVAs) and other valuation adjustments is included in "Note 21 Fair value measurement" in the "Consolidated financial statements" section of the Annual Report 2021.

Valuation adjustments on financial instruments

	As of	
Life-to-date gain / (loss), USD million	31.3.22	31.12.21
Credit valuation adjustments[1]	(45)	(44)
Funding valuation adjustments	(41)	(49)
Debit valuation adjustments	4	2
Other valuation adjustments	(887)	(913)
of which: liquidity	*(343)*	*(341)*
of which: model uncertainty	*(544)*	*(571)*

1 Amounts do not include reserves against defaulted counterparties.

c) Transfers between Level 1 and Level 2

Assets and liabilities that were held for the entire reporting period and transferred from Level 2 to level 1 or from Level 1 to Level 2 during the first quarter of 2022 were not material.

Note 9 Fair value measurement (continued)

d) 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, the inputs used in a given valuation technique that are considered significant as of 31 March 2022 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 ranges will therefore vary from period to period and parameter to parameter based on characteristics of the instruments held at each balance sheet date. Furthermore, the ranges of unobservable inputs may differ across other financial institutions, reflecting the diversity of the products in each firm's inventory.

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 Annual Report 2021. A description of the potential effect that a change in each unobservable input in isolation may have on a fair value measurement, including information to facilitate an understanding of factors that give rise to the input ranges shown, is also provided in "Note 21 Fair value measurement" in the "Consolidated financial statements" section of the Annual Report 2021.

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

	Fair value						Range of inputs						
	Assets		Liabilities				31.3.22			31.12.21			
USD billion	31.3.22	31.12.21	31.3.22	31.12.21	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	*0.9*	*0.9*	*0.0*	*0.0*	Relative value to market comparable	Bond price equivalent	13	102	93	16	143	98	points
					Discounted expected cash flows	Discount margin	447	447		434	434		basis points
Traded loans, loans measured at fair value, loan commitments and guarantees	*2.8*	*2.8*	*0.0*	*0.0*	Relative value to market comparable	Loan price equivalent	0	100	99	0	101	99	points
					Discounted expected cash flows	Credit spread	200	800	294	175	800	436	basis points
					Market comparable and securitization model	Credit spread	70	1,490	236	28	1,544	241	basis points
Auction rate securities	*1.6*	*1.6*			Discounted expected cash flows	Credit spread	115	184	149	115	197	153	basis points
Investment fund units[3]	*0.1*	*0.1*	*0.0*	*0.0*	Relative value to market comparable	Net asset value							
Equity instruments[3]	*1.0*	*0.8*	*0.1*	*0.1*	Relative value to market comparable	Price							
Debt issued designated at fair value[4]			10.8	11.9									
Other financial liabilities designated at fair value			2.9	3.2	Discounted expected cash flows	Funding spread	25	175		24	175		basis points
Derivative financial instruments													
Interest rate contracts	*0.8*	*0.5*	*0.2*	*0.3*	Option model	Volatility of interest rates	74	136		65	81		basis points
Credit derivative contracts	*0.3*	*0.2*	*0.4*	*0.3*	Discounted expected cash flows	Credit spreads	3	541		1	583		basis points
						Bond price equivalent	3	145		2	136		points
Equity / index contracts	*0.4*	*0.4*	*1.1*	*1.5*	Option model	Equity dividend yields	0	12		0	11		%
						Volatility of equity stocks, equity and other indices	3	97		4	98		%
						Equity-to-FX correlation	(26)	84		(29)	76		%
						Equity-to-equity correlation	(25)	100		(25)	100		%

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, rates-linked and credit-linked notes, all of which have embedded derivative parameters that are considered to be unobservable. The equivalent derivative instrument parameters are presented in the respective derivative financial instruments lines in this table.

e) 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 table presents the favorable and unfavorable effects for each class of financial assets and liabilities for which the potential change in fair value is considered significant. The sensitivity of fair value measurements for debt issued designated at fair value and over-the-counter debt instruments designated at fair value is reported together with the equivalent derivative or securities financing instrument.

