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).

8,000,000 European Style Cash Settled Long Certificates relating to

the ordinary shares of NetEase, Inc.

with a Daily Leverage of 5x

UBS AG

(Incorporated with limited liability in Switzerland)

acting through its London Branch

Issue Price: S$1.00 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 2025 (the "**Base Listing Document**"), including its supplements and addenda as executed from time to time, for the purpose of giving information with regard to the Issuer and the Certificates. Information relating to the Company (as defined below) is contained in this document.

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

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

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

For the purpose of section 309B(1) of the Securities and Futures Act 2001 of Singapore (the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in section 309A of the SFA) that the Certificates are classified as capital markets products other than prescribed capital markets products[1] and Specified Investment Products (SIPs)[2], and may only be sold to retail investors with enhanced safeguards, including an assessment of such investors' investment knowledge or experience.

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

Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. It is expected that dealings in the Certificates will commence on or about 6 May 2026.

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

5 May 2026

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

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

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

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

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

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

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

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RISK FACTORS

The following risk factors are relevant to the Certificates:-

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

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

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

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

(e) in the event that the Company is controlled through weighted voting rights, certain individuals who own shares of a class which is being given more votes per share may have the ability to determine the outcome of most matters, and depending on the action taken by the Company, the market price of the Certificates could be adversely affected;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(u) there is no assurance that the Air Bag Mechanism will prevent investors from losing the entire value of their investment, in the event of (i) an overnight fall in the Underlying Stock, where there is a 20% or greater gap between the previous trading day closing price and the opening price of the Underlying Stock the following trading day, as the Air Bag Mechanism will only be triggered when the market (in respect of which the Underlying Stock is listed) opens the following trading day (including pre-opening session or opening auction, as the case may be) or (ii) a sharp intraday fall in the Underlying Stock of 20% or greater during the observation period compared to the reference price, being: (a) if air bag event has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (b) if one or more air bag events have been previously triggered on the same day, the latest new observed price. Investors may refer to pages 41 to 42 of this document for more information;

(v) certain events may, pursuant to the terms and conditions of the Certificates, trigger (A) the implementation of methods of adjustment or (B) the early termination of the Certificates. The Issuer will give the investors reasonable notice of any early termination. If the Issuer terminates the Certificates early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of the Certificate less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. The performance of this commitment shall depend on (A) general market conditions and (B) the liquidity conditions of the underlying instrument(s) and, as the case may be, of any other hedging transactions. Investors should note that the amount repaid by the Issuer may be less than the amount initially invested. Investors may refer to Condition 13 on pages 28 to 29 of this document for more information;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(gg) specifically, the reform of HIBOR may adversely affect the value of the Certificates

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

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

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

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

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

TERMS AND CONDITIONS OF THE CERTIFICATES

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

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

Certificates:	8,000,000 European Style Cash Settled Long Certificates relating to the ordinary shares of NetEase, Inc. traded in HKD (the "**Underlying Stock**" or the "**Underlying**")
ISIN:	CH1465034317
Company:	NetEase, Inc. (RIC: 9999.HK)
Underlying Price[3] and Source:	HK$181.20 (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 1.00
Management Fee (p.a.)[4]:	0.40%
Gap Premium (p.a.)[5]:	16.00%, is a hedging cost against extreme market movements overnight.
Funding Cost[6]:	The annualised costs of funding, referencing a publically published interbank offered rate plus spread.
Rebalancing Cost[6]:	The transaction costs (if applicable), computed as a function of leverage and daily performance of the Underlying Stock.
Launch Date:	27 April 2026
Closing Date:	5 May 2026
Expected Listing Date:	6 May 2026

[3] These figures are calculated as at, and based on information available to the Issuer on or about 5 May 2026. 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 5 May 2026.
[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.

Last Trading Date:	The date falling 5 Business Days immediately preceding the Expiry Date, currently being 24 July 2028
Expiry Date:	31 July 2028 (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:	28 July 2028 or if such day is not an Exchange Business Day, the immediately preceding Exchange Business Day.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Cash Settlement Amount:	In respect of each Certificate, shall be an amount (if positive) payable in the Settlement Currency equal to: Closing Level multiplied by the Notional Amount per Certificate Please refer to the “Information relating to the European Style Cash Settled Long Certificates on Single Equities” section on pages 33 to 47 of this document for examples and illustrations of the calculation of the Cash Settlement Amount.
Hedging Fee Factor:	In respect of each Certificate, shall be an amount calculated as: Product (for t from Expected Listing Date to Valuation Date) of (1 – Management Fee x (ACT (t-1;t) ÷ 360)) x (1 – Gap Premium (t-1) x (ACT (t-1;t) ÷ 360)), where: “**t**” refers to “**Observation Date**” which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and including) the Underlying Stock Business Day immediately preceding the Expected Listing Date to the Valuation Date; and

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

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

Please refer to the "Information relating to the European Style Cash Settled Long Certificates on Single Equities" section on pages 33 to 47 of this document for examples and illustrations of the calculation of the Hedging Fee Factor.

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

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

Initial Reference Level: 1,000

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

The calculation of the closing level of the Leverage Strategy is set out in the "Specific Definitions relating to the Leverage Strategy" section on pages 15 to 19 below.

Initial Exchange Rate[3]: 0.162940133

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

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

Trading of Certificates is suspended for at least 30 minutes of continuous trading after the Air Bag is triggered. The resumption of trading is subject to the SGX-ST's requirements of at least 15

	minutes after the SGX-ST approves the request from the Issuer to resume trading on the Certificates, rounded to the next quarter of an hour. The Leverage Strategy is floored at 0 and the Certificates cannot be valued below zero. Please refer to the "Air Bag Mechanism" section on page 19 below and the "Description of Air Bag Mechanism" section on pages 39 to 40 of this document for further information of the Air Bag Mechanism.
Adjustments and Extraordinary Events:	The Issuer has the right to make adjustments to the terms of the Certificates if certain events, including any capitalisation issue, rights issue, extraordinary distributions, merger, delisting, insolvency (as more specifically set out in the terms and conditions of the Certificates) occur in respect of the Underlying Stock. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.
Underlying Stock Currency:	Hong Kong Dollar ("**HKD**")
Settlement Currency:	Singapore Dollar ("**SGD**")
Exercise Expenses:	Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates.
Relevant Stock Exchange for the Certificates:	The Singapore Exchange Securities Trading Limited ("**SGX-ST**")
Relevant Stock Exchange for the Underlying Stock:	HKEX
Business Day, Settlement Business Day and Exchange Business Day:	A **"Business Day"** or a "**Settlement Business Day**" is a day (excluding Saturdays, Sundays and public holidays) on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore. An "**Exchange Business Day**" is a day on which the SGX-ST and the HKEX are open for dealings in Singapore and Hong Kong respectively during its normal trading hours and banks are open for business in Singapore and Hong Kong.
Warrant Agent:	The Central Depository (Pte) Limited ("**CDP**")
Clearing System:	CDP
Fees and Charges:	Normal transaction and brokerage fees shall apply to the trading of the Certificates on the SGX-ST. Investors should note that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred. Investors who are in any doubt as to their tax position should consult their own independent tax advisers.

In addition, investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.

Investors holding position overnight would also be required to bear the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Strategy including the Funding Cost and the Rebalancing Cost. The Management Fee may be increased up to a maximum of 3% p.a. on giving one month's notice to investors in accordance with the terms and conditions of the Certificates. Any increase in the Management Fee will be announced on the SGXNET.

Further Information: Please refer to the website at http://dlc.ubs.com for more information on the theoretical closing price of the Certificates on the previous trading day, the closing price of the Underlying Stock on the previous trading day, the Air Bag Trigger Price for each trading day and the Management Fee and Gap Premium.

Specific Definitions relating to the Leverage Strategy

Description of the Leverage Strategy

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

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

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

Leverage Strategy Formula

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

On Leverage Reset Time (1):

$\mathrm{LSL_1} = 1000$

On each subsequent Leverage Reset Time (t):

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

Leverage Reset Time (t)

means

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

2) end of any Intraday Restrike Event Observation Period.

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

Leverage Reset Time r(t)

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

$\mathbf{LR_{r(t),t}}$

means the Leveraged Return of the Underlying Stock between Leverage Reset Time r(t) and Leverage Reset Time (t), calculated as follows:

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

$\mathbf{FC_{r(t),t}}$

means, the Funding Cost between the Leverage Reset Time r(t) (included) and the Leverage Reset Time (t) (excluded) calculated as follows:

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

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

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

$\mathbf{RC_{r(t),t}}$

means the Rebalancing Cost of the Leverage Strategy as at Leverage Reset Time (t), calculated as follows:

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

TC

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

0.11%

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

Leverage

5

S_t

means the Underlying Stock Price as of Leverage Reset Time (t) computed as follows, subject to the adjustments and provisions of the Conditions:

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

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

Otherwise,

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

$\mathrm{Rfactor}_t$

means an amount determined by the Calculation Agent, according to the following formula, subject to the adjustments and provisions of the Conditions:

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

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

Otherwise,

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

Where

Div_t is the dividend to be paid out in respect of the Underlying Stock on the Observation Date of the Leverage Reset Time (t) if such Observation Date is an ex-dividend date, otherwise is zero. The dividend shall be considered net of any applicable withholding taxes.

Rate_t

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

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

$\mathrm{CashRate}_t$

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

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

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

Benchmark Event means:

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

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

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

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

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

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

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

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

DayCountBasisRate 365

Air Bag Mechanism

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

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

TimeReferenceOpening means the scheduled opening time (including pre-opening session or opening auction, as the case may be) for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).

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

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

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

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

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

TERMS AND CONDITIONS OF

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

1. Form, Status, Transfer and Title

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

(i) a master instrument by way of deed poll (the "**Master Instrument**") dated 28 June 2025, made by UBS AG (the "**Issuer**") acting through its London Branch; and

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

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

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

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

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

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

2. Certificate Rights and Exercise Expenses

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

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

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

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

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

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

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

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

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

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

3. Expiry Date

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

4. Exercise of Certificates

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

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

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

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

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

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

5. Warrant Agent

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

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

6. Adjustments

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

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

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

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

(iii) an extraordinary dividend;

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

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

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

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

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

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

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

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

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

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

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

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

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

7. Purchases

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

8. Meetings of Certificate Holders; Modification

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

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

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

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

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

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

9. Notices

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

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

10. Liquidation

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

11. Further Issues

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

12. Delisting

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

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

13. Early Termination

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

For the purposes of this Condition:

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

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

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

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

14. Governing Law

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

15. Prescription

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

16. Contracts (Rights of Third Parties) Act 2001 of Singapore

Unless otherwise expressly provided in the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement, a person who is not a party to any contracts made pursuant to the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement has no rights under the Contracts (Rights of Third Parties) Act 2001 of Singapore to enforce any terms of such contracts. Except as expressly provided herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts.

SUMMARY OF THE ISSUE

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

Issuer:	UBS AG acting through its London Branch
Company:	NetEase, Inc.
The Certificates:	European Style Cash Settled Long Certificates relating to the Underlying Stock
Number:	8,000,000 Certificates
Form:	The Certificates will be issued subject to, and with the benefit of, a master instrument by way of deed poll dated 28 June 2025 (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 6 May 2026.
Governing Law:	The laws of Singapore
Warrant Agent:	The Central Depository (Pte) Limited 4 Shenton Way #02-01 SGX Centre 2 Singapore 068807
Further Issues:	Further issues which will form a single series with the Certificates will be permitted.

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

INFORMATION RELATING TO

THE EUROPEAN STYLE CASH SETTLED LONG CERTIFICATES ON SINGLE EQUITIES

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

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

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

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

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

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

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

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

(3) is the Strike Level; and

(4) is the Hedging Fee Factor.

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

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

B) Trading the Certificates before Expiry

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

(i) <u>For Certificate Holders who trade the Certificates intraday</u>: 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) <u>For Certificate Holders who hold the Certificates overnight</u>: 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 NetEase, Inc. traded in HKD**
Expected Listing Date:	**01/02/2021**
Expiry Date:	**16/02/2021**
Initial Reference Level:	**1,000**
Initial Exchange Rate:	**1**
Final Reference Level:	**1,200**
Final Exchange Rate:	**1**
Issue Price:	**1.00 SGD**
Notional Amount per Certificate:	**1.00 SGD**
Management Fee (p.a.):	**0.40%**
Gap Premium (p.a.):	**16.00%**
Strike Level:	Zero

Hedging Fee Factor

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

HFF(0) = 100%

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

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

$$\text{HFF}\ (1) =\ 100\%\ \times\left(1\ -\ 0.40\%\ \times\frac{1}{360}\right)\times\left(1\ -\ 16.00\%\ \times\frac{1}{360}\right)$$

$$\text{HFF}\ (1)\ =\ 100\%\ \times\ 99.9989\%\ \times\ 99.9556\%\ \approx\ 99.9544\%$$

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

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

$$\text{HFF }(2) = 99.9544\% \times \left(1 - 0.40\% \times \frac{3}{360}\right) \times \left(1 - 16.00\% \times \frac{3}{360}\right)$$

$$\text{HFF }(2) = 99.9544\% \times 99.9967\% \times 99.8667\% \approx 99.8178\%$$

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 99.3187% as illustrated below:

Date	HFF
2/1/2021	100.0000%
2/2/2021	99.9544%
2/3/2021	99.9089%
2/4/2021	99.8634%
2/5/2021	99.8179%
2/8/2021	99.6815%
2/9/2021	99.6361%
2/10/2021	99.5907%
2/11/2021	99.5453%
2/12/2021	99.5000%
2/15/2021	99.3640%
2/16/2021	99.3187%

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 99.3187%

= 119.18%

Cash Settlement Amount = Closing Level x Notional Amount per Certificate

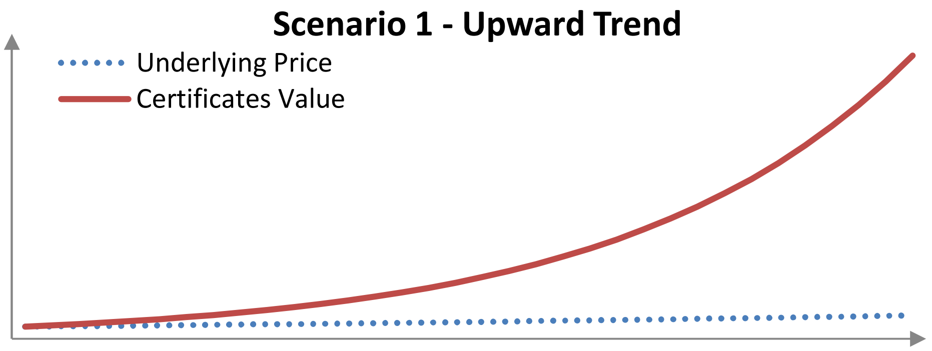
= 119.18% x 1.00 SGD

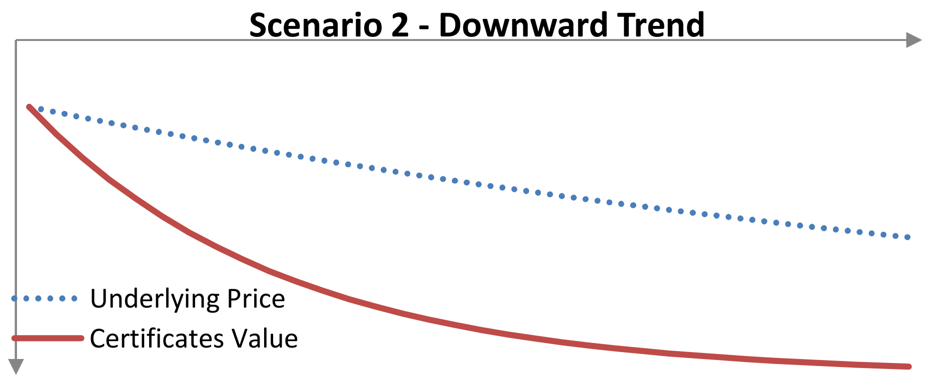
= 1.192 SGD

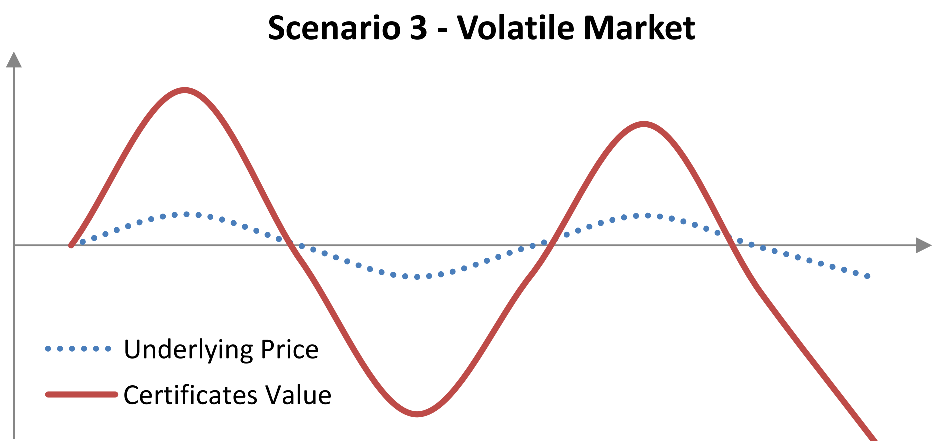
Illustration on how returns and losses can occur under different scenarios

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	1.00	1.10	1.21	1.33	1.46	1.61
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	1.00	0.90	0.81	0.73	0.66	0.59
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	1.00	1.10	0.99	0.89	0.98	1.08
Accumulated Return		10.00%	-1.00%	-10.90%	-1.99%	7.81%

Description of Air Bag Mechanism

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

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

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

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

During the Observation Period and Reset Period, trading of Certificates is suspended for a period of **at least** 30 minutes of continuous trading after the Air Bag is triggered, and such suspension will be based on instructions provided by the Issuer to the SGX-ST for suspension of trading. Investors cannot sell or purchase any Certificates during this period.