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]

	31.3.22		31.12.21	
USD million	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Traded loans, loans designated at fair value, loan commitments and guarantees	15	(20)	19	(13)
Securities financing transactions	47	(52)	41	(53)
Auction rate securities	79	(79)	66	(66)
Asset-backed securities	25	(18)	20	(20)
Equity instruments	170	(144)	173	(146)
Interest rate derivative contracts, net	69	(62)	29	(19)
Credit derivative contracts, net	8	(7)	5	(8)
Foreign exchange derivative contracts, net	16	(9)	19	(11)
Equity / index derivative contracts, net	410	(367)	368	(335)
Other	53	(81)	50	(73)
Total	892	(839)	790	(744)

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

f) Level 3 instruments: movements during the period

Significant changes in Level 3 instruments

The table on the following pages 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 at the beginning of the year.

Note 9 Fair value measurement (continued)

Movements of Level 3 instruments

USD billion	**Balance as of 31 December 2020**	Total gains / losses included in comprehensive income: Net gains / losses included in income[1]	*of which: related to Level 3 instruments held at the end of the reporting period*	Purchases	Sales	Issuances	Settlements	Transfers into Level 3	Transfers out of Level 3	Foreign currency translation	**Balance as of 31 March 2021**
Financial assets at fair value held for trading	2.3	0.0	*0.0*	0.2	(0.6)	0.3	0.0	0.2	(0.2)	0.0	2.2
of which:											
Investment fund units	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
Corporate and municipal bonds	*0.8*	*0.0*	*0.0*	*0.2*	*(0.1)*	*0.0*	*0.0*	*0.0*	*(0.1)*	*0.0*	*0.8*
Loans	*1.1*	*0.0*	*0.0*	*0.0*	*(0.3)*	*0.3*	*0.0*	*0.0*	*(0.2)*	*0.0*	*1.1*
Other	*0.4*	*0.0*	*0.0*	*0.0*	*(0.2)*	*0.0*	*0.0*	*0.2*	*0.0*	*0.0*	*0.3*
Derivative financial instruments – assets	1.8	(0.1)	*(0.1)*	0.0	0.0	0.4	(0.4)	0.0	(0.1)	0.0	1.6
of which:											
Interest rate contracts	*0.5*	*(0.1)*	*0.0*	*0.0*	*0.0*	*0.1*	*(0.1)*	*0.0*	*0.0*	*0.0*	*0.4*
Equity / index contracts	*0.9*	*(0.1)*	*0.0*	*0.0*	*0.0*	*0.3*	*(0.2)*	*0.0*	*0.0*	*0.0*	*0.8*
Credit derivative contracts	*0.3*	*0.0*	*0.0*	*0.0*	*0.0*	*0.1*	*(0.1)*	*0.0*	*0.0*	*0.0*	*0.4*
Other	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
Financial assets at fair value not held for trading	3.9	0.0	*0.0*	0.5	(0.3)	0.0	0.0	0.0	0.0	0.0	4.2
of which:											
Loans	*0.9*	*(0.1)*	*0.0*	*0.4*	*(0.1)*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*1.1*
Auction rate securities	*1.5*	*0.1*	*0.1*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*1.6*
Equity instruments	*0.5*	*0.0*	*0.0*	*0.1*	*(0.1)*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.5*
Other	*1.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*1.0*
Derivative financial instruments – liabilities	3.5	0.1	*0.0*	0.0	0.0	0.6	(0.8)	0.0	(0.2)	0.0	3.1
of which:											
Interest rate contracts	*0.5*	*0.0*	*0.0*	*0.0*	*0.0*	*0.3*	*(0.1)*	*0.0*	*(0.1)*	*0.0*	*0.5*
Equity / index contracts	*2.3*	*0.2*	*0.1*	*0.0*	*0.0*	*0.3*	*(0.6)*	*0.0*	*(0.1)*	*0.0*	*2.1*
Credit derivative contracts	*0.5*	*(0.1)*	*(0.1)*	*0.0*	*0.0*	*0.1*	*(0.1)*	*0.0*	*0.0*	*0.0*	*0.4*
Other	*0.1*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.1*
Debt issued designated at fair value	9.6	0.2	*0.1*	0.0	0.0	3.2	(1.8)	0.1	(0.3)	(0.2)	10.7
Other financial liabilities designated at fair value	2.1	(0.1)	*(0.1)*	0.0	0.0	0.7	(0.2)	0.0	0.0	0.0	2.4

1 Net gains / losses included in comprehensive income are composed of Net interest income, Other net income from financial instruments measured at fair value through profit or loss and Other income. 2 Total Level 3 assets as of 31 March 2022 were USD 8.4 billion (31 December 2021: USD 7.6 billion). Total Level 3 liabilities as of 31 March 2022 were USD 15.6 billion (31 December 2021: USD 17.4 billion).

Note 9 Fair value measurement (continued)

	Total gains / losses included in comprehensive income									
Balance as of 31 December 2021[2]	Net gains / losses included in income[1]	*of which: related to Level 3 instruments held at the end of the reporting period*	Purchases	Sales	Issuances	Settlements	Transfers into Level 3	Transfers out of Level 3	Foreign currency translation	Balance as of 31 March 2022[2]
2.3	0.0	*0.0*	0.2	(0.8)	1.0	0.0	0.2	(0.3)	0.0	2.6
0.0	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
0.6	*0.0*	*0.0*	*0.1*	*(0.1)*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.6*
1.4	*0.0*	*0.0*	*0.0*	*(0.7)*	*1.0*	*0.0*	*0.0*	*(0.2)*	*0.0*	*1.6*
0.3	*0.0*	*0.0*	*0.1*	*0.0*	*0.0*	*0.0*	*0.2*	*(0.1)*	*0.0*	*0.4*
1.1	0.5	*0.5*	0.0	0.0	0.4	(0.3)	0.0	0.0	0.0	1.7
0.5	*0.4*	*0.4*	*0.0*	*0.0*	*0.0*	*(0.1)*	*0.0*	*0.0*	*0.0*	*0.8*
0.4	*0.1*	*0.0*	*0.0*	*0.0*	*0.2*	*(0.1)*	*0.0*	*0.0*	*0.0*	*0.4*
0.2	*0.1*	*0.1*	*0.0*	*0.0*	*0.1*	*(0.1)*	*0.0*	*0.0*	*0.0*	*0.3*
0.0	*0.1*	*0.0*	*0.0*	*0.0*	*0.1*	*0.0*	*0.0*	*0.0*	*0.0*	*0.1*
4.2	0.0	*0.0*	0.3	(0.5)	0.0	0.0	0.0	0.0	0.0	4.0
0.9	*0.0*	*0.0*	*0.2*	*(0.2)*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.9*
1.6	*0.1*	*0.1*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*1.6*
0.7	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.7*
1.0	*0.0*	*0.0*	*0.1*	*(0.2)*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.8*
2.2	(0.3)	*(0.4)*	0.0	0.0	0.8	(0.8)	0.0	0.0	0.0	1.9
0.3	*(0.2)*	*(0.2)*	*0.0*	*0.0*	*0.1*	*0.0*	*0.0*	*0.0*	*0.0*	*0.2*
1.5	*(0.1)*	*(0.1)*	*0.0*	*0.0*	*0.4*	*(0.6)*	*0.0*	*0.0*	*0.0*	*1.1*
0.3	*(0.1)*	*(0.1)*	*0.0*	*0.0*	*0.2*	*(0.1)*	*0.0*	*0.0*	*0.0*	*0.4*
0.1	*0.0*	*0.0*	*0.0*	*0.0*	*0.1*	*(0.1)*	*0.0*	*0.0*	*0.0*	*0.1*
11.9	(0.6)	*(0.6)*	0.0	0.0	2.5	(2.4)	0.1	(0.5)	(0.1)	10.8
3.2	(0.4)	*(0.4)*	0.0	0.0	0.4	(0.2)	0.0	(0.1)	0.0	2.9

Note 9 Fair value measurement (continued)

g) Financial instruments not measured at fair value

The table below reflects the estimated fair values of financial instruments not measured at fair value.