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

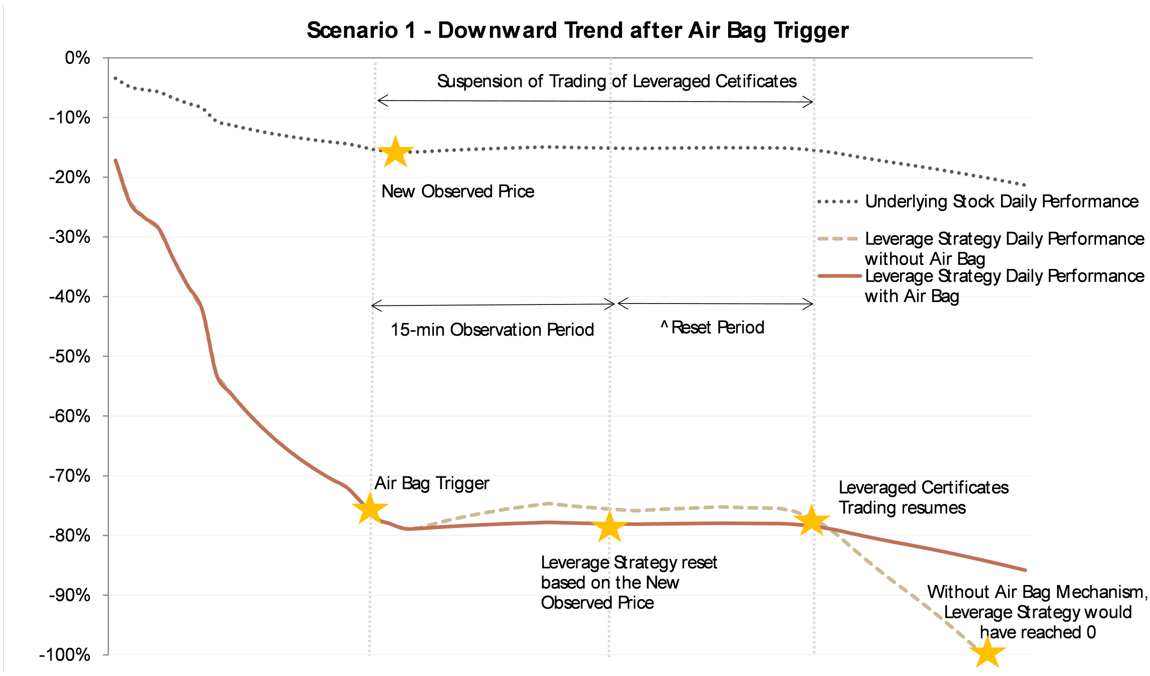
The resumption of trading is subject to the SGX-ST’s requirements of at least 15 minutes after the SGX-ST approves the request from the Issuer to resume trading on the Certificates, rounded to the next quarter of an hour. The Issuer will provide at least 15 minutes’ notice of the resumption of trading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

With **Market Close** defined as:

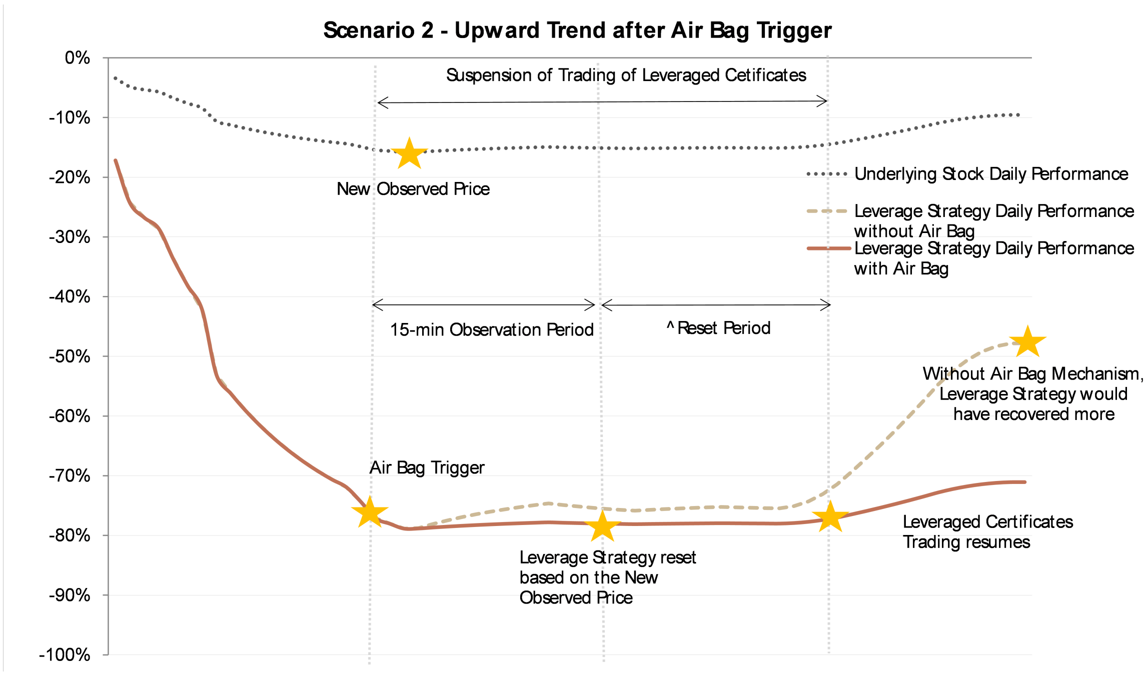
- the Underlying Stock closing time, including the closing auction session, with respect to the Observation Period; and

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

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



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



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

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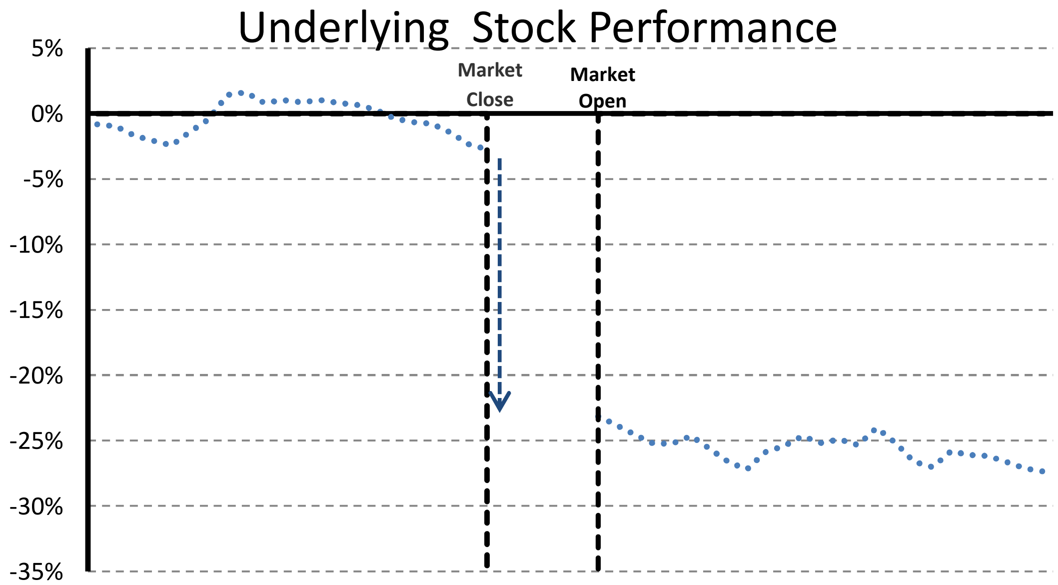
[9] The illustrative examples are not exhaustive.

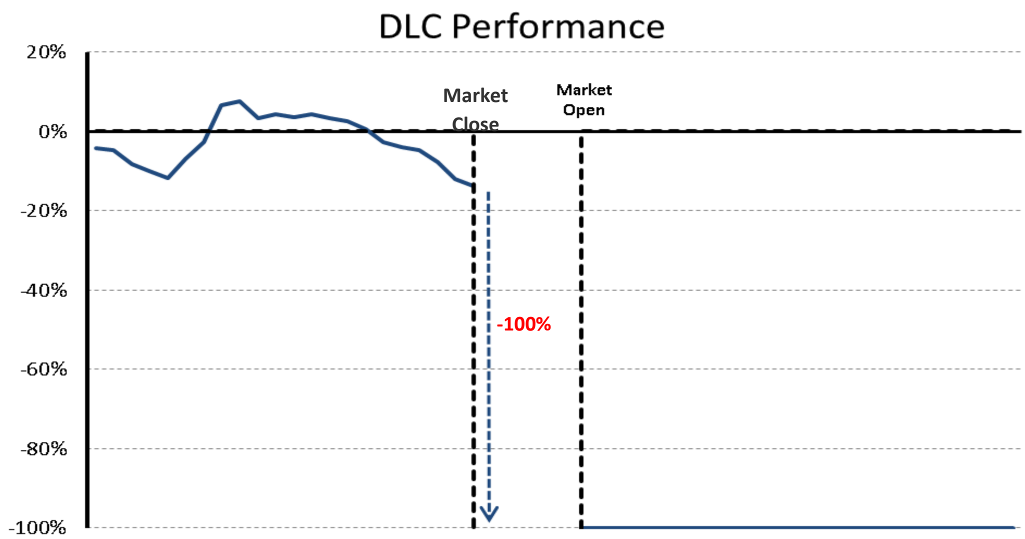
Scenarios where the investor may lose the entire value of the investment

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

Scenario 1 – Overnight fall of the Underlying Stock

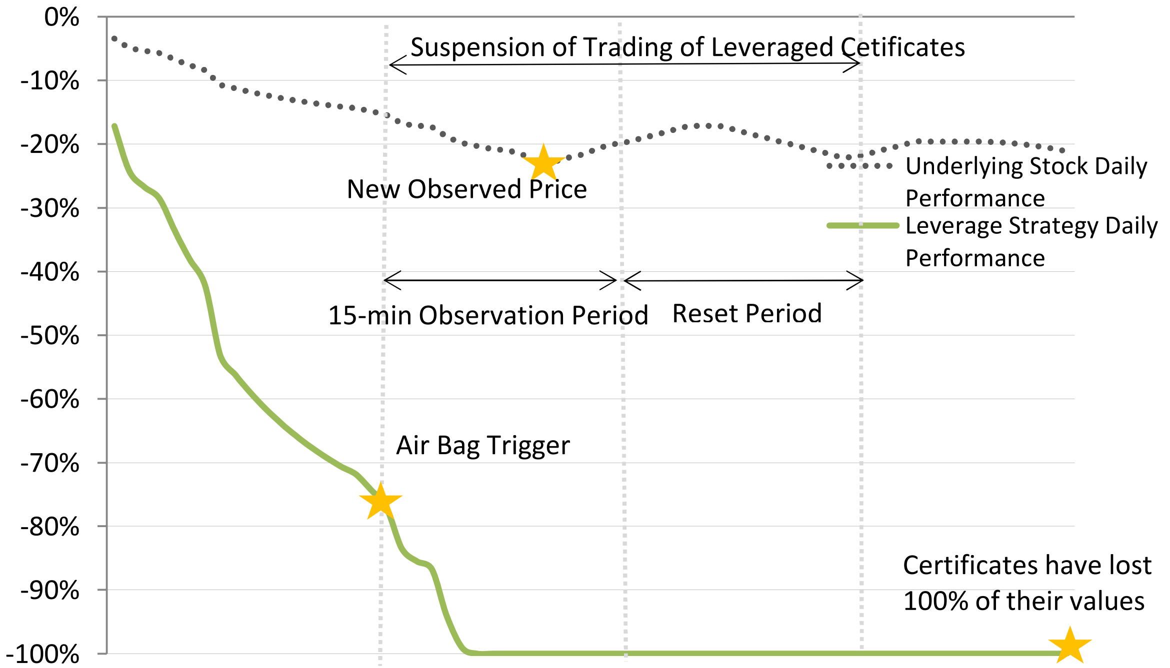
On any Underlying Stock Business Day, the opening price of the Underlying Stock may be higher or lower than the closing price on the previous trading day. The difference between the previous closing price and the opening price of the Underlying Stock is termed a "gap". If the opening price of the Underlying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





Scenario 2 – Sharp intraday fall of the Underlying Stock

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



Examples and illustrations of adjustments due to certain corporate actions

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

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

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

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

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

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

Where:

$\mathrm{DivExc}_\mathrm{t}$ 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. Stock split

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

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

S_t = \$51

$\mathrm{Div_t} = \$0$

$\mathrm{DivExc_t} = \$0$

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

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

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

As a consequence:

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

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

Value of the Certificate r(t)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
1.00	1.10	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)
1.00	1.05	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)
1.00	1.25	25%

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

4. Bonus Issues

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

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

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

$\mathrm{S}_{\mathrm{r(t)}}$	$\mathrm{S}_{\mathrm{t(t)}} \times Rfactor_t$	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)
1.00	1.10	10%

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

5. Extraordinary Dividend

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

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

$\mathrm{S_t}$ = \$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)
1.00	1.25	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 http://ir.netease.com/. The Issuer has not independently verified any of such information.*

NetEase, Inc. (the "**Company**") is a company principally engaged in the gaming business. The Company operates through four segments. Games and Related Value-Added Services segment is engaged in the development and sale of mobile games, game operations, and other value-added services, including in-game virtual items and prepaid credits. Youdao segment provides learning services, smart devices, and online marketing services. The segment's products and services include online courses and digital content services. NetEase Cloud Music segment provides online music services, social entertainment services, and other services through the sale of membership subscriptions for various content and service packages, primarily through the sale of virtual items. Innovative Businesses and Others segment provides rigorous selection, advertising services, email, and other value-added services.

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 2025 and has been extracted and reproduced from an announcement by the Company released on 15 April 2026 in relation to the same. Further information relating to the Company may be located on the web-site of the HKExCL at http://www.hkex.com.hk.

INFORMATION RELATING TO THE DESIGNATED MARKET MAKER

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

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

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

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

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

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

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

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

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

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

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

(ix) in cases where the Issuer has no Certificates to sell, then the DMM will only provide bid quotations. The DMM may provide intermittent offer quotations when it has inventory of the Certificates;

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

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

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

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

PLACING AND SALE

General

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

United Kingdom

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

United States of America

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

Prohibition of Sales to European Economic Area

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

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

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

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

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

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

PUBLIC OFFER SELLING RESTRICTION UNDER THE PROSPECTUS REGULATION

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

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

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

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

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

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

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

Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Certificates may not be circulated or distributed, nor may Certificates be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than pursuant to, and in accordance with the conditions of, any applicable provision of the Securities and Futures Act 2001 of Singapore.

Hong Kong

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

SUPPLEMENTAL INFORMATION RELATING TO THE ISSUER

The information set out in Appendix II of this document relates to the risk factors relating to operating environment and strategy of the Issuer.

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

The information set out in Appendix IV of this document is an extract of the unaudited consolidated financial statements of UBS AG and its subsidiaries for the first quarter ended 31 March 2026.

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 269 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 Jeffrey Tan Teck Khim, 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 2026.

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 2025 OF NETEASE, INC. AND ITS SUBSIDIARIES

	For the year ended December 31, 2024 RMB (in thousands)	2025 RMB
Statement of Consolidated Operations and Comprehensive Income Data:		
Net revenues	105,295,236	**112,625,807**
Gross profit	65,807,084	**72,401,868**
Income before tax	35,717,755	**40,830,470**
Net income	30,256,347	**34,797,784**
Net income attributable to the Company's shareholders	29,697,609	**33,759,800**

	As of December 31, 2024 RMB (in thousands)	2025 RMB
Statement of Consolidated Balance Sheet Data:		
Total current assets	153,324,656	**180,615,477**
Total non-current assets	42,666,894	**40,799,583**
Total assets	195,991,550	**221,415,060**
Total liabilities	53,497,412	**56,311,051**
Redeemable noncontrolling interests	84,272	**91,319**
Total equity	142,409,866	**165,012,690**
Total liabilities, redeemable noncontrolling interests and shareholders' equity	195,991,550	**221,415,060**

Independent Auditor's Report

To the Shareholders of NetEase, Inc.
(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of NetEase, Inc. (the "Company") and its subsidiaries (the "Group"), which are set out on pages 11 to 82, comprise:

- the consolidated balance sheet as at 31 December 2025;
- the consolidated statement of operations and comprehensive income for the year then ended;
- the consolidated statement of shareholders' equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include principal accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinion

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

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

Independence

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

Key Audit Matters

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

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

- Estimates of average playing period of paying players for recognition of in-game virtual items revenue

- Impairment assessment of long-term equity investments without readily determinable fair values

Key Audit Matter	How our audit addressed the Key Audit Matter
Estimates of average playing period of paying players for recognition of in-game virtual items revenue Refer to notes 2(c) and 25 to the consolidated financial statements. The Group recognized RMB92.1 billion of revenues from games and related value-added services for the year ended December 31, 2025. Revenues of certain online games in-game virtual items are recognized ratably over the respective estimated average playing period of paying players in these games. Management considered the average period that players typically play the games and other game player behavior patterns, as well as various other factors, to arrive at the estimated average playing period of the paying players for each game. If a new game was launched and only a limited period of paying player data was available, then management considered other qualitative factors to estimate the average playing period of the paying players for the new game. We focus on this area because the estimation of average playing period of paying players is subject to a high degree of estimation uncertainty. The inherent risk in relation to the estimation of average playing period of paying players is considered significant due to significant judgments involved in determining the average playing period of paying players. These judgments included (i) estimating future players' churn rates based on historical players' churn rates; and (ii) similarities between new games and existing games with sufficient historical data.	We obtained an understanding of management's internal control and assessment process of the estimation of average playing period of paying players, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as subjectivity. We tested, on a sample basis, the effectiveness of controls relating to the key judgments, inputs and assumptions of the estimates of average playing period of paying players for recognition of in-game virtual items revenue. We evaluated, on a sample basis, the appropriateness of methods used by management to develop the estimates of average playing period of paying players for recognition of in-game virtual items revenue. We tested, on a sample basis, the completeness, accuracy and relevance of underlying data used in management's development of the estimates, and checked the mathematical formula used in calculating the historical players' churn rate and estimated average playing period of paying players for recognition of in-game virtual items revenue. We evaluated, on a sample basis, the reasonableness of the significant assumptions used by management including estimating future players' churn rates based on historical players' churn rates and similarities between new games and existing games with sufficient historical data. We found that the significant assumptions adopted and estimations made by management were supported by the evidence we gathered and consistent with our understanding.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of long-term equity investments without readily determinable fair values Refer to notes 2(j) and 9 to the consolidated financial statements. As of December 31, 2025, the Group's consolidated balance of long-term equity investments without readily determinable fair values was RMB8.1 billion. Management conducted impairment tests for these investments periodically, or when events or circumstances indicate that the carrying amount may not be recoverable. Management performed a qualitative assessment of the fair value in comparison to its carrying amount to determine if there is an indication of potential impairment. If such indication exists, management estimated the fair value of the investment, and recorded an impairment to the extent the carrying amount exceeds the fair value. We focused on this area because the impairment assessment of long-term equity investments without readily determinable fair values is subject to high degree of estimation uncertainty. The inherent risk in relation to the impairment assessment of long-term equity investments without readily determinable fair values is considered significant due to significant judgments involved. Management applied significant judgments in the impairment assessment for these equity investments when determining whether any impairment indicators existed during the year, and estimating the impairment amount if an impairment exists.	We obtained an understanding of management's internal control and assessment process of the impairment assessment of long-term equity investments without readily determinable fair values, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as subjectivity. We tested, on a sample basis, the effectiveness of controls relating to management's impairment assessment of long-term equity investments without readily determinable fair values. We tested, on a sample basis, the completeness, accuracy and relevance of underlying data management used to identify the indicators of impairment. We tested, on a sample basis, management's qualitative evaluation as to whether indicators of impairment existed by assessing the evidence considered by management, as well as other relevant market information. We evaluated, on a sample basis, the reasonableness of key estimates used by management in the determination of the impairment amounts, by considering the investee's current and past performances, the consistency with industry and third party data, and whether these estimates were consistent with evidence obtained in other areas of the audit. We found that the significant judgments and key estimates made by management were supported by the evidence we gathered and consistent with our understanding.

Other Information

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

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

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

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

Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with U.S. GAAP, 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 required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Group's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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 substantial doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Tong, Benny Ho Bong.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 15 April 2026

(in thousands except per share data)

	Notes	December 31, 2024 RMB	**December 31, 2025 RMB**	**December 31, 2025 US$ Note 2(q)**
Assets				
Current assets:				
Cash and cash equivalents	*2(f)*	51,383,310	**47,167,904**	**6,744,921**
Time deposits	*2(f)*	75,441,355	**92,639,378**	**13,247,255**
Restricted cash	*2(f)*	3,086,405	**4,319,344**	**617,658**
Accounts receivable, net		5,669,027	**5,337,819**	**763,298**
Inventories	*2(i)*	571,548	**689,183**	**98,552**
Prepayments and other current assets, net	*4*	6,416,868	**7,658,346**	**1,095,128**
Short-term investments	*5*	10,756,143	**22,803,503**	**3,260,858**
Total current assets		153,324,656	**180,615,477**	**25,827,670**
Non-current assets:				
Property, equipment and software, net	*6*	8,520,101	**8,425,327**	**1,204,806**
Land use rights, net	*7*	4,172,465	**4,047,355**	**578,764**
Operating lease right-of-use assets, net	*8*	541,071	**320,298**	**45,802**
Deferred tax assets	*11(c)*	1,113,435	**2,831,423**	**404,888**
Time deposits	*2(f)*	3,025,000	**2,995,000**	**428,279**
Restricted cash	*2(f)*	5,208	**3,893**	**557**
Long-term investments	*9*	20,206,356	**18,462,883**	**2,640,157**
Other long-term assets	*10*	5,083,258	**3,713,404**	**531,009**
Total non-current assets		42,666,894	**40,799,583**	**5,834,262**
Total assets		195,991,550	**221,415,060**	**31,661,932**

Consolidated Balance Sheet

(in thousands except per share data)

	Notes	December 31, 2024 RMB	**December 31, 2025 RMB**	**December 31, 2025 US$ Note 2(q)**
Liabilities, Redeemable noncontrolling interests and Shareholders' equity				
Current liabilities:				
Accounts payable		720,549	**643,164**	**91,971**
Salary and welfare payables		4,683,009	**4,889,708**	**699,219**
Taxes payable	*12*	2,759,185	**3,874,143**	**553,996**
Short-term loans	*13*	11,805,051	**6,384,417**	**912,959**
Contract liabilities	*14*	15,299,222	**20,514,540**	**2,933,540**
Accrued liabilities and other payables	*15*	14,229,032	**15,949,772**	**2,280,787**
Short-term operating lease liabilities	*8*	171,609	**113,212**	**16,189**
Total current liabilities		49,667,657	**52,368,956**	**7,488,661**
Non-current liabilities:				
Deferred tax liabilities	*11(c)*	2,173,117	**2,637,258**	**377,123**
Long-term operating lease liabilities	*8*	412,600	**232,113**	**33,192**
Long-term loans	*16*	427,997	—	—
Other long-term liabilities		816,041	**1,072,724**	**153,397**
Total non-current liabilities		3,829,755	**3,942,095**	**563,712**
Total liabilities		53,497,412	**56,311,051**	**8,052,373**
Commitments and contingencies	*21*			
Redeemable noncontrolling interests		84,272	**91,319**	**13,058**

(in thousands except per share data)

	Notes	December 31, 2024 RMB	**December 31, 2025 RMB**	**December 31, 2025 US$ Note 2(q)**
Shareholders' equity:				
Ordinary shares, US$0.0001 par value: 1,000,300,000,000 shares authorized, 3,219,564,581 shares issued as of December 31, 2024 and 2025; 3,167,959,016 and 3,192,111,251 shares outstanding as of December 31, 2024 and 2025, respectively		2,631	**2,631**	**376**
Additional paid-in capital		9,860,962	**9,837,460**	**1,406,738**
Treasury stock		(4,473,063)	**(1,518,573)**	**(217,153)**
Statutory reserves	*2(u)*	1,954,872	**2,457,371**	**351,400**
Accumulated other comprehensive income/(loss)		1,006,807	**(237,770)**	**(34,001)**
Retained earnings		130,333,397	**149,755,000**	**21,414,680**
NetEase, Inc.'s shareholders' equity		138,685,606	**160,296,119**	**22,922,040**
Noncontrolling interests		3,724,260	**4,716,571**	**674,461**
Total equity		142,409,866	**165,012,690**	**23,596,501**
Total liabilities, redeemable noncontrolling interests and shareholders' equity		195,991,550	**221,415,060**	**31,661,932**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Operations and Comprehensive Income

(in thousands except per share data or per ADS data)

		For the year ended December 31,			
		2023	2024	**2025**	**2025**
	Notes	RMB	RMB	**RMB**	**US$**
					Note 2(q)
Net revenues	*25*	103,468,159	105,295,236	**112,625,807**	**16,105,276**
Cost of revenues	*25*	(40,404,765)	(39,488,152)	**(40,223,939)**	**(5,751,947)**
Gross profit		63,063,394	65,807,084	**72,401,868**	**10,353,329**
Operating expenses:					
Selling and marketing expenses		(13,969,460)	(14,147,657)	**(14,619,702)**	**(2,090,590)**
General and administrative expenses		(4,899,880)	(4,550,625)	**(4,228,189)**	**(604,623)**
Research and development expenses		(16,484,910)	(17,524,812)	**(17,719,110)**	**(2,533,799)**
Total operating expenses		(35,354,250)	(36,223,094)	**(36,567,001)**	**(5,229,012)**
Operating profit		27,709,144	29,583,990	**35,834,867**	**5,124,317**
Other income/(expenses):					
Investment income, net		1,306,722	355,286	**731,511**	**104,605**
Interest income, net		4,120,418	4,920,915	**3,953,486**	**565,341**
Exchange (losses)/gains, net		(132,999)	255,430	**(775,937)**	**(110,958)**
Other, net		1,053,642	602,134	**1,086,543**	**155,374**
Income before tax		34,056,927	35,717,755	**40,830,470**	**5,838,679**
Income tax	*11(a)*	(4,699,704)	(5,461,408)	**(6,032,686)**	**(862,663)**
Net income		29,357,223	30,256,347	**34,797,784**	**4,976,016**
Accretion of redeemable noncontrolling interests		(3,589)	(3,919)	**(4,266)**	**(610)**
Net loss/(income) attributable to noncontrolling interests and redeemable noncontrolling interests		62,918	(554,819)	**(1,033,718)**	**(147,820)**
Net income attributable to the Company's shareholders		29,416,552	29,697,609	**33,759,800**	**4,827,586**

Consolidated Statement of Operations and Comprehensive Income

(in thousands except per share data or per ADS data)

	Notes	For the year ended December 31, 2023 RMB	2024 RMB	**2025 RMB**	**2025 US$ Note 2(q)**
Net income		29,357,223	30,256,347	**34,797,784**	**4,976,016**
Other comprehensive income					
Foreign currency translation adjustment		221,872	424,356	**(1,345,664)**	**(192,427)**
Total comprehensive income		29,579,095	30,680,703	**33,452,120**	**4,783,589**
Comprehensive loss/(income) attributable to noncontrolling interests and redeemable noncontrolling interests		26,040	(589,148)	**(932,631)**	**(133,364)**
Comprehensive income attributable to the Company's shareholders		29,605,135	30,091,555	**32,519,489**	**4,650,225**
Net income per share	*20*				
Basic		9.15	9.28	**10.59**	**1.52**
Diluted		9.05	9.19	**10.48**	**1.50**
Net income per ADS					
Basic		45.73	46.40	**52.97**	**7.58**
Diluted		45.23	45.95	**52.42**	**7.50**
Weighted average number of ordinary shares outstanding, basic	*20*	3,216,475	3,200,453	**3,186,454**	**3,186,454**
Weighted average number of ADS outstanding, basic		643,295	640,091	**637,291**	**637,291**
Weighted average number of ordinary shares outstanding, diluted	*20*	3,252,029	3,230,602	**3,218,174**	**3,218,174**
Weighted average number of ADS outstanding, diluted		650,406	646,120	**643,635**	**643,635**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Shareholders' Equity

(in thousands)

	Ordinary shares Share	Ordinary shares Amount RMB	Additional paid-in capital RMB	Treasury stock Share	Treasury stock Amount RMB	Statutory reserves RMB	Accumulated other comprehensive income/(loss) RMB	Retained earnings RMB	Noncontrolling interests RMB	Total equity RMB
Balance as of December 31, 2022	3,321,276	2,710	22,854,234	(97,652)	(10,910,754)	1,278,666	431,786	91,074,675	4,005,723	108,737,040
Vesting of restricted share units	—	—	(3,007,404)	25,951	3,007,404	—	—	—	—	—
Share-based compensation	—	—	2,913,644	—	—	—	—	—	149,757	3,063,401
Appropriation to statutory reserves	—	—	—	—	—	262,750	—	(262,750)	—	—
Net income/(loss) attributable to the Company and noncontrolling interest shareholders	—	—	—	—	—	—	—	29,420,141	(66,677)	29,353,464
Repurchase of shares	—	—	—	(38,792)	(4,791,014)	—	—	—	—	(4,791,014)
Net change of capital from noncontrolling interest shareholders	—	—	(155,823)	—	—	—	—	—	(471,164)	(626,987)
Reclassification from mezzanine equity to noncontrolling interest shareholders	—	—	—	—	—	—	—	—	30,369	30,369
Dividends to shareholders	—	—	—	—	—	—	—	(8,013,894)	—	(8,013,894)
Foreign currency translation adjustment	—	—	—	—	—	—	184,994	—	36,878	221,872
Accretion of redeemable noncontrolling interests	—	—	—	—	—	—	—	(3,589)	(2,340)	(5,929)
Balance as of December 31, 2023	3,321,276	2,710	22,604,651	(110,493)	(12,694,364)	1,541,416	616,780	112,214,583	3,682,546	127,968,322
Vesting of restricted share units	—	—	(3,297,794)	26,874	3,297,794	—	—	—	—	—
Share-based compensation	—	—	3,554,037	—	—	—	—	—	261,409	3,815,446
Appropriation to statutory reserves	—	—	—	—	—	413,456	—	(413,456)	—	—
Net income attributable to the Company and noncontrolling interest shareholders	—	—	—	—	—	—	—	29,701,528	558,829	30,260,357
Repurchase of shares	—	—	—	(69,698)	(8,742,223)	—	—	—	—	(8,742,223)
Cancellation of repurchased shares	(110,000)	(79)	(13,665,651)	110,000	13,665,730	—	—	—	—	—
Net change of capital from noncontrolling interest shareholders	—	—	665,719	—	—	—	—	—	(844,249)	(178,530)
Reclassification from mezzanine equity to noncontrolling interest shareholders	—	—	—	—	—	—	—	—	33,951	33,951
Dividends to shareholders	—	—	—	—	—	—	—	(11,165,339)	—	(11,165,339)
Foreign currency translation adjustment	—	—	—	—	—	—	390,027	—	34,329	424,356
Accretion of redeemable noncontrolling interests	—	—	—	—	—	—	—	(3,919)	(2,555)	(6,474)
Balance as of December 31, 2024	3,211,276	2,631	9,860,962	(43,317)	(4,473,063)	1,954,872	1,006,807	130,333,397	3,724,260	142,409,866
Vesting of restricted share units	—	—	(3,623,760)	29,040	3,623,760	—	—	—	—	—
Share-based compensation	—	—	3,358,619	—	—	—	—	—	202,179	3,560,798
Appropriation to statutory reserves	—	—	—	—	—	502,499	—	(502,499)	—	—
Net income attributable to the Company and noncontrolling interest shareholders	—	—	—	—	—	—	—	33,764,066	1,033,718	34,797,784
Repurchase of shares	—	—	—	(4,888)	(669,270)	—	—	—	—	(669,270)
Net change of capital from noncontrolling interest shareholders	—	—	241,639	—	—	—	—	—	(139,718)	101,921
Dividends to shareholders	—	—	—	—	—	—	—	(13,835,698)	—	(13,835,698)
Foreign currency translation adjustment	—	—	—	—	—	—	(1,244,577)	—	(101,087)	(1,345,664)
Accretion of redeemable noncontrolling interests	—	—	—	—	—	—	—	(4,266)	(2,781)	(7,047)
Balance as of December 31, 2025	3,211,276	2,631	9,837,460	(19,165)	(1,518,573)	2,457,371	(237,770)	149,755,000	4,716,571	165,012,690

The accompanying notes are an integral part of these consolidated financial statements.