Financial instruments not measured at fair value

	31.3.22		31.12.21	
USD billion	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Cash and balances at central banks	206.8	206.8	192.8	192.8
Loans and advances to banks	17.8	17.8	15.4	15.3
Receivables from securities financing transactions	69.5	69.5	75.0	75.0
Cash collateral receivables on derivative instruments	39.3	39.3	30.5	30.5
Loans and advances to customers	394.0	387.9	398.7	397.9
Other financial assets measured at amortized cost	28.8	28.3	26.2	26.5
Liabilities				
Amounts due to banks	16.6	16.6	13.1	13.1
Payables from securities financing transactions	7.1	7.1	5.5	5.5
Cash collateral payables on derivative instruments	39.6	39.6	31.8	31.8
Customer deposits	543.0	542.9	544.8	544.8
Funding from UBS Group AG	57.5	58.4	57.3	58.8
Debt issued measured at amortized cost	75.0	75.2	82.4	82.8
Other financial liabilities measured at amortized cost[1]	6.9	6.9	6.3	6.3

1 Excludes lease liabilities.

The fair values included in the table above have been calculated for disclosure purposes only. The valuation techniques and assumptions relate only to UBS AG's financial instruments not otherwise measured at fair value. Other institutions may use different methods and assumptions for their fair value estimation, and therefore such fair value disclosures cannot necessarily be compared from one financial institution to another.

Note 10 Derivative instruments

a) Derivative instruments

As of 31.3.22, USD billion	Derivative financial assets	Notional values related to derivative financial assets[1]	Derivative financial liabilities	Notional values related to derivative financial liabilities[1]	Other notional values[2]
Derivative financial instruments					
Interest rate contracts	37.1	1,080	33.7	1,058	9,569
Credit derivative contracts	1.7	50	1.8	48	0
Foreign exchange contracts	67.6	3,315	66.1	3,183	20
Equity / index contracts	29.9	477	33.3	566	80
Commodity contracts	2.9	82	2.6	65	17
Loan commitments measured at FVTPL	0.0	1	0.0	5	
Unsettled purchases of non-derivative financial instruments[3]	0.3	26	0.5	31	
Unsettled sales of non-derivative financial instruments[3]	0.7	45	0.4	18	
Total derivative financial instruments, based on IFRS netting[4]	140.3	5,075	138.4	4,973	9,686
Further netting potential not recognized on the balance sheet[5]	(126.6)		(121.4)		
of which: netting of recognized financial liabilities / assets	*(101.7)*		*(101.7)*		
of which: netting with collateral received / pledged	*(25.0)*		*(19.7)*		
Total derivative financial instruments, after consideration of further netting potential	13.7		17.0		
As of 31.12.21, USD billion					
Derivative financial instruments					
Interest rate contracts	33.2	991	28.7	943	8,675
Credit derivative contracts	1.4	45	1.8	46	0
Foreign exchange contracts	53.3	3,031	54.1	2,939	1
Equity / index contracts	28.2	457	34.9	604	80
Commodity contracts	1.6	58	1.6	56	15
Loan commitments measured at FVTPL	0.0	1	0.0	8	
Unsettled purchases of non-derivative financial instruments[3]	0.1	13	0.2	11	
Unsettled sales of non-derivative financial instruments[3]	0.2	18	0.1	9	
Total derivative financial instruments, based on IFRS netting[4]	118.1	4,614	121.3	4,617	8,771
Further netting potential not recognized on the balance sheet[5]	(107.4)		(107.0)		
of which: netting of recognized financial liabilities / assets	*(88.9)*		*(88.9)*		
of which: netting with collateral received / pledged	*(18.5)*		*(18.1)*		
Total derivative financial instruments, after consideration of further netting potential	10.7		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. 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 Changes in the fair value of purchased and sold non-derivative financial instruments 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 AG 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 AG 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 Annual Report 2021 for more information.

Note 10 Derivative instruments (continued)

b) Cash collateral on derivative instruments

USD billion	Receivables 31.3.22	Payables 31.3.22	Receivables 31.12.21	Payables 31.12.21
Cash collateral on derivative instruments, based on IFRS netting[1]	39.3	39.6	30.5	31.8
Further netting potential not recognized on the balance sheet[2]	(19.0)	(21.4)	(18.4)	(16.4)
of which: netting of recognized financial liabilities / assets	*(15.8)*	*(18.2)*	*(15.2)*	*(13.1)*
of which: netting with collateral received / pledged	*(3.2)*	*(3.2)*	*(3.3)*	*(3.3)*
Cash collateral on derivative instruments, after consideration of further netting potential	20.3	18.2	12.1	15.4

1 Financial assets and liabilities are presented net on the balance sheet if UBS AG 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 AG 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 Annual Report 2021 for more information.

Note 11 Other assets and liabilities

a) Other financial assets measured at amortized cost

USD million	31.3.22	31.12.21
Debt securities	21,192	18,858
of which: government bills / bonds	*10,085*	*9,833*
Loans to financial advisors	2,388	2,453
Fee- and commission-related receivables	1,937	1,966
Finance lease receivables	1,325	1,356
Settlement and clearing accounts	492	455
Accrued interest income	549	521
Other	885	627
Total other financial assets measured at amortized cost	28,766	26,236

b) Other non-financial assets

USD million	31.3.22	31.12.21
Precious metals and other physical commodities	4,626	5,258
Deposits and collateral provided in connection with litigation, regulatory and similar matters[1]	2,280	1,526
Prepaid expenses	773	717
VAT and other tax receivables	419	591
Properties and other non-current assets held for sale	313	32
Assets of disposal groups held for sale	1,018	1,093
Other	728	618
Total other non-financial assets	10,158	9,836

1 Refer to Note 15 for more information.

c) Other financial liabilities measured at amortized cost

USD million	31.3.22	31.12.21
Other accrued expenses	1,561	1,642
Accrued interest expenses	847	1,134
Settlement and clearing accounts	1,663	1,282
Lease liabilities	3,310	3,438
Other	2,786	2,269
Total other financial liabilities measured at amortized cost	10,167	9,765

Note 11 Other assets and liabilities (continued)

d) Other financial liabilities designated at fair value

USD million	31.3.22	31.12.21
Financial liabilities related to unit-linked investment contracts	18,661	21,466
Securities financing transactions	9,388	6,377
Over-the-counter debt instruments	2,269	2,128
Funding from UBS Group AG	2,049	2,340
Other	8	103
Total other financial liabilities designated at fair value	32,374	32,414
of which: life-to-date own credit (gain) / loss	*(27)*	*172*

e) Other non-financial liabilities

USD million	31.3.22	31.12.21
Compensation-related liabilities	2,925	4,795
of which: financial advisor compensation plans	*1,193*	*1,512*
of which: other compensation plans	*756*	*2,140*
of which: net defined benefit liability	*558*	*617*
of which: other compensation-related liabilities [1]	*418*	*526*
Deferred tax liabilities	165	297
Current tax liabilities	926	1,365
VAT and other tax payables	541	524
Deferred income	246	225
Liabilities of disposal groups held for sale	1,289	1,298
Other	61	68
Total other non-financial liabilities	6,152	8,572

1 Includes liabilities for payroll taxes and untaken vacation.

Note 12 Debt issued designated at fair value

USD million	31.3.22	31.12.21
Issued debt instruments		
Equity-linked[1]	44,252	47,059
Rates-linked	14,933	16,369
Credit-linked	1,951	1,723
Fixed-rate	3,727	2,868
Commodity-linked	3,995	2,911
Other	563	529
Total debt issued designated at fair value	69,421	71,460
of which: life-to-date own credit (gain) / loss	*(87)*	*144*

1 Includes investment fund unit-linked instruments issued.

Note 13 Debt issued measured at amortized cost

USD million	31.3.22	31.12.21
Certificates of deposit and commercial paper	33,727	40,640
Other short-term debt	3,812	2,458
Short-term debt[1]	**37,539**	**43,098**
Senior unsecured debt	21,632	23,328
Covered bonds	1,351	1,389
Subordinated debt	5,056	5,163
of which: low-trigger loss-absorbing tier 2 capital instruments	*2,507*	*2,596*
of which: non-Basel III-compliant tier 2 capital instruments	*543*	*547*
Debt issued through the Swiss central mortgage institutions	9,435	9,454
Long-term debt[2]	**37,474**	**39,334**
Total debt issued measured at amortized cost[3]	**75,013**	**82,432**

1 Debt with an original contractual maturity of less than one year. 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.