(in thousands)

	For the year ended December 31,			
	2023	2024	**2025**	**2025**
	RMB	RMB	**RMB**	**US$**
				Note 2(q)
Cash flows from operating activities:				
Net income	29,357,223	30,256,347	**34,797,784**	**4,976,016**
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	3,055,260	2,417,894	**2,247,427**	**321,378**
Fair value changes of equity security, other investments and financial instruments	(535,316)	(841,901)	**(1,159,449)**	**(165,799)**
Impairment losses on investments	469,159	1,291,627	**2,724,476**	**389,595**
Share-based compensation cost	3,242,810	3,882,939	**3,647,662**	**521,609**
Allowance for expected credit losses	61,146	68,934	**367,513**	**52,554**
Losses/(gains) on disposal of property, equipment and software	5,676	(4,758)	**(30,286)**	**(4,331)**
Unrealized exchange losses/(gains)	119,935	(719,162)	**688,913**	**98,513**
Gains on disposal of long-term investments, business, subsidiaries and other financial instruments	(63,784)	(272,415)	**(440,913)**	**(63,050)**
Deferred income taxes	131,437	320,726	**(1,254,125)**	**(179,337)**
Share of results on equity method investees and revaluation results from previously held equity interest	(473,947)	155,568	**1,537,721**	**219,891**
Fair value changes of short-term investments	(414,207)	(530,607)	**(1,108,409)**	**(158,500)**
Changes in operating assets and liabilities:				
Accounts receivable	(1,470,374)	716,375	**264,073**	**37,762**
Inventories	296,764	123,780	**(117,634)**	**(16,821)**
Prepayments and other assets	87,556	(809,590)	**100,708**	**14,401**
Accounts payable	(559,419)	91,142	**(71,615)**	**(10,241)**
Salary and welfare payables	(62,917)	(210,918)	**128,573**	**18,386**
Taxes payable	(244,261)	187,788	**1,112,836**	**159,133**
Contract liabilities	1,161,861	2,022,196	**5,435,054**	**777,202**
Accrued liabilities and other payables	1,166,673	1,530,848	**1,869,491**	**267,334**
Net cash provided by operating activities	35,331,275	39,676,813	**50,739,800**	**7,255,695**

Consolidated Statement of Cash Flows

(in thousands)

	For the year ended December 31,			
	2023	2024	**2025**	**2025**
	RMB	RMB	**RMB**	**US$**
				Note 2(q)
Cash flows from investing activities:				
Purchase of property, equipment and software	(2,301,554)	(1,275,400)	**(1,065,376)**	**(152,347)**
Proceeds from sale of property, equipment and software	10,302	14,533	**45,886**	**6,562**
Purchase of intangible assets, content and licensed copyrights	(1,974,323)	(930,988)	**(987,089)**	**(141,151)**
Net changes of short-term investments with terms of three months or less	(1,777,687)	(408,256)	**(6,874,340)**	**(983,017)**
Purchase of short-term investments with terms over three months	—	(8,235,000)	**(21,640,000)**	**(3,094,479)**
Proceeds from maturities of short-term investments with terms over three months	5,378,510	2,853,778	**17,575,388**	**2,513,247**
Investment in equity method investees	(444,557)	(513,397)	**(268,860)**	**(38,446)**
Investment/prepayment for other equity investments and acquisition of subsidiaries	(2,387,129)	(589,629)	**(4,276,863)**	**(611,584)**
Proceeds from disposal of long-term investments, businesses, subsidiaries and other financial instruments	152,564	2,822,585	**3,041,482**	**434,926**
Placement/rollover of matured time deposits	(124,693,598)	(154,792,305)	**(166,696,968)**	**(23,837,349)**
Proceeds from maturities of time deposits	111,417,969	179,377,113	**147,925,757**	**21,153,102**
Change in other long-term assets	(423,928)	(406,632)	**39,639**	**5,668**
Net cash (used in)/provided by investing activities	(17,043,431)	17,916,402	**(33,181,344)**	**(4,744,868)**
Cash flows from financing activities:				
Net changes from short-term loans with terms of three months or less	(13,654,704)	(6,656,988)	**243,636**	**34,840**
Proceeds of loans with terms over three months	13,569,160	13,920,080	**5,552,800**	**794,040**
Payment of loans with terms over three months	(8,219,472)	(14,739,347)	**(11,595,012)**	**(1,658,065)**
Dividends paid to shareholders	(8,013,903)	(11,165,338)	**(13,825,681)**	**(1,977,046)**
Net amounts received related to capital contribution from or repurchase of noncontrolling interests shareholders	86,159	136,006	**103,808**	**14,844**
Net amounts paid for repurchase of NetEase's ADSs/purchase of subsidiaries' ADSs and shares	(5,234,294)	(8,830,115)	**(639,335)**	**(91,424)**
Net cash used in financing activities	(21,467,054)	(27,335,702)	**(20,159,784)**	**(2,882,811)**

(in thousands)

	For the year ended December 31,			
	2023	2024	**2025**	**2025**
	RMB	RMB	**RMB**	**US$**
				Note 2(q)
Effect of exchange rate changes on cash, cash equivalents and restricted cash held in foreign currencies	(202,457)	10,752	**(382,454)**	**(54,690)**
Net (decrease)/increase in cash, cash equivalents and restricted cash	(3,381,667)	30,268,265	**(2,983,782)**	**(426,674)**
Cash, cash equivalents and restricted cash, at the beginning of the year	27,588,325	24,206,658	**54,474,923**	**7,789,810**
Cash, cash equivalents and restricted cash, at end of the year	24,206,658	54,474,923	**51,491,141**	**7,363,136**
Supplemental disclosures of cash flow information:				
Cash paid for income taxes, net	4,895,752	5,189,585	**6,427,207**	**919,078**
Cash paid for interest expenses	779,872	489,622	**387,982**	**55,481**
Supplemental schedule of non-cash investing and financing activities:				
Fixed asset purchases financed by accounts payable and accrued liabilities	1,026,852	1,024,116	**673,296**	**96,280**

The accompanying notes are an integral part of these consolidated financial statements.

1. Organization and Nature of Operations

(a) The Group

NetEase.com, Inc. was incorporated in the Cayman Islands on July 6, 1999 and changed its name to "NetEase, Inc." ("the Company") with effect from March 29, 2012. The Company completed its initial public offering ("IPO") in July 2000 in connection with its listing on the Nasdaq National Market (now the Nasdaq Global Select Market) in the United States of America. In June 2020, the Company successfully listed its ordinary shares on the main board of the Hong Kong Stock Exchange.

As of December 31, 2025, the Company has wholly-owned and majority-owned subsidiaries incorporated in countries and jurisdictions mainly in the People's Republic of China ("PRC" or "China"), the Cayman Islands and the British Virgin Islands ("BVI") and other countries. The Company is also the primary beneficiary of a number of variable interest entities ("VIEs") and consolidates the VIEs for financial reporting. The Company, its subsidiaries and the VIEs are hereinafter collectively referred to as the "Group".

On October 26, 2019, Youdao, Inc. ("Youdao"), one of the Company's majority-controlled subsidiaries completed its IPO on the New York Stock Exchange. In February 2021, Youdao completed a follow-on public offering in the New York Stock Exchange. After Youdao's offerings, the Company continues to control Youdao and consolidates Youdao as its controlling shareholder.

On December 2, 2021, Cloud Village, Inc. ("NetEase Cloud Music"), one of the Company's majority-controlled subsidiaries completed its IPO on the Hong Kong Stock Exchange. After NetEase Cloud Music's offering, the Company continues to control NetEase Cloud Music and consolidates NetEase Cloud Music as its controlling shareholder.

1. Organization and Nature of Operations (Continued)

(a) The Group (Continued)

The major subsidiaries and the VIEs through which the Company conducts its business operations as of December 31, 2025 are described below:

Major Subsidiaries	Place and year of Incorporation
Guangzhou Boguan Telecommunication Technology Co., Ltd. ("Boguan")	Guangzhou, China 2003
NetEase (Hangzhou) Network Co., Ltd. ("NetEase Hangzhou")	Hangzhou, China 2006
Hong Kong NetEase Interactive Entertainment Limited	Hong Kong, China 2007

Major VIEs and VIEs' subsidiaries	Place and year of Incorporation
Guangzhou NetEase Computer System Co., Ltd. ("Guangzhou NetEase")	Guangzhou, China 1997
Hangzhou NetEase Leihuo Technology Co., Ltd. ("Hangzhou Leihuo", formerly known as Hangzhou NetEase Leihuo Network Co., Ltd.)	Hangzhou, China 2009

Guangzhou NetEase was incorporated in June 1997 in China and owned by William Lei Ding, or Mr. Ding, the Company's Chief Executive Officer, director and major shareholder, and another employee of the Group. It is responsible for providing online game and other value-added telecommunication services.

Hangzhou Leihuo was incorporated in April 2009 in China by two employees of the Group and mainly operates the Company's mobile game business.

1. Organization and Nature of Operations (Continued)

(a) The Group (Continued)

The following combined financial information of the VIEs was included in the accompanying consolidated financial statements of the Group as follows (in thousands):

	December 31, 2024 RMB	**December 31, 2025 RMB**
Cash and cash equivalents	1,013,200	**777,174**
Time deposits	70,000	**–**
Restricted cash	3,025,450	**4,258,359**
Accounts receivable, net	3,618,024	**3,247,738**
Inventories	27,335	**19,788**
Prepayments and other current assets, net	2,346,183	**2,261,829**
Short-term investments	413,516	**1,086,364**
Amounts due from Group companies	11,716,452	**17,002,696**
Total current assets	22,230,160	**28,653,948**
Property, equipment and software, net	9,905	**9,667**
Operating lease right-of-use assets, net	35,015	**30,637**
Deferred tax assets	15,191	**63,621**
Restricted cash	3,201	**3,204**
Long-term investments	1,119,963	**946,017**
Other long-term assets	342,065	**113,461**
Total non-current assets	1,525,340	**1,166,607**
Total assets	23,755,500	**29,820,555**
Accounts payable	51,905	**36,138**
Salary and welfare payables	93,859	**92,962**
Taxes payable	139,413	**92,712**
Short-term loans	–	**15,336**
Contract liabilities	13,702,547	**18,577,529**
Accrued liabilities and other payables	4,555,787	**5,900,414**
Short-term operating lease liabilities	18,398	**11,995**
Amounts due to Group companies	2,658,376	**1,868,605**
Total current liabilities	21,220,285	**26,595,691**
Deferred tax liabilities	–	**1,120**
Long-term operating lease liabilities	14,853	**16,320**
Other long-term liabilities	648,623	**866,884**
Total non-current liabilities	663,476	**884,324**
Total liabilities	21,883,761	**27,480,015**

(Amounts expressed in Renminbi ("RMB"), unless otherwise stated)

1. Organization and Nature of Operations (Continued)

(a) The Group (Continued)

	For the year ended December 31,		
	2023	2024	**2025**
	RMB	RMB	**RMB**
Net revenues			
Third-party revenues	90,054,544	90,872,284	**94,880,469**
Intra-Group revenues	734,857	938,100	**1,126,267**
Total net revenues	90,789,401	91,810,384	**96,006,736**
Cost of revenues and operating expenses			
Third-party cost of revenues and operating expenses	(17,468,565)	(18,544,042)	**(19,840,943)**
Intra-Group cost of revenues and operating expenses related to technical consulting and related service	(72,992,568)	(72,698,641)	**(75,453,222)**
Other intra-Group cost of revenues and operating expenses	(23,546)	(155,620)	**(202,769)**
Total cost of revenues and operating expenses	(90,484,679)	(91,398,303)	**(95,496,934)**
Net income	328,357	177,118	**518,906**

(Amounts expressed in Renminbi ("RMB"), unless otherwise stated)

1. Organization and Nature of Operations (Continued)

(a) The Group (Continued)

	For the year ended December 31,		
	2023 RMB	2024 RMB	**2025** **RMB**
Cash flows from operating activities:			
Net cash provided by transactions with third-parties	72,325,460	74,828,624	**82,085,108**
Net cash used in transactions with intra-Group companies related to technical consulting and related service	(73,298,667)	(73,785,893)	**(83,737,036)**
Net cash provided by/(used in) other transactions with intra-Group companies	639,545	(45,054)	**952,161**
Net cash (used in)/provided by operating activities	(333,662)	997,677	**(699,767)**
Cash flows from investing activities:			
Net cash used in transactions with third-parties	(82,645)	(234,760)	**(480,011)**
Net loans (made to)/repaid by intra-Group companies	–	(1,438,000)	**2,273,000**
Net cash (used in)/provided by investing activities	(82,645)	(1,672,760)	**1,792,989**
Cash flows from financing activities:			
Net cash (used in)/provided by transactions with intra-Group companies	(52,839)	229,553	**(110,939)**
Net cash provided by/(used in) transactions with third-parties	15,673	(16,095)	**15,336**
Net cash (used in)/provided by financing activities	(37,166)	213,458	**(95,603)**

In accordance with various contractual agreements, the Company has the power to direct the activities of the VIEs and can have assets transferred out of the VIEs. Therefore, the Company considers that there are no assets in the respective VIEs that can be used only to settle obligations of the respective VIEs, except for the registered capital of the VIEs amounting to approximately RMB642.1 million and RMB641.2 million, respectively, as of December 31, 2024 and 2025, as well as certain non-distributable statutory reserves amounting to approximately RMB104.5 million and RMB130.3 million, respectively, as of December 31, 2024 and 2025. As the respective VIEs are incorporated as limited liability companies under the PRC Company Law, creditors do not have recourse to the general credit of the Company for the liabilities of the respective VIEs.

Currently, there are certain contractual arrangements between the Company and several of VIEs which require the Company to provide additional financial support or guarantees to the VIEs, where necessary.

There is no entity in the Group for which the Company has a variable interest but is not the primary beneficiary as of December 31, 2024 and 2025.

1. Organization and Nature of Operations (Continued)

(b) Nature of operations

The Group generates revenues mainly from providing online game services, tutoring services, sales of smart devices, online music services, live streaming services, advertising services, e-commerce and other fee-based premium services.

The industry in which the Group operates is subject to a number of industry-specific risk factors, including, but not limited to, rapidly changing technologies; government regulations of the Internet, online game, online education, online music, live streaming and e-commerce industry in China; numbers of new entrants; dependence on key individuals; competition of similar services from larger companies; customer preferences; and the need for the continued successful development, marketing and selling of its services.

VIE arrangements with major VIEs

The Group conducts its business mainly in China mainland. The Chinese government regulates Internet access, telecommunications services, the distribution of various information and the provision of commerce through strict business licensing requirements and other governmental regulations, which include, among others, those restricting foreign ownership in Chinese companies providing Internet advertising and other Internet or telecommunications value-added services. To comply with the existing Chinese laws and regulations, the Company and certain of its subsidiaries have entered into a series of contractual arrangements with the major VIEs with respect to the operation of the NetEase websites, operation of in-house developed and licensed PC and mobile games, Internet content and wireless value-added services, as well as the provision of advertising services.

Based on the agreements with these VIEs, certain of the Company's subsidiaries provided technical consulting and related services to these VIEs. The principal agreements that transfer economic benefits of Guangzhou NetEase and Hangzhou Leihuo to the Company and its subsidiaries are:

- Cooperative agreements with Guangzhou NetEase – under these agreements, certain of the Company's subsidiaries, including Boguan and NetEase Hangzhou provide various technical consulting and related services to Guangzhou NetEase in exchange for substantially all of Guangzhou NetEase's net profits.

- Cooperative agreements with Hangzhou Leihuo – under these agreements, certain of the Company's subsidiaries, including NetEase Hangzhou provide various technical consulting and related services to Hangzhou Leihuo in exchange for substantially all of Hangzhou Leihuo's net profits.

Each cooperative agreement will remain in effect indefinitely unless terminated by written notice in accordance with the provisions of each respective agreement or as otherwise required by law.

1. Organization and Nature of Operations (Continued)

(b) Nature of operations (Continued)

VIE arrangements with major VIEs (Continued)

Each VIE, the relevant subsidiary of the Company and the relevant VIE shareholders have entered into a series of agreements that provide the Company with the power to direct the activities that most significantly impact the economic performance of the VIEs and provide the Company with economic benefits of these VIEs and as such the Company is the primary beneficiary and consolidate the VIEs for financial reporting. The principal agreements that provide the Company and its subsidiaries with such power and economic benefits over Guangzhou NetEase are:

- Shareholder Voting Rights Trust Agreement among the VIE shareholders of Guangzhou NetEase and the Company's subsidiary, NetEase Information Technology (Beijing) Co., Ltd. ("NetEase Beijing"). Each of the VIE shareholders irrevocably appoints NetEase Beijing to represent him to exercise all the voting rights to which he is entitled as a shareholder of Guangzhou NetEase. The term of this agreement is 20 years from May 12, 2010.