Note 14 Interest rate benchmark reform

During the first quarter of 2022, UBS AG continued to manage the transition to alternative reference rates (ARRs) under the oversight of the dedicated Group-wide forum, with an increased US regional focus. The transition of non-USD interbank offered rates (IBORs) is largely complete, with efforts now focused on managing the transition of remaining USD LIBOR exposures.

On 15 March 2022, the US enacted federal legislation, the "Adjustable Interest Rate (LIBOR) Act," which is substantially based on, and supersedes, the New York State London Interbank Offered Rate (LIBOR) legislation. The Adjustable Interest Rate (LIBOR) Act provides a legislative solution for legacy products governed by any US state law should such products fail to transition prior to the USD LIBOR cessation date of 30 June 2023.

Non-derivative instruments

During the first quarter of 2022, most of the USD 21 billion mortgages linked to CHF LIBOR that were outstanding as of 31 December 2021 were automatically transitioned to Swiss Average Rate Overnight (SARON), with only an insignificant amount remaining, which will transition later in 2022, on their next roll date.

Substantially all of the US securities-based lending outstanding as of 31 December 2021 was transitioned to Secured Overnight Financing Rate (SOFR) during the first quarter of 2022, with transition of the remaining USD 2 billion currently in progress.

In January 2022, UBS AG completed the transition of USD LIBOR-linked non-derivative balances related to brokerage accounts to SOFR. No other material transitions of USD LIBOR-linked contracts occurred in the first quarter of 2022. UBS AG plans to transition USD 10 billion of US mortgages linked to USD LIBOR to SOFR in 2022 and 2023.

Derivative instruments

UBS AG successfully transitioned the remaining non-USD IBOR derivatives not transacted through clearing houses or exchanges, which ensured an orderly transition when converting high volumes of transactions at the time of rate cessation. No material USD LIBOR-linked derivatives transitioned in the first quarter of 2022.

Note 15 Provisions and contingent liabilities

a) Provisions

The table below presents an overview of total provisions.

USD million	31.3.22	31.12.21
Provisions other than provisions for expected credit losses	3,192	3,256
Provisions for expected credit losses[1]	221	196
Total provisions	**3,413**	**3,452**

1 Refer to Note 8c for more information.

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

USD million	Litigation, regulatory and similar matters[1]	Restructuring	Other[3]	Total
Balance as of 31 December 2021	2,798	137	321	3,256
Increase in provisions recognized in the income statement	58	44	5	107
Release of provisions recognized in the income statement	(1)	(4)	(5)	(10)
Provisions used in conformity with designated purpose	(54)	(50)	(7)	(112)
Foreign currency translation / unwind of discount	(42)	(1)	(4)	(48)
Balance as of 31 March 2022	2,758	125[2]	310	3,192

1 Consists of provisions for losses resulting from legal, liability and compliance risks. 2 Primarily consists of personnel-related restructuring provisions of USD 80 million as of 31 March 2022 (31 December 2021: USD 90 million) and provisions for onerous contracts of USD 45 million as of 31 March 2022 (31 December 2021: USD 47 million). 3 Mainly includes provisions related to real estate, employee benefits and operational risks.

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

Information about provisions and contingent liabilities in respect of litigation, regulatory and similar matters, as a class, is included in Note 15b. 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 (which for purposes of this Note may refer to UBS AG and/or one or more of its subsidiaries, as applicable) is involved in various disputes and legal proceedings, including litigation, arbitration, and regulatory and criminal investigations.

Such matters are subject to many uncertainties, and the outcome and the timing of resolution are often difficult to predict, particularly in the earlier stages of a case. There are also situations where 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.

Note 15 Provisions and contingent liabilities (continued)

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

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

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

The aggregate amount provisioned for litigation, regulatory and similar matters as a class is disclosed in the "Provisions" table in Note 15a above. It is not practicable to provide an aggregate estimate of liability for our litigation, regulatory and similar matters as a class of contingent liabilities. Doing so would require UBS to provide speculative legal assessments as to claims and proceedings that involve unique fact patterns or novel legal theories, that have not yet been initiated or are at early stages of adjudication, or as to which alleged damages have not been quantified by the claimants. Although UBS therefore cannot provide a numerical estimate of the future losses that could arise from litigation, regulatory and similar matters, UBS believes that the aggregate amount of possible future losses from this class that are more than remote substantially exceeds the level of current provisions.