- Letter of Agreement. Each of the VIE shareholders of Guangzhou NetEase have agreed that any amendments to be made to the agreements to which the Company, NetEase Beijing and/or their respective affiliates is a party, on the one hand, and any of their variable interest entities and/or the shareholders of such entities, on the other hand, shall be subject to the approval by the vote of a majority of the Board of the Company, excluding the vote of Mr. Ding. The VIE shareholders have also agreed that, if any amendments to the above-mentioned agreements require a vote of the shareholders of the Company or Guangzhou NetEase, as applicable, both of them will vote in their capacity as direct or indirect shareholders of these companies to act based upon the instructions of the Company's Board. The term of this agreement is 20 years from May 12, 2010.

- Other Governance Arrangements. The parties have agreed that upon the Company's determination and at any time when NetEase Beijing or its affiliates are able to obtain approval to invest in and operate all or any part of any business operated by Guangzhou NetEase, NetEase Beijing or its affiliates may acquire all or any part of the assets or equity interests of Guangzhou NetEase, to the extent permitted by Chinese law.

The principal agreements that provide the Company and its subsidiaries with such power and economic benefits over Hangzhou Leihuo are:

- Operating Agreement among NetEase Hangzhou, Hangzhou Leihuo and the VIE shareholders of Hangzhou Leihuo. To ensure the successful performance of the various agreements between the parties, Hangzhou Leihuo and its VIE shareholders have agreed that, except for transactions in the ordinary course of business, Hangzhou Leihuo will not enter into any transaction that would materially affect the assets, liabilities, rights or operations of Hangzhou Leihuo without the prior written consent of NetEase Hangzhou. NetEase Hangzhou has also agreed that it will provide performance guarantees and, at NetEase Hangzhou's discretion, guarantee loans for working capital purposes to the extent required by Hangzhou Leihuo for its operations. Furthermore, the VIE shareholders of Hangzhou Leihuo have agreed that, upon instruction from NetEase Hangzhou, they will appoint Hangzhou Leihuo's board members, president, chief financial officer and other senior executive officers. The term of this agreement is 20 years from December 1, 2015 and can be extended with the written consent of NetEase Hangzhou.

1. Organization and Nature of Operations (Continued)

(b) Nature of operations (Continued)

VIE arrangements with major VIEs (Continued)

- Shareholder Voting Rights Trust Agreement among NetEase Hangzhou and the VIE shareholders of Hangzhou Leihuo. Under these agreements, each of the VIE shareholders of Hangzhou Leihuo agreed to irrevocably entrust a person designated by NetEase Hangzhou to represent him to exercise all the voting rights and other shareholders' rights to which he is entitled as a shareholder of Hangzhou Leihuo. Each agreement shall remain effective for as long as the VIE shareholder remains a shareholder of Hangzhou Leihuo unless NetEase Hangzhou unilaterally terminates the agreement by written notice.

- Exclusive Purchase Option Agreements among NetEase Hangzhou, Hangzhou Leihuo and the VIE shareholders of Hangzhou Leihuo. Under the Exclusive Purchase Option Agreements, each of the VIE shareholders has granted NetEase Hangzhou an option to purchase all or a portion of his equity interest in Hangzhou Leihuo at a price equal to the original and any additional paid-in capital paid by the VIE shareholder. In addition, Hangzhou Leihuo has granted NetEase Hangzhou an option to purchase all or a portion of the assets held by Hangzhou Leihuo or its subsidiaries at a price equal to the net book value of such assets. Each of Hangzhou Leihuo and the VIE shareholders of Hangzhou Leihuo agrees not to transfer, mortgage or permit any security interest to be created on any equity interest in or assets of Hangzhou Leihuo without the prior written consent of NetEase Hangzhou. Each Exclusive Purchase Option Agreement shall remain in effect until all of the equity interests in or assets of Hangzhou Leihuo have been acquired by NetEase Hangzhou or its designee or until NetEase Hangzhou unilaterally terminates the agreement by written notice.

The principal agreements amongst the other VIEs, the relevant subsidiaries and VIE shareholders that provide the Company with the power to direct the activities that most significantly impact the economic performance of the VIEs and provide the Company with economic benefits of these VIEs contains substantially the same terms as those aforementioned agreements related to Hangzhou Leihuo, except that contract expiry date varies.

The Company conducts substantially all of its business through the various VIEs discussed above and their subsidiaries, and therefore these companies directly affect the Company's financial performance and cash flows. As discussed below, if the Chinese government determines the VIE agreements do not comply with applicable laws and regulations and requires the Company to restructure its operations entirely or discontinue all or any portion of its business, or if the uncertainties in the PRC legal system limit the Group's ability to enforce these contractual agreements, the Group's business operations will be significantly disrupted and the Group might be unable to consolidate these companies in the future. In the opinion of management, the likelihood of loss in respect of the Group's current ownership structure or the contractual arrangements with the VIEs is remote.

1. Organization and Nature of Operations (Continued)

(b) Nature of operations (Continued)

Risks related to the VIE arrangements

The Company believes that its contractual arrangements with the VIEs are in compliance with PRC law and each party to the VIE Agreements is entitled to assert its rights and obligated to perform its duties in accordance with the terms and conditions of the VIE Agreements thereof and applicable PRC laws and regulations. Mr. Ding, who is the major shareholder of Guangzhou NetEase and certain of the other VIEs, is the largest shareholder of the Company. He therefore has no current interest in seeking to act contrary to the contractual arrangements. However, uncertainties in the PRC legal system could limit the Company's ability to enforce these contractual arrangements and if Mr. Ding were to reduce his interest in the Company, his interests may diverge from that of the Company and that may potentially increase the risk that he would seek to act contrary to the contractual terms, for example by influencing the VIEs not to pay the service fees when required to do so. If the VIEs or their respective shareholder fail to perform their respective obligations under the current contractual arrangements, the Company may have to incur substantial costs and expend significant resources to enforce those arrangements and rely on legal remedies under Chinese laws. Many Chinese laws, rules and regulations are relatively new, and because of the limited volume of published decisions and their non-binding nature, the interpretation and enforcement of these laws, rules and regulations involve uncertainties. These uncertainties may impede the ability of the Company to enforce these contractual arrangements, or cause the Company to suffer significant delay or other obstacles in the process of enforcing these contractual arrangements and may materially and adversely affect the results of operations and the financial position of the Company.

In addition, many Chinese regulations are subject to extensive interpretive powers of governmental agencies and commissions, and there are uncertainties regarding the interpretation and application of current and future Chinese laws and regulations. Accordingly, the Company cannot be assured that Chinese regulatory authorities will not ultimately take a contrary view to its belief and will not take action to prohibit or restrict its business activities. The relevant regulatory authorities would have broad discretion in dealing with any deemed violations which may adversely impact the financial statements, operations and cash flows of the Company (including the restriction on the Company to carry out the business). If the legal structure and contractual arrangements were found to be in violation of any existing PRC laws and regulations, the PRC government could potentially:

- revoke the Group's business and operating licenses;
- require the Group to discontinue or restrict operations;
- restrict the Group's right to collect revenues;
- block the Group's websites;
- require the Group to restructure the operations in such a way as to compel the Group to establish a new enterprise, re-apply for the necessary licenses or relocate the Group's businesses, staff and assets;

1. Organization and Nature of Operations (Continued)

(b) Nature of operations (Continued)

Risks related to the VIE arrangements (Continued)

- impose additional conditions or requirements with which the Group may not be able to comply; or
- take other regulatory or enforcement actions against the Group that could be harmful to the Group's business.

The imposition of any of these penalties may result in a material and adverse effect on the Group's ability to conduct the Group's business. In addition, if the imposition of any of these penalties causes the Group to lose the rights to direct the activities of the VIEs or the right to receive their economic benefits, the Group would no longer be able to consolidate the VIEs. The Group does not believe that any penalties imposed or actions taken by the PRC government would result in the liquidation of the Company, its subsidiaries or the VIEs. The Company believes the possibility that it will no longer be able to consolidate the VIEs as a result of the aforementioned risks and uncertainties is remote.

2. Principal Accounting Policies

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries and the VIEs for which the Company is the primary beneficiary with the ownership interests of minority shareholders reported as noncontrolling interests. All significant transactions and balances among the Company, its subsidiaries and the VIEs have been eliminated upon consolidation. The Company consolidates a VIE if the Company has the power to direct matters that most significantly impact the activities of the VIE, and has the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE.

(b) Basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the balance sheet dates and the reported amounts of revenues and expenses during the reporting periods. Actual results might differ from those estimates. Critical accounting estimates and assumptions include, but are not limited to, assessing the following: revenues for in-game virtual items over the estimated average playing period of paying players and impairment of long-term investments.

2. Principal Accounting Policies (Continued)

(c) Revenue recognition

Revenues from contracts with customers are recognized when control of the promised goods or services is transferred to the Group's customers, in an amount that reflects the consideration the Group expects to be entitled to in exchange for those goods or services, reduced by estimates for return allowances, promotional discounts, rebates and Value Added Tax ("VAT").

The recognition of revenues involves certain management judgments, including estimated average playing period of the paying players for the permanent life in-game virtual items, and return allowance for goods sold. The amount and timing of the Group's revenues could be different if management made different judgments or utilized different estimates.

The Group's revenues are mainly generated from online game services, tutoring services, sale of smart devices, online music services, live streaming services, advertising services, e-commerce and other fee-based premium services. Refer to Note 25 for disaggregation of revenue.

(i) Online game services

The Group operates various online games. The Group is the principal of substantially all games it operates, including both in-house developed games and licensed games. As these games are hosted on the Group's servers, the Group has the pricing discretion, and is responsible for the sale and marketing of the games as well as customer services. Fees paid to game developers, app stores and payment platforms are recorded as cost of revenues.

The Group generates online game services revenues from the sale of in-game virtual items, and other fee-based premium services. Proceeds received from the sales of in-game virtual items and other fee-based premium services are recorded as contract liabilities.

The Group's performance obligation is to provide on-going game services to players who purchased in-game virtual items and other fee-based premium services to gain an enhanced game-playing experience.

The Group earns revenue through providing online game services to players mainly under two types of revenue models: time-based revenue model and item-based revenue model. For those games using the time-based model, players are charged based on the time they spend playing games. Revenues are recognized ratably over the game playing period as the performance obligations are satisfied. Under the item-based model, the basic game play functions are free of charge, and players are charged for purchases of in-game virtual items. In-game virtual items have different life patterns: one-time use, limited life and permanent life. Revenues from the sales of one-time use in-game virtual items are recognized upon consumption. Limited life items are either limited by the times of uses (for example, 10 times) or limited by time (for example, three months). Revenues from the sales of limited life in-game virtual items are recognized ratably based on the extent of time passed or expired or the times used. Players are allowed to use permanent life in-game virtual items without any use or time limits. Revenues from the sales of permanent life in-game virtual items are recognized ratably over the estimated average playing period of the paying players.

2. Principal Accounting Policies (Continued)

(c) Revenue recognition (Continued)

(i) Online game services (Continued)

The Group considers the average period that players typically play the games and other game player behavior patterns, as well as various other factors to arrive at the best estimates for the estimated average playing period of the paying players for the permanent life in-game virtual items of each online game based on historical players' churn rate. This estimate is re-assessed on a quarterly basis. If a new game is launched and only a limited period of paying player data is available, then the Group considers other qualitative factors. While the Group believes its estimates to be reasonable based on available game player information, the Group may revise such estimates based on new information indicating a change in the game player behavior patterns and any adjustments are applied prospectively.

The estimated average playing period for each period presented ranged from 1 to 12 months for online games.

(ii) Tutoring services

The Group offers various types of integrated learning services through Youdao, which primarily cover a wide spectrum of topics and target people from broad age groups through its diverse offerings of tutoring courses and digital learning contents, foreign languages, professional and interest education services as well as IT computer skills, etc. Youdao's tutoring courses consist of online live streaming and other activities during the online live streaming period, as well as the content playback service. The aforementioned services are highly interdependent and interrelated in the context of the contract and are only considered accessory services to the online live streaming courses and therefore are not distinct and are not sold standalone. Therefore, the Group's tutoring courses are accounted for as a single performance obligation, which is satisfied over the learning period of the students. Accordingly, the Group recognizes the revenues ratably over the estimated average learning period for different courses. The Group considers the average period that students typically spend time on the courses and other learning behavior patterns to arrive at the best estimates for the estimated learning period for each course based on the estimated learning time customers spend on the courses and the expected number of times customers will take the courses.

The Group also offers digital learning contents to customers which are delivered together with online live streaming courses and customized planning services. The customers can either stream the digital learning contents online or download and watch them offline. The downloadable digital learning contents, streaming services, online live streaming courses and customized planning services are considered as distinct performance obligations in the contract. The transaction price is generally collected in advance and allocated to each performance obligation in the contract based on the relative standalone selling prices. The Group recognizes the revenues of downloadable digital learning contents as the performance obligation is satisfied upon the time of delivery. The revenues of streaming services and customized planning services are recognized ratably over the service period. For online live streaming courses, the revenues are recognized ratably over the estimated average learning period.

2. Principal Accounting Policies (Continued)

(c) Revenue recognition (Continued)

(iii) Smart devices

The Group sells smart devices such as Youdao Dictionary Pen, Youdao Tutoring Pen, and Youdao Listening Pod to customers through retailers or distributors. The Group recognizes revenues when control of the goods is transferred to the customer, which generally occurs upon the delivery to the end customers or upon the delivery to distributors.

(iv) Online music services

The Group offers online music services through NetEase Cloud Music, which mainly include membership subscriptions, sales of digital music album and songs and contents sublicensing on the Group's online platforms.

The Group offers users membership subscription packages which entitled paying subscriber access to the Group's relevant music contents and other privileged features on its platforms. The subscription fees for these packages are primarily time-based mainly from weekly to yearly and is collected upfront. The receipt of subscription fees is initially recognized as contract liabilities. The Group satisfies its performance obligations throughout the subscription period and revenue from the membership subscriptions is recognized over time.

The Group also offers users to purchase exclusive digital music albums and songs which can listen both online and offline. The Group considers that the control has been transferred to customer at time of purchase. As a result, the performance obligation is satisfied and revenue is recognized at a point in time.

The Group sublicenses certain of its music contents to other music platforms for a fixed period of one to three years, which generally falls within the original license period. The Group determines sublicense of contents as a single performance obligation, and the revenue from sublicensing of contents is recognized over time throughout the sublicense period.

(v) Live streaming services

The Group operates live streaming platforms mainly through NetEase Cloud Music whereby users can enjoy live performances provided by the live streaming performers and interact with them on a real time basis free of charge. The Group sells virtual items to users at pre-determined price so that the users gift them to live streaming performers to show their support and appreciation. The virtual items sold by the Group comprise of either (i) consumable items or (ii) time-based item, such as privilege titles etc. Under the arrangements with the live streaming performers, the Group shares with them a portion of the revenues derived from the sales of virtual items. Revenues derived from the sale of virtual items are recorded on a gross basis as the Group acts as the principal to fulfill all obligations related to the sale of virtual items. Accordingly, revenue is recognized when the virtual item is delivered and consumed if the virtual item is a consumable item or, in the case of time-based virtual item, recognized ratably over the period each virtual item is made available to the user.

2. Principal Accounting Policies (Continued)

(c) Revenue recognition (Continued)

(vi) Advertising services

The Group derives its advertising revenues principally from short-term online advertising contracts. Advertising service contracts may consist of multiple performance obligations with a typical term of less than three months. In arrangements where the Group has multiple performance obligations, the transaction price is allocated to each performance obligation using the relative stand-alone selling price. The Group generally determines standalone selling prices based on the prices charged to customers. If the performance obligation has not been sold separately, the Group estimates the standalone selling price by taking into consideration of the pricing for advertising areas of the Group's platform with a similar popularities and advertisements with similar formats and quoted prices from competitors as well as other market conditions. Considerations allocated to each performance obligation is recognized as revenue over the advertisement display period, which is usually within three months.

The Group also enters into performance-based advertising arrangements with customers. For example, cost per mille ("CPM") or cost-per-click ("CPC") advertising arrangements with customers, the Group recognizes revenues based on the number of times that the advertisement has been displayed or the number of actions completed resulted from the advertisements, respectively.

Certain customers may receive volume rebates, which are accounted for as variable consideration. The Group estimates annual expected rebate volume with reference to their historical results and reduce revenues recognized.

(vii) E-commerce

The Group's e-commerce revenue is primarily from its private label consumer lifestyle brand Yanxuan. Yanxuan sells its private label products, including pet supplies, home cleaning products, bedding and other categories which mainly source directly from some excellent manufacturers. The Group is the principal for the online direct sales, as it controls the inventory before they are transferred to customers. The Group has the primary responsibility for fulfilling the contracts, bears the inventory risk, and has sole discretion in establishing the prices. E-commerce revenues from online direct sales are recognized when control of the goods is transferred to the customer, which generally occurs upon delivery to the customer. The Group also provides discount coupons to its customers for use in purchases, which are treated as a reduction of revenue when the related transaction is recognized.

Return allowances, which reduce revenue and cost of sales, are estimated using historical experience. Liabilities for return allowances and rights to recover products from customers associated with the Group's liabilities are recorded as "Accrued liabilities and other payables" and "Inventories", respectively, on the Group's consolidated balance sheet. Both of the balances are not material as of December 31, 2024 and 2025.

2. Principal Accounting Policies (Continued)

(c) Revenue recognition (Continued)

(viii) Fee-based premium services

Fee-based premium services revenues, mostly operated on either consumption-basis or a monthly subscription basis, are derived principally from providing innovative businesses. Prepaid subscription fees collected from customers are deferred and are recognized as revenue on a straight-line basis by the Group over the subscription period, during which customers can access the premium online services provided by the Group. Fees collected from customer to be consumed to purchase online services are recognized as revenue when related services are rendered.

Practical expedients

The Group has used the following practical expedients as allowed under ASC 606:

(i) The effects of a significant financing component have not been adjusted for contracts which the Group expects, at contract inception, that the period between when the Group transfers a promised good or service to the customer and when the customer pays for that good or service will be one year or less.

(ii) The Group applied the portfolio approach in determining the commencement date of consumption of permanent life in-game virtual items and the estimated average playing period of paying players for mobile, PC and cross-platform games for the recognition of online game revenue given that the effect of applying a portfolio approach to a group game players' behaviors would not differ materially from considering each one of them individually.

(iii) The Group elects to expense certain costs to obtain a contract as incurred when the expected amortization period is one year or less.

2. Principal Accounting Policies (Continued)

(c) Revenue recognition (Continued)

Contract balances

Timing of revenue recognition may differ from the timing of invoicing to customers. Accounts receivable represent amounts invoiced and revenue recognized prior to invoicing, when the Group has satisfied its performance obligations and has the unconditional right to payment.

The Group's right to consideration in exchange for goods or services that the Group has transferred to a customer is recognized as a contract asset.

Contract assets as of December 31, 2024 and 2025 were not material.

A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. Refer to Note 14 for further information, including changes in contract liabilities during the year.

(d) Cost of revenues

Cost of revenues consist primarily of revenue sharing cost, staff-related costs, royalty fees related to licensed games, content acquisition cost, service fees related to online payments, server and bandwidth service fee, depreciation and amortization of servers, computers and software, and other direct costs of providing these services, as well as cost of merchandise sold. These costs are charged to the consolidated statement of operations and comprehensive income as incurred.

(e) Research and development costs

Research and development costs mainly consist of staff-related costs and technology service costs incurred for the development of online games and other products.

Software development costs for software to be sold, leased or otherwise marketed are charged to research and development expense until technological feasibility is established. The technological feasibility is not established until substantially all product development and testing is complete, and the period after the date technical feasibility is reached and the time when the software marketed was short historically. The Group's software development costs qualifying for capitalization has been immaterial for the years ended December 31, 2023, 2024 and 2025.

2. Principal Accounting Policies (Continued)

(f) Cash, cash equivalents and time deposits

Cash and cash equivalents mainly represent cash on hand, demand deposits and time deposits with original maturities less than three months placed with large reputable banks in China. As of December 31, 2024 and 2025, there were cash and cash equivalent denominated in U.S. dollars amounting to approximately US$2.8 billion and US$1.9 billion, respectively (equivalent to approximately RMB20.3 billion and RMB13.4 billion, respectively).

Time deposits represent time deposits placed with banks with original maturities of three months or more. As of December 31, 2024 and 2025, there were time deposits denominated in U.S. dollars amounting to approximately US$9.3 billion and US$9.9 billion, respectively (equivalent to approximately RMB67.2 billion and RMB69.6 billion, respectively).

As of December 31, 2024 and 2025, the Group had approximately RMB41.1 billion and RMB39.7 billion cash and cash equivalents and time deposits held by its subsidiaries and the VIEs in China mainland, representing 31.7% and 27.8% of total cash and cash equivalents and time deposits of the Group, respectively.

As of December 31, 2024 and 2025, the Group had a restricted cash balance approximately RMB3.1 billion and RMB4.3 billion, respectively, comprising as follows (in millions):

	December 31, 2024 RMB	**December 31, 2025 RMB**
Customer deposit of NetEase Pay accounts	2,989.7	**4,223.1**
Others	101.9	**100.1**
Total	3,091.6	**4,323.2**

The Group had no other material lien arrangements during 2024 and 2025.

2. Principal Accounting Policies (Continued)

(g) Receivables, net

The Group's receivables are subject to the measurement of credit losses within the scope of ASC Topic 326. The impact of this standard was immaterial to the Company.

The Group's accounts receivable, other receivables recorded in prepayments and other current assets and other long-term receivables recorded in other long-term assets are within the scope of ASC Topic 326. Accounts receivable consist primarily of receivables from mobile games services, online music services and advertising services.

To estimate expected credit losses, the Group has identified the relevant risk characteristics of its customers and the related receivables and other receivables which include size, type of the services or the products the Group provides, or a combination of these characteristics. Receivables with similar risk characteristics have been grouped into pools. For each pool, the Group considers the past collection experience, current economic conditions, future economic conditions (external data and macroeconomic factors) and changes in the Group's customer collection trends. This is assessed at each quarter based on the Group's specific facts and circumstances.

The following table sets out the movements of the allowance for expected credit losses for the years ended December 31, 2023, 2024 and 2025 (in thousands):

	For the year ended December 31,		
	2023	2024	**2025**
	RMB	RMB	**RMB**
Balance at the beginning of year	403,360	448,562	**689,428**
Provisions	61,146	256,039	**367,410**
Write-offs	(15,944)	(15,173)	**(24,966)**
Balance at the end of year	448,562	689,428	**1,031,872**

2. Principal Accounting Policies (Continued)

(h) Fair value of financial instruments

Accounting guidance defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Group considers the principal or most advantageous market in which it would transact and it considers assumptions that market participants would use when pricing the asset or liability.

Accounting guidance establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Accounting guidance establishes three levels of inputs that may be used to measure fair value:

Level 1	–	Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets
Level 2	–	Include other inputs that are directly or indirectly observable in the marketplace
Level 3	–	Unobservable inputs which are supported by little or no market activity

The Group's financial instruments include cash and cash equivalents and time deposits, restricted cash, accounts receivable, prepayments and other current assets, short-term investments, accounts payable, short-term loans and accrued liabilities and other payables, which the carrying values approximate their fair value. Please see Note 26 for additional information.

(i) Inventories

Inventories mainly represent products for the Group's e-commerce business, are stated at the lower of cost or net realizable value in the consolidated balance sheet. Cost of inventory is determined using the weighted average cost method. Adjustments are recorded to write down the cost of inventory to the estimated net realizable value due to slow-moving merchandise and damaged goods, which is dependent upon factors such as historical and forecasted consumer demand, and promotional environment. The Group takes ownership, risks and rewards of the products purchased. Write downs are recorded in "Cost of revenues" in the consolidated statement of operations and comprehensive income. Certain costs attributable to buying and receiving products, such as purchase freights, are also included in inventories.

2. Principal Accounting Policies (Continued)

(j) Investments

Short-term investments

Short-term investments include investments in financial instruments with a variable interest rate indexed to performance of underlying assets, all of which are with an original maturity of equal to or less than 12 months.

In accordance with ASC 825, for investments in financial instruments with a variable interest rate indexed to performance of underlying assets, the Group elected the fair value method at the date of initial recognition and carried these investments at fair value. Changes in the fair value are reflected in the consolidated statement of operations and comprehensive income as "Other income/(expense)". Fair value is estimated based on quoted prices of similar products provided by banks at the end of each period. The Group classifies the valuation techniques that use these inputs as Level 2 of fair value measurements. Please see Note 5 and Note 26 for additional information.

Long-term investments

Long-term investments are mainly comprised of equity investments in publicly traded companies, privately-held companies and limited-partnership.

Equity investments in publicly traded companies are reported at fair value as equity investment with readily determinable fair value. Unrealized gains and losses for the years ended December 31, 2023, 2024 and 2025 are recognized in "Other income/(expense)".

For investments in common stock or in-substance common stock issued by privately-held companies on which the Group does not have significant influence, and investments in privately-held companies' shares that are not common stocks or in-substance common stocks, as these equity securities do not have readily determinable fair value, the Group measure these equity securities investments at cost, less impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer (referred to as the measurement alternative). All gains and losses on these equity securities without readily determinable fair value, realized and unrealized, are recognized in "Other income/(expense)".

Investments in common stock or in-substance common stock of investees and limited-partnership investments in which the Group is in a position to exercise significant influence by participating in, but not controlling or jointly controlling, the financial and operating policies are accounted for using the equity method.

2. Principal Accounting Policies (Continued)

(j) Investments (Continued)

Long-term investments (Continued)

Management regularly evaluates the impairment of the investments in privately-held companies without readily determinable fair value and equity method investments periodically, or when events or circumstances indicate that the carrying amount may not be recoverable. For investments without readily determinable fair values, management performs a qualitative assessment of the fair value of the equity interest in comparison to its carrying amount to determine if there is an indication of potential impairment. If such indication exists, management estimates the fair value of the investment, and records an impairment in the consolidated statement of operations and comprehensive income to the extent the carrying amount exceeds the fair value. Management applies significant judgments in the impairment assessment for these equity investments when: (i) determining as to whether any impairment indicators exist during the year; (ii) estimating the impairment amount if an impairment exists; and (iii) making the judgments as to whether a decline in value of equity method investments was other than temporary. These judgments consider various factors and events including: a) significant deterioration in the earnings performance, credit rating, asset quality, or business prospects of the investees; b) significant adverse change in the regulatory, economic, or technological environment of the investees; c) significant adverse change in the general market condition of either the geographical area or the industry in which the investees operate; d) bona fide offer to purchase, an offer by the investee to sell, or a completed auction process for the same or similar investment for an amount less than the carrying amount of that investment; e) factors that raise significant concerns about the investees' ability to continue as a going concern; f) factors that raise significant concerns about the performance of new products and g) valuation methods and key estimates in the determination of the impairment amounts based on the severity and duration of the impairment indicator and the existence of any positive or mitigating factors. For equity method investments, management considers if the investment is impaired when events or circumstances suggest the carrying amount may not be recoverable, and recognizes any impairment charge in the consolidated statement of operations and comprehensive income for a decline in value that is determined to be other than temporary.

(k) Leases

The Group adopted ASU 2016-02, "Leases (Topic 842)", including certain transitional guidance and subsequent amendments within ASU 2018-01, ASU 2018-10, ASU 2018-11, ASU 2018-20 and ASU 2019-01 (collectively, including ASU 2016-02, "ASC 842").

Leases that transfer substantially all of the benefits and risks incidental to the ownership of assets are accounted for as finance leases as if there was an acquisition of an asset and incurrence of an obligation at the inception of the lease. All other leases are accounted for as operating leases. As of December 31, 2024 and 2025, the Group has no material finance leases.

(Amounts expressed in Renminbi ("RMB"), unless otherwise stated)

2. Principal Accounting Policies (Continued)

(k) Leases (Continued)

Under ASC 842, the Group determines if an arrangement is a lease at inception. The Group is the lessee in a lease contract when the Group obtains the right to control the asset. Operating leases are included in operating lease right-of-use ("ROU") assets, and short-term and long-term operating lease liabilities in the Group's consolidated balance sheet. ROU assets represent the Group's right to use an underlying asset for the lease term and lease liabilities represent the Group's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Group's leases do not provide an implicit rate, the Group generally uses its incremental borrowing rate based on the estimated rate of interest for collateralized borrowing over a similar term of the lease payments at commencement date. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Lease expense is recognized on a straight-line basis over the lease term.

For leases with a term of twelve months or less ("short-term leases"), the Group has elected not to recognize lease liabilities and associated ROU assets. Lease payments on short-term leases are recognized as lease expense within cost of revenues or operating expenses on the consolidated statement of operations and comprehensive income, depending on the nature of the lease, on a straight-line basis over the lease term.

(l) Property, equipment and software

Property, equipment and software are stated at cost less accumulated depreciation. Depreciation is calculated on the straight-line basis over the following estimated useful lives, taking into account any estimated residual value:

Building	20-30 years
Decoration	5 years
Leasehold improvements	lesser of the term of the lease and the estimated useful lives of the assets
Furniture, fixtures, office and other equipment	3-20 years
Vehicles	5 years
Servers and computers	3-5 years
Software	3-5 years

Repairs and maintenance expenditures, which are not considered improvements and do not extend the useful life of the property and equipment, are expensed as incurred.

(m) Land use rights

Land use rights represent lease prepayments to the local government authorities. Upon the adoption of ASC 842 on January 1, 2019, land use rights, net were identified as operating lease right-of-use assets, which is separately disclosed as "Land use rights, net" in the Group's consolidated balance sheet. Accordingly, the Group disclosed the cash used for obtaining the land use rights in operating cash flow activities for the years ended December 31, 2023, 2024 and 2025.

2. Principal Accounting Policies (Continued)

(n) Intangible assets

Finite-lived intangible assets are tested for impairment if impairment indicators arise. The Group amortizes its finite-lived intangible assets, which primarily comprise license rights, on a straight-line basis over their estimated useful lives or license period.

The Group obtains music content for customers through licensing agreements. When the license fee for music title is determinable or reasonably estimable, the content is available for streaming and the Group has a binding obligation for the payment, the Group recognizes an asset representing the fee and a corresponding liability for the amounts owed. The Group relieves the liability as payments are made and the Group amortizes the asset to "Cost of revenues" on a straight-line basis over the term of the respective licensing agreements.

Intangible assets and other long-term assets are tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. When these events occur, the Group evaluates the impairment for intangible assets and other long-term assets by comparing the carrying amount of the assets to an estimate of future undiscounted cash flows expected to be generated from the use of the assets and their eventual disposition. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the assets, the Group recognizes an impairment loss based on the excess of the carrying amount of the assets over the fair value of the assets.

(o) Goodwill

Goodwill represents the excess of the purchase consideration over the fair value of the identifiable assets and liabilities acquired as a result of the Group's acquisitions of interests in its subsidiaries and consolidated VIEs. The Group allocates goodwill to reporting units based on the reporting unit expected to benefit from the business combination. Goodwill is tested for impairment at the reporting unit level on an annual basis, or more frequently if events occur or circumstances change that indicate that it is more likely than not the fair value of a reporting unit would be below its carrying value. A goodwill impairment loss, if any, shall be measured as the amount by which the carrying amount of the reporting unit including goodwill exceeds its fair value, limited to the total carrying amount of goodwill allocated to that reporting unit.

Application of the goodwill impairment test requires judgment, including the identification of reporting units, assignment of assets and liabilities to reporting units, assignment of goodwill to reporting units, and determination of the fair value of each reporting unit. The fair value of each reporting unit is estimated primarily through the use of a discounted cash flow methodology. This analysis requires significant judgments, including estimation of future cash flows, which is dependent on internal forecasts, estimation of the growth rate for business, estimation of the useful life over which cash flows will occur, and determination of weighted average cost of capital. Changes in these estimates and assumptions could materially affect the determination of fair value and goodwill impairment for each reporting unit.

2. Principal Accounting Policies (Continued)

(p) Advertising and promotional expenses

The Group expenses advertising and promotional costs as incurred and reports these costs under selling and marketing expense. Advertising and promotional expenses totaled approximately RMB10.4 billion, RMB10.9 billion and RMB11.4 billion (US$1.6 billion) for the years ended December 31, 2023, 2024, and 2025, respectively.

(q) Foreign currency translation

The Group's reporting currency is RMB. The Company and its subsidiaries and the VIEs, with an exception of many overseas subsidiaries, use RMB as their functional currency. Several of the Company's overseas subsidiaries used US$ or their respective local currencies as their functional currency. The determination of the respective functional currency is based on the criteria of ASC 830, Foreign Currency Matters.

Transactions in currencies other than the functional currency are measured and recorded in the functional currency using the exchange rate in effect at the date of the transaction. At the balance sheet date, monetary assets and liabilities that are denominated in currencies other than the functional currency are translated into the functional currency using the exchange rate at the balance sheet date. The resulting exchange differences are included in the consolidated statement of operations and comprehensive income.