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

The risk of loss associated with litigation, regulatory and similar matters is a component of operational risk for purposes of determining capital requirements. Information concerning our capital requirements and the calculation of operational risk for this purpose is included in the "Capital management" section of the UBS Group first quarter 2022 report.

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

USD million	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Group Functions	Total
Balance as of 31 December 2021	1,338	181	8	310	962	2,798
Increase in provisions recognized in the income statement	54	0	0	4	0	58
Release of provisions recognized in the income statement	(1)	0	0	0	0	(1)
Provisions used in conformity with designated purpose	(49)	0	0	(5)	0	(54)
Reclassifications	0	0	0	4	(4)	0
Foreign currency translation / unwind of discount	(33)	(5)	0	(5)	0	(42)
Balance as of 31 March 2022	1,309	176	8	307	958	2,758

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

1. Inquiries regarding cross-border wealth management businesses

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

Since 2013, UBS (France) S.A., UBS AG and certain former employees have been under investigation in France 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 1.1 billion.

On 20 February 2019, the court of first instance returned a verdict finding UBS AG guilty of unlawful solicitation of clients on French territory and aggravated laundering of the proceeds of tax fraud, and UBS (France) S.A. guilty of aiding and abetting unlawful solicitation and of laundering the proceeds of tax fraud. The court imposed fines aggregating EUR 3.7 billion on UBS AG and UBS (France) S.A. and awarded EUR 800 million of civil damages to the French state. A trial in the French Court of Appeal took place in March 2021. On 13 December 2021, the Court of Appeal found UBS AG guilty of unlawful solicitation and aggravated laundering of the proceeds of tax fraud. The court ordered a fine of EUR 3.75 million, the confiscation of EUR 1 billion, and awarded civil damages to the French state of EUR 800 million. The court also found UBS (France) SA guilty of the aiding and abetting of unlawful solicitation and ordered it to pay a fine of EUR 1.875 million. UBS AG has filed an appeal with the French Supreme Court to preserve its rights. The notice of appeal enables UBS AG to thoroughly assess the verdict of the Court of Appeal and to determine next steps in the best interest of its stakeholders. The fine and confiscation imposed by the Court of Appeal are suspended during the appeal. The civil damages award has been paid to the French state (EUR 99 million of which was deducted from the bail), subject to the result of UBS's appeal.

Our balance sheet at 31 March 2022 reflected provisions with respect to this matter in an amount of EUR 1.1 billion (USD 1.2 billion at 31 March 2022). The wide range of possible outcomes in this case contributes to a high degree of estimation uncertainty and the provision reflects our best estimate of possible financial implications, although actual penalties and civil damages could exceed (or may be less than) the provision amount.

Our balance sheet at 31 March 2022 reflected provisions with respect to matters described in this item 1 in an amount that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which we have established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that we have recognized.

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

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

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

Our balance sheet at 31 March 2022 reflected a provision with respect to matters described in this item 2 in an amount that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which we have established provisions, the future outflow of resources in respect of this matter cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that we have recognized.

Note 15 Provisions and contingent liabilities (continued)

3. Madoff

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

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

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

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

4. Puerto Rico

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

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

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

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

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

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

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

Our balance sheet at 31 March 2022 reflected provisions with respect to matters described in this item 4 in amounts that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which we have established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provisions that we have recognized.

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

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

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

In 2015, a putative class action was filed in federal court against UBS and numerous other banks on behalf of persons and businesses in the US who directly purchased foreign currency from the defendants and alleged co-conspirators for their own end use. In March 2017, the court granted UBS's (and the other banks') motions to dismiss the complaint. The plaintiffs filed an amended complaint in August 2017. In March 2018, the court denied the defendants' motions to dismiss the amended complaint. In March 2022, the court denied plaintiffs' motion for class certification.