Assets and liabilities of the Group companies are translated from their respective functional currencies to the reporting currency at the exchange rates at the balance sheet dates, equity accounts are translated at historical exchange rates and revenues and expenses are translated at the average exchange rates in effect during the reporting period. The exchange differences for the translation of Group companies with non-RMB functional currency into the RMB functional currency are included in foreign currency translation adjustments, which is a separate component of shareholders' equity on the consolidated financial statements.

Translations of amounts from RMB into United States dollars for the convenience of the reader were calculated at the noon buying rate of US$1.00 = RMB6.9931 on the last trading day of 2025 (December 31, 2025) as set forth in the H.10 statistical release of the U.S. Federal Reserve Board. No representation is made that the RMB amounts could have been, or could be, converted into United States dollars at such rate.

2. Principal Accounting Policies (Continued)

(r) Share-based compensation

Under its 2009 Restricted Share Unit Plan and 2019 Restricted Share Unit Plan (see Note 19(a)), the Company issues restricted share units (RSUs) to its employees, directors and consultants with performance conditions and service vesting periods ranging from one year to five years. At each reporting period, the Company evaluates the likelihood of performance conditions being met. Share-based compensation costs are then recorded for the number of RSUs expected to vest on a graded-vesting basis, net of estimated forfeitures, over the requisite service period. The compensation cost of the RSUs to be settled in stock is measured based on the fair value of stock when all conditions to establish the grant date have been met.

Effective February 22, 2023, the Board of Directors of the Company amended and restated the 2019 Restricted Share Unit Plan to permit the grant of stock option awards thereunder as an additional award type and to make certain other ministerial and administrative changes and renamed it the NetEase, Inc. Amended and Restated 2019 Share Incentive Plan (the "Amended and Restated 2019 Plan").

The Company records share-based compensation to the consolidated statement of operations and comprehensive income with the corresponding credit to the additional paid-in-capital for share options and RSUs to the extent that such awards are to be settled only in stock.

Certain subsidiaries of the Company granted options exercisable for ordinary shares and RSUs to certain of the Group's employees. The options expire four to seven years from the date of grant and either vest or have a vesting commencement date upon certain conditions being met ("Vesting Commencement Date"). The Group adopts the binomial option pricing model to determine the fair value of stock options and RSUs are measured at the fair market value of the shares on the grant date and accounts for share-based compensation cost using an estimated forfeiture rate.

Forfeitures were estimated based on the Group's weighted average historical forfeiture rate of the last five years. Differences between actual and estimated forfeitures are expensed in the period that the differences occur. See Note 19 for further information regarding share-based compensation assumptions and expense.

2. Principal Accounting Policies (Continued)

(s) Taxation

Income tax expense is recognized in accordance with the laws of the relevant taxing authorities, with deferred taxes being provided for temporary differences between amounts of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws. Tax rate changes are reflected in income during the period the changes are enacted.

A deferred income tax asset or liability is computed for the expected future impact of differences between the financial reporting and tax bases of assets and liabilities as well as the expected future tax benefit to be derived from tax loss and tax credit carry forwards.

On March 16, 2007, the National People's Congress of PRC enacted the Enterprise Income Tax ("EIT") Law which imposes a withholding income tax of 10% on dividends distributed by an enterprise in China mainland to its non-resident enterprise investors. A lower withholding income tax rate of 5% is applied if the non-resident enterprise investor is registered in Hong Kong with at least 25% equity interest in the enterprise in China mainland and meets the relevant conditions or requirements pursuant to the tax arrangement between China mainland and Hong Kong.

Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount "more likely than not" to be realized in future tax returns.

For a particular tax-paying component of an enterprise and within a particular tax jurisdiction, all deferred tax assets and liabilities are offset and presented as a single amount. The Group does not offset deferred tax assets and liabilities attributable to different tax-paying components of the enterprise or to different tax jurisdictions.

The Group reports tax-related interest expense and penalty in "Other, net" in the consolidated statement of operations and comprehensive income, if there is any. The Group did not incur any material penalty or interest payments in connection with tax positions during the years ended December 31, 2023, 2024 and 2025.

The Group did not have any significant unrecognized uncertain tax positions as of December 31, 2024 and 2025.

In order to assess uncertain tax positions, the Group applies a more likely than not threshold and a two-step approach for the tax position measurement and financial statement recognition. Under the two-step approach, the first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement.

2. Principal Accounting Policies (Continued)

(t) Net earnings per share ("EPS") and per American Depositary Share ("ADS")

Basic earnings per share is computed on the basis of the weighted-average number of ordinary shares outstanding during the period under measurement. Diluted earnings per share are based on the weighted-average number of ordinary shares outstanding and potential ordinary shares. Potential ordinary shares result from the assumed exercise of outstanding stock options, RSUs or other potentially dilutive equity instruments, when they are dilutive under the treasury stock method or the if-converted method.

(u) Statutory reserves

The Company's subsidiaries and the VIEs incorporated in China mainland are required to make appropriations to certain non-distributable statutory reserves. Such subsidiaries and the VIEs, in accordance with the China Company Laws, must make appropriations from their after-tax profit as reported in their statutory accounts to non-distributable statutory reserves including (i) statutory surplus fund and (ii) discretionary surplus fund. The appropriation to the statutory surplus fund is at least 10% of the after-tax profits as reported in their statutory accounts. Appropriation is not required if the statutory surplus fund has reached 50% of the registered capital of the respective company. Appropriation to the discretionary surplus fund is made at the discretion of the board of directors of the respective companies.

The statutory surplus fund is restricted to set off against losses, expansion of production and operation or increase in the registered capital of the respective companies. Upon approval by the board of directors, the discretionary surplus can be used to offset accumulated losses or to increase capital.

2. Principal Accounting Policies (Continued)

(v) Business combination

The Group accounts for its business combinations using the acquisition method of accounting in accordance with ASC 805, Business Combinations. The cost of an acquisition is measured as the aggregate of the acquisition date fair values of the assets transferred and liabilities assumed by the Group to the sellers and equity instruments issued. Transaction costs directly attributable to the acquisition are expensed as incurred. Identifiable assets and liabilities acquired or assumed are measured separately at their fair values as of the acquisition date, irrespective of the extent of any noncontrolling interests. The excess of (i) the total costs of acquisition, fair value of the noncontrolling interests and acquisition date fair value of any previously held equity interest in the acquiree over (ii) the fair value of the identifiable net assets of the acquiree is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statement of operations and comprehensive income. During the measurement period, which can be up to one year from the acquisition date, the Group may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded on the consolidated statement of operations and comprehensive income.

In a business combination achieved in stages, the Group re-measures the previously held equity interests in the acquiree when obtaining control at its acquisition date fair value and the re-measurement gain or loss, if any, is recognized on the consolidated statement of operations and comprehensive income.

When there is a change in ownership interests or a change in contractual arrangements that results in a loss of control of a subsidiary, the Company deconsolidates the subsidiary from the date control is lost. Any retained noncontrolling investment in the former subsidiary is measured at fair value and is included in the calculation of the gain or loss upon deconsolidation of the subsidiary.

(w) Noncontrolling interests and redeemable noncontrolling interests

Noncontrolling interests are recognized to reflect the portion of the equity of majority-owned subsidiaries and the VIEs which is not attributable, directly or indirectly, to the controlling shareholder.

The noncontrolling interest will continue to be attributed its share of losses even if that attribution results in a deficit noncontrolling interest balance.

Redeemable noncontrolling interests represent redeemable equity interests issued by the Group's subsidiaries to certain investors, and have been classified as mezzanine classified noncontrolling interests in the consolidated financial statements as these redeemable interests are contingently redeemable upon the occurrence of certain conditional events, which is not solely within the control of the Group. The Group accreted the redeemable equity interests to their redemption value, which is purchase price plus interest per year over the period since issuance to the earliest redemption date. The accretions were recorded against retained earnings, or in the absence of retained earnings, by charges against additional paid-in capital. Once additional paid-in capital had been exhausted, additional charges were recorded by increasing the accumulated deficit.

2. Principal Accounting Policies (Continued)

(x) Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or significant influence, such as a family member or relative, stockholder, or a related corporation.

(y) Comprehensive income

Comprehensive income is defined as the change in equity of the Group during a period arising from transactions and other events and circumstances excluding transactions resulting from investments by shareholders and distributions to shareholders.

(z) Segment reporting

The Group's internal organizational structure as well as information about geographical areas, business segments and major customers in financial statements is set out in detail under Note 25.

(aa) Dividends

Dividends of the Company are recognized when declared.

(bb) Recently adopted accounting pronouncements

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. ASU No. 2023-09 requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as additional information on income taxes paid. The guidance is effective for annual periods beginning after December 15, 2024, on a prospective basis. The Company has adopted this guidance for the year ended December 31, 2025 and made the related disclosure in Note 11.

(cc) Recently issued accounting pronouncements not yet adopted

In September 2025, the FASB issued ASU No. 2025-06, Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40). ASU No. 2025-06 modernizes the accounting for internal-use software to reflect current development practices, clarifies when to begin capitalizing costs, and enhances disclosure requirements. The guidance is effective for annual reporting periods beginning after December 15, 2027, and interim reporting periods within those annual reporting periods. Early adoption is permitted.

In December 2025, the FASB issued ASU No. 2025-10, Government Grants (Topic 832). ASU No. 2025-10 establishes guidance on the recognition, measurement, and presentation of government grants received by business entities. The guidance is effective for annual reporting periods beginning after December 15, 2028, and interim reporting periods within those annual reporting periods. Early adoption is permitted.

The Group is currently evaluating the impact of these accounting standard updates on the consolidated financial statements.

(Amounts expressed in Renminbi ("RMB"), unless otherwise stated)

3. Concentrations and Risks

(a) Server and bandwidth service provider

The Group relied on over 100 telecommunications service providers and their affiliates for server and bandwidth service to support its operations during fiscal years 2023, 2024 and 2025 as follows:

	For the year ended December 31,		
	2023	2024	**2025**
Number of service providers, offering 10% or more of the Group's server and bandwidth service expenditure	4	4	**3**
Total% of the Group's server and bandwidth service expenditure provided by 10% or greater service providers	59.4%	63.1%	**59.5%**

(b) Credit risk

Financial instruments that potentially subject the Group to significant concentrations of credit risk consist primarily of cash and cash equivalents, time deposits, restricted cash, accounts receivable and short-term investments. As of December 31, 2024 and 2025, substantially all of the Group's cash and cash equivalents, time deposits and restricted cash were held in major financial institutions located in the PRC, which management considers being of high credit quality. Accounts receivable are typically unsecured and are generally derived from revenue earned from mobile games services, online music services and advertising services.

Receivable from one channel accounted for 14.0% and 13.1% of the total accounts receivable balance as of December 31, 2024 and 2025, respectively.

In addition, receivable from one customer accounted for 11.2% and 13.2% of the total accounts receivable balance as of December 31, 2024 and 2025, respectively.

Short-term investments consist of financial products issued by commercial banks in China mainland with a variable interest rate indexed to performance of underlying assets, which have a maturity date within one year as of the purchase date. The effective yields of the short-term investments range from 1.13% to 5.61% per annum as of December 31, 2025. Any negative events or deterioration in financial well-being with respect to the counterparties of the above investments and the underlying collateral may cause a material loss to the Group and have a material effect on the Group's financial condition and results of operations.

3. Concentrations and Risks (Continued)

(c) Major customers

No single customer represented 10% or more of the Group's total net revenues for the years ended December 31, 2023, 2024 and 2025.

(d) Online games

The Group derived 36.8%, 35.7% and 35.2% of its total net revenues from its top 5 online games for the years ended December 31, 2023, 2024 and 2025, respectively.

4. Prepayments and Other Current Assets, net

The following is a summary of prepayments and other current assets, net (in thousands):

	December 31, 2024 RMB	**December 31, 2025 RMB**
Prepayment for royalties, revenue sharing cost	2,522,296	**2,480,095**
Deposits	91,576	**1,629,518**
Interest receivable	1,934,920	**1,265,581**
Prepayments of content and marketing cost and other operational expenses	485,587	**738,329**
Prepayment for deductible value added tax and refundable subsidy	603,670	**703,275**
Receivable within one year related to disposal of investments	529,051	**508,468**
Bridge loans in connection with ongoing investments	13,196	**79,259**
Employee advances	51,652	**46,412**
Advance to suppliers	40,852	**9,344**
Others	144,068	**198,065**
	6,416,868	**7,658,346**

As of December 31, 2024 and 2025, prepayments for royalties and revenue sharing cost mainly represented prepaid royalties or revenue sharing cost related to game distribution and operations of online games. As of December 31, 2025, deposits mainly represented the prepaid amount related to the purchase of equity securities.

The amount of employee advances listed above included staff housing loan balances of RMB12.1 million and RMB7.3 million repayable within 12 months from December 31, 2024 and 2025 respectively (see Note 10). No advances were made directly or indirectly to the Group's executive officers for their personal benefit for the years ended December 31, 2024 and 2025.

5. Short-term Investments

As of December 31, 2024 and 2025, the Group's short-term investments mainly consisted of financial products issued by commercial banks in China mainland with a variable interest rate indexed to the performance of underlying assets and a maturity date within one year when purchased. As of December 31, 2025, the effective yields of short-term investments ranged from 1.13% to 5.61% per annum (2024: 1.41% to 6.70% per annum).

The following is a summary of short-term investments (in thousands):

	December 31, 2024		
	Cost	Unrealized Gains	Estimated Fair Value
	RMB	RMB	RMB
Short-term investments	10,565,640	190,503	10,756,143

	December 31, 2025		
	Cost	**Unrealized Gains**	**Estimated Fair Value**
	RMB	**RMB**	**RMB**
Short-term investments	**22,545,122**	**258,381**	**22,803,503**

During the years ended December 31, 2023, 2024 and 2025, the Group recorded investment income related to short-term investments of RMB414.2 million, RMB530.6 million and RMB1,108.4 million in the consolidated statement of operations and comprehensive income, respectively.

6. Property, Equipment and Software, net

The following is a summary of property, equipment and software, net (in thousands):

	December 31, 2024 RMB	**December 31, 2025 RMB**
Building and decoration	6,888,673	**7,908,588**
Leasehold improvements	197,230	**144,467**
Furniture, fixtures, office and other equipment	559,271	**422,487**
Vehicles	93,596	**78,192**
Servers and computers	6,094,887	**6,244,883**
Software	340,038	**355,268**
Construction in progress	1,696,018	**985,107**
	15,869,713	**16,138,992**
Less: accumulated depreciation and amortization	(7,181,872)	**(7,679,167)**
Less: impairment	(167,740)	**(34,498)**
Net book value	8,520,101	**8,425,327**

Depreciation and amortization expense was RMB769.7 million, RMB781.2 million and RMB805.2 million for the years ended December 31, 2023, 2024 and 2025, respectively.

As of December 31, 2024 and 2025, the construction in progress balance mainly comprised of construction of buildings in Shanghai that have not yet been placed in service for the Group's intended use. All the related cost is capitalized in construction in progress to the extent it is incurred for the purposes of bringing the construction development to a usable state.

7. Land Use Rights, net

Land use rights represent acquired right to use the land on which the Group's offices and warehouses are built. In 2024, the Group obtained the land use rights in Beijing from the local authorities. Amortization of the land use right is made over the remaining term of the land use right period from the date when the land was made available for use by the Group. The land use rights, net are summarized as follows (in thousands):

	December 31, 2024 RMB	**December 31, 2025 RMB**
Cost	4,801,005	**4,784,572**
Incentive payment from local government	(15,000)	**(15,000)**
Accumulated amortization	(599,256)	**(722,217)**
Impairment	(14,284)	**–**
Land use right, net	4,172,465	**4,047,355**

The total amortization expense for each of the years ended December 31, 2023, 2024 and 2025 amounted to approximately RMB101.9 million, RMB112.8 million and RMB125.6 million, respectively.

8. Leases

The Group has operating leases for corporate offices and warehouses. In addition, upon the adoption of ASC 842, land use rights with total carrying amount of RMB4.2 billion and RMB4.0 billion (Note 7) were identified as operating lease right-of-use assets as of December 31, 2024 and 2025, respectively.

The Group's leases have remaining lease terms of 1 month to 65 years, some of which include options to terminate the leases within certain periods. The Group considers these options in determining the classification and measurement of the leases when it is reasonably certain that the Group will exercise that option.

8. Leases (Continued)

The following table provides information related to the Group's operating leases (in thousands):

	For the year ended December 31,		
	2023	2024	**2025**
	RMB	RMB	**RMB**
Operating lease cost	344,606	249,169	**168,626**
Cash paid for amounts included in the measurement of operating lease liabilities	331,579	271,670	**185,987**
Change of right-of-use assets related to exchange for operating lease obligations	215,209	40,557	**(52,897)**

Additionally, the short-term lease cost was RMB42.3 million, RMB44.6 million and RMB15.7 million for the years ended December 31, 2023, 2024 and 2025, respectively.