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

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

USD LIBOR class and individual actions in the US: In 2013 and 2015, the district court in the USD LIBOR actions dismissed, in whole or in part, certain plaintiffs' antitrust claims, federal racketeering claims, CEA claims, and state common law claims, and again dismissed the antitrust claims in 2016 following an appeal. In December 2021, the Second Circuit affirmed the district court's dismissal in part and reversed in part and remanded to the district court for further proceedings. The Second Circuit, among other things, held that there was personal jurisdiction over UBS and other foreign defendants based on allegations that at least one alleged co-conspirator undertook an overt act in the United States. Separately, in 2018, the Second Circuit reversed in part the district court's 2015 decision dismissing certain individual plaintiffs' claims and certain of these actions are now proceeding. In 2018, the district court denied plaintiffs' motions for class certification in the USD class actions for claims pending against UBS, and plaintiffs sought permission to appeal that ruling to the Second Circuit. In July 2018, the Second Circuit denied the petition to appeal of the class of USD lenders and in November 2018 denied the petition of the USD exchange class. In January 2019, a putative class action was filed in the District Court for the Southern District of New York against UBS and numerous other banks on behalf of US residents who, since 1 February 2014, directly transacted with a defendant bank in USD LIBOR instruments. The complaint asserts antitrust claims. The defendants moved to dismiss the complaint in August 2019. On 26 March 2020 the court granted defendants' motion to dismiss the complaint in its entirety. Plaintiffs have appealed the dismissal. On 7 March 2022, the Second Circuit dismissed the appeal because appellants, who had been substituted in to replace the original plaintiffs who had withdrawn, lacked standing to pursue the appeal. In August 2020, an individual action was filed in the Northern District of California against UBS and numerous other banks alleging that the defendants conspired to fix the interest rate used as the basis for loans to consumers by jointly setting the USD LIBOR rate and monopolized the market for LIBOR-based consumer loans and credit cards. Defendants moved to dismiss the complaint in September 2021.

Note 15 Provisions and contingent liabilities (continued)

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

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

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

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

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

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

Government bonds: Putative class actions have been filed since 2015 in US federal courts against UBS and other banks on behalf of persons who participated in markets for US Treasury securities since 2007. A consolidated complaint was filed in 2017 in the US District Court for the Southern District of New York alleging that the banks colluded with respect to, and manipulated prices of, US Treasury securities sold at auction and in the secondary market and asserting claims under the antitrust laws and for unjust enrichment. Defendants' motions to dismiss the consolidated complaint was granted in March 2021. Plaintiffs filed an amended complaint, which defendants moved to dismiss in June 2021. In March 2022, the court granted defendants' motion to dismiss that complaint. Similar class actions have been filed concerning European government bonds and other government bonds.

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

With respect to additional matters and jurisdictions not encompassed by the settlements and orders referred to above, our balance sheet at 31 March 2022 reflected a provision in an amount that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which we have established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that we have recognized.

6. Swiss retrocessions

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

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

Our balance sheet at 31 March 2022 reflected a provision with respect to matters described in this item 6 in an amount that UBS believes to be appropriate under the applicable accounting standard. The ultimate exposure will depend on client requests and the resolution thereof, factors that are difficult to predict and assess. Hence, as in the case of other matters for which we have established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that we have recognized.

Note 16 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.

	Closing exchange rate			Average rate[1]		
	As of			For the quarter ended		
	31.3.22	31.12.21	31.3.21	31.3.22	31.12.21	31.3.21
1 CHF	1.08	1.10	1.06	1.08	1.09	1.09
1 EUR	1.11	1.14	1.17	1.12	1.14	1.20
1 GBP	1.31	1.35	1.38	1.33	1.35	1.38
100 JPY	0.82	0.87	0.90	0.85	0.88	0.93

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 17 Events after the reporting period

In March 2022, UBS signed an agreement to sell its investment in the Japanese real estate joint venture Mitsubishi Corp.-UBS Realty Inc. to KKR & Co. Inc. UBS's asset management, wealth management and investment banking businesses operating in Japan are not affected by the sale. The transaction closed on 28 April 2022 and UBS will record a gain in Asset Management and an increase in CET1 capital related to the sale of approximately USD 0.9 billion in the second quarter of 2022.

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