The following table provides a summary of the Group's operating lease terms and discount rates, which excludes the land use rights, as of December 31, 2024 and 2025:

	December 31, 2024	**December 31, 2025**
Weighted average remaining lease term	2.87 years	**2.75 years**
Weighted average discount rate	3.62%	**3.54%**

Maturities of operating lease liabilities as of December 31, 2025 were as follows (in thousands):

	RMB
2026	123,120
2027	89,093
2028	66,733
2029	30,163
2030	22,314
Thereafter	41,145
Total operating lease payments	372,568
Less: imputed interest	(27,243)
Total	345,325

9. Long-term Investments

The following is a summary of long-term investments (in thousands):

	December 31, 2024 RMB	**December 31, 2025 RMB**
Investments in equity method investees	6,406,167	**4,516,632**
Equity investments with readily determinable fair values	2,375,785	**5,636,797**
Equity investments without readily determinable fair values	11,104,510	**8,113,373**
Other investments	319,894	**196,081**
	20,206,356	**18,462,883**

(a) Investments in equity method investees

The Group recorded equity share of earnings of RMB473.9 million and RMB604.7 million for the years ended December 31, 2023 and 2025, respectively, and recorded equity share of losses of RMB155.6 million for the year ended December 31, 2024, which was included in "Investment income, net" in the consolidated statement of operations and comprehensive income. The Group also recorded cash dividend received of RMB272.1 million, RMB51.8 million and RMB2,461.2 million from these investments for the years ended December 31, 2023, 2024 and 2025, respectively. As of December 31, 2024 and 2025, majority of the Group's investments in equity method investees are investments in limited partnerships as a limited partner. The objectives of these limited partnerships are mainly to engage in investment in online game business.

9. Long-term Investments (Continued)

(b) Equity investments with readily determinable fair values

As of December 31, 2025, equity investments with readily determinable fair values mainly included RMB2.8 billion invested in shares of PDD Holdings Inc. and RMB1.8 billion invested in shares of Alibaba Group Holding Limited. The Group recorded fair value gain of RMB535.3 million, RMB1.2 billion and RMB1.2 billion related to the equity investments with readily determinable fair value for the year ended December 31, 2023, 2024 and 2025, respectively.

The Group also recorded cash dividend income of RMB51.0 million, RMB66.5 million and RMB57.7 million from these investments for the years ended December 31, 2023, 2024 and 2025, respectively.

(c) Equity investments without readily determinable fair value

Equity investments without readily determinable fair value represent investments in privately held companies with no readily determinable fair value. The Group does not have significant influence on these investees, or the investments are not common stock or in substance common stock. These investments are classified as equity investments without readily determinable fair value, and are carried at cost less impairment, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. For the years ended December 31, 2023, 2024 and 2025, there were no upward adjustments to the carrying value of equity securities without readily determinable fair value resulted from such transactions.

The Group recognized a gain of RMB22.3 million, RMB22.2 million and RMB149.8 million related to the disposal of the Group's investments in equity securities without readily determinable fair value as "Investment income, net" in the consolidated statement of operations and comprehensive income for the years ended December 31, 2023, 2024 and 2025, respectively.

The Group recognized impairment provision of RMB274.2 million, RMB1.0 billion and RMB2.4 billion related to certain of the equity investments without readily determinable fair value as "Investment income, net" in the consolidated statement of operations and comprehensive income for the years ended December 31, 2023, 2024 and 2025, respectively.

10. Other Long-term Assets

The following is a summary of other long-term assets (in thousands):

	December 31, 2024 RMB	**December 31, 2025 RMB**
Copyrights, licenses, domain names, trademark and technology	1,412,931	**947,605**
Goodwill	1,855,293	**1,855,320**
Long-term receivable	1,193,662	**401,069**
Non-current deposits	143,005	**135,183**
Long-term interest receivables	49,850	**115,877**
Staff housing loans	17,053	**16,057**
Others	411,464	**242,293**
	5,083,258	**3,713,404**

Balances of copyrights and licenses represents prepaid minimum royalties for exploitation of related intellectual properties, which was amortized over the term of the respective licensing agreements or estimated amortization periods.

Goodwill

	December 31, 2024 RMB	**December 31, 2025 RMB**
Beginning balance	1,855,394	**1,855,293**
Additions	–	**–**
Disposal and others	(101)	**27**
Ending balance	1,855,293	**1,855,320**

For the years ended December 31, 2024 and 2025, the carrying value of goodwill was mainly recorded under the games and related value-added services segment. The Group performed impairment tests using the qualitative and quantitative method and concluded that the goodwill was not impaired as at December 31, 2024 and 2025, therefore, no provision was recorded.

The Group made housing loans to its employees (excluding executive officers) for house purchases via a third-party commercial bank in China mainland. Each individual staff housing loan is collateralized either by the property for which the loan is extended or by approved personal guarantees for the loan amount granted. The repayment term is five years from the date of drawdown. The interest rate is fixed varying from 3.50% to 4.75% per annum for the year ended December 31, 2025. The outstanding portion of the staff housing loans repayable within 12 months as of December 31, 2024 and 2025 amounted to approximately RMB12.1 million and RMB7.3 million, respectively. The amounts are reported under "Prepayments and other current assets, net" in the consolidated balance sheet (see Note 4).

11. Taxation

(a) Income taxes

Cayman Islands

Under the current laws of the Cayman Islands, the Company and its intermediate holding companies in the Cayman Islands are not subject to tax on income or capital gain. Additionally, upon payments of dividends by the Company or its subsidiaries in the Cayman Islands to their shareholders, no Cayman Islands withholding tax will be imposed.

British Virgin Islands ("BVI")

Subsidiaries in the BVI are exempted from income tax on its foreign-derived income in the BVI. There are no withholding taxes in the BVI.

Hong Kong

Subsidiaries in Hong Kong are subject to 16.5% income tax on their taxable income generated from operations in Hong Kong. For the years ended December 31, 2023, 2024 and 2025, the first HK$2 million of profits earned by one of the Company's subsidiaries incorporated in Hong Kong is taxed at half the current tax rate (i.e., 8.25%) while the remaining profits will continue to be taxed at the existing 16.5% tax rate. The payments of dividends by these companies to their shareholders are not subject to any Hong Kong withholding tax.

China mainland

Under the EIT Law, Foreign Invested Enterprises ("FIEs") and domestic companies would be subject to EIT at a uniform rate of 25%. Preferential tax treatments continue to be granted to FIEs or domestic companies which conduct businesses in certain encouraged sectors and to entities otherwise classified as "Software Enterprises", "Key Software Enterprises" and/or "High and New Technology Enterprises" ("HNTEs"). The EIT Law became effective on January 1, 2008.

Boguan, NetEase Hangzhou and certain other subsidiaries in China mainland were qualified as HNTEs and enjoyed a preferential tax rate of 15% for 2023, 2024 and 2025.

The aforementioned preferential tax rates are subject to annual review by the relevant tax authorities in China mainland.

According to relevant laws and regulations promulgated by the State Taxation Administration of the PRC announced on March 26, 2023, effective from 2023 onwards, enterprises engaging in research and development activities are entitled to claim 200% of their qualified research and development expenses so incurred as tax deductible expenses when determining their assessable profits for the year (the "Preferential Tax Treatments").

11. Taxation (Continued)

(a) Income taxes (Continued)

The following table presents the combined effects of EIT exemptions and tax rate reductions enjoyed by the Group for the years ended December 31, 2023, 2024 and 2025 (in thousands except per share data):

	For the year ended December 31,		
	2023	2024	**2025**
	RMB	RMB	**RMB**
Aggregate amount of EIT exemptions and tax rate reductions	3,228,359	3,654,069	**4,197,821**
Earnings per share effect, basic	1.00	1.14	**1.32**
Earnings per share effect, diluted	0.99	1.13	**1.30**

The following table sets forth the components of income tax expenses of the Group for the years ended December 31, 2023, 2024 and 2025 (in thousands):

	For the year ended December 31,		
	2023	2024	**2025**
	RMB	RMB	**RMB**
Current tax expense	4,568,267	5,140,682	**7,286,811**
Deferred tax expense	131,437	320,726	**(1,254,125)**
Income tax expenses	4,699,704	5,461,408	**6,032,686**

(Amounts expressed in Renminbi ("RMB"), unless otherwise stated)

11. Taxation (Continued)

(a) Income taxes (Continued)

For the year ended December 31, 2025, of the total income before tax and income tax expenses, around 90% was from China mainland and over 5% was from Hong Kong, while substantially all the income taxes are paid in China mainland.

The following table presents a reconciliation from the China mainland statutory income tax rate of 25% where the Group primarily operates in to the effective income tax rate of the Group for the years ended December 31, 2023 and 2024:

	For the year ended December 31,	
	2023	2024
	%	%
Statutory income tax rate	25.0	25.0
Permanent differences	(7.1)	(6.3)
Effect due to different tax rates applicable to overseas entities	0.2	1.0
Effect of lower tax rate applicable to HNTEs and EIT exemptions	(9.5)	(10.2)
Change in valuation allowance and others	0.6	1.5
Effect of withholding income tax [d]	4.6	4.3
Effective income tax rate	13.8	15.3

11. Taxation (Continued)

(a) Income taxes (Continued)

The following table presents a reconciliation from the China mainland statutory income tax rate of 25% where the Group primarily operates in to the effective income tax rate of the Group for the year ended December 31, 2025 (in thousands):

	For the year ended December 31, 2025 RMB	%
Statutory income tax rate	10,207,618	25.0
Foreign tax effects		
Hong Kong		
Nontaxable or nondeductible items	(585,158)	(1.4)
Others	234,005	0.6
Singapore	753,536	1.8
Other foreign jurisdictions	(508,033)	(1.2)
Changes in valuation allowances	(546,667)	(1.3)
Nontaxable or nondeductible items		
Preferential Tax Treatments	(1,336,603)	(3.3)
Effect of lower tax rate applicable to HNTEs and EIT exemptions	(4,197,821)	(10.3)
Others	704,224	1.7
Changes in unrecognized tax benefits	(503,516)	(1.2)
Other adjustment		
Effect of withholding tax	1,858,202	4.5
Others	(47,101)	(0.1)
Effective income tax rate	6,032,686	14.8

As of December 31, 2025, certain entities of the Group had net operating tax loss carry forwards of RMB23.4 billion, which is mainly from its subsidiaries and VIEs in China mainland with expiration period from 2026 to 2035.

Full valuation allowance was provided on certain deferred tax assets as the Group's management does not believe that sufficient positive evidence exists to conclude that recoverability of such deferred tax assets is more likely than not to be realized.

11. Taxation (Continued)

(b) Sales tax

Pursuant to the provision regulation of the China mainland on VAT and its implementation rules, the Company's subsidiaries and the VIEs are generally subject to VAT at a rate of 6% from revenues earned from services provided or 16% from sales of general goods, which was reduced to 13% effective from 1 April, 2019.

(c) Deferred tax assets and liabilities

The following table presents the tax impact of significant temporary differences that give rise to the deferred tax assets and liabilities as of December 31, 2024 and 2025 (in thousands):

	December 31, 2024 RMB	**December 31, 2025 RMB**
Deferred tax assets:		
Contract liabilities primarily related to online games	1,088,998	**1,951,378**
Accruals and others	256,777	**909,039**
Net operating tax loss carry forward	3,684,913	**3,923,048**
	5,030,688	**6,783,465**
Less: valuation allowance	(3,917,253)	**(3,952,042)**
Total	1,113,435	**2,831,423**

	December 31, 2024 RMB	**December 31, 2025 RMB**
Deferred tax liabilities:		
Withholding income tax[d]	2,053,668	**2,460,616**
Others	119,449	**176,642**
Total	2,173,117	**2,637,258**

11. Taxation (Continued)

(c) Deferred tax assets and liabilities (Continued)

The Group does not believe that sufficient positive evidence exists to conclude that the recoverability of deferred tax assets of certain entities of the Group is more likely than not to be realized. Consequently, the Group has provided full valuation allowances for certain entities of the Group on the related deferred tax assets. The following table sets forth the movement of the aggregate valuation allowances for deferred tax assets for the periods presented (in thousands):

	Balance at January 1 RMB	Net change for the year RMB	Balance at December 31 RMB
2023	3,971,516	(252,838)	3,718,678
2024	3,718,678	198,575	3,917,253
2025	3,917,253	34,789	3,952,042

(d) Withholding income tax

The EIT Law also imposes a withholding income tax of 10% on dividends distributed by an enterprise in China mainland to its non-resident enterprise investors. A lower withholding income tax rate of 5% is applied if the non-resident enterprise investor is registered in Hong Kong with at least 25% equity interest in the enterprise in China mainland and meets the relevant conditions or requirements pursuant to the tax arrangement between China mainland and Hong Kong. On February 22, 2008, the Ministry of Finance and State Taxation Administration jointly issued a circular which stated that for FIEs, all profits accumulated up to December 31, 2007 are exempted from withholding tax when they are distributed to foreign investors.

The Group accrued RMB1.5 billion, RMB1.6 billion and RMB1.8 billion (US$225.4 million) withholding tax liabilities mainly associated with all of its earnings expected to be distributed from its subsidiaries in China mainland to overseas for general corporate purposes in 2023, 2024 and 2025, respectively, leaving no undistributed earnings without deferred tax liabilities recognized as of December 31, 2024 and 2025. The Group have repatriated a portion of these earnings and paid related withholding income tax in 2023, 2024 and 2025.

12. Taxes Payable

The following is a summary of taxes payable as of December 31, 2024 and 2025 (in thousands):

	December 31, 2024 RMB	**December 31, 2025 RMB**
Sales Tax payable	423,773	**450,798**
Withholding individual income taxes for employees	383,291	**383,852**
EIT payable	1,740,126	**2,790,853**
Others	211,995	**248,640**
	2,759,185	**3,874,143**

13. Short-term Loans

As of December 31, 2024 and 2025, the short-term loans balances represent short-term loan arrangements with financial institutions which were repayable within a maturity term ranging from one week to one year and charged at a fixed interest rates ranging 0.25% and 5.24% per annum. As of December 31, 2024 and 2025, the weighted average interest rate for the outstanding short-term loans was approximately 3.37% and 2.16%, respectively. The short-term loans are mainly denominated in RMB and US$.

The Group has entered into several uncommitted loan credit facility agreements provided by certain financial institutions. As of December 31, 2025, US$5.3 billion of such credit facilities has not been utilized.

The Group has also entered into several guarantee agreements in the aggregate amount of US$2.4 billion in respect of certain credit facilities taken by the Company and its subsidiaries. As at December 31, 2025, US$1.9 billion of such credit facilities had not been utilized.

14. Contract Liabilities

Contract liabilities represents sales proceeds from prepaid points sold, unamortized in-game spending, prepaid products fees before delivery and prepaid subscription fees for internet value-added services for which services are yet to be provided as of the balance sheet dates.

For the year ended December 31, 2025, the additions to the contract liabilities balance were primarily due to cash payments received or due in advance of satisfying the Group's performance obligations, while the reductions to the contract liabilities balance were primarily due to the recognition of revenues upon fulfillment of the Group's performance obligations, both of which were in the ordinary course of business. During the years ended December 31, 2024 and 2025, RMB13.2 billion and RMB15.1 billion of revenues recognized were included in the contract liabilities balance at the beginning of the year, respectively.

As of December 31, 2025, the aggregate amount of transaction price allocated to the unsatisfied performance obligations is RMB21.4 billion, which was recorded under contract liabilities and to be recognized as revenues in future periods. The Group expects to recognize RMB20.5 billion as revenues over the next 12 months, and the remaining unsatisfied performance obligations expected to be recognized thereafter were recognized in other long-term liabilities.

15. Accrued Liabilities and Other Payables

The following is a summary of accrued liabilities and other payables as of December 31, 2024 and 2025 (in thousands):

	December 31, 2024 RMB	**December 31, 2025 RMB**
Customer deposits on NetEase Pay accounts	3,884,420	**5,499,283**
Marketing expenses and promotion materials	3,161,538	**3,108,647**
Content cost	1,976,929	**2,046,162**
Accrued fixed assets related payables	1,012,438	**668,144**
Accrued revenue sharing	935,818	**1,179,619**
Professional fees and technical charges	925,419	**887,167**
Deferred government grants	460,360	**468,434**
Administrative expenses and other staff related cost	417,286	**433,653**
Server and bandwidth service fees	192,942	**215,936**
Accrued freight and warehousing charge	58,936	**45,561**
Acquisition considerations	13,544	**11,751**
Customer refund for licensed games	5,524	**5,524**
Others	1,183,878	**1,379,891**
	14,229,032	**15,949,772**

16. Long-term Loans

On June 2, 2021, the Group entered into a five-year term loan facility and revolving loan facility agreement with aggregate commitments of US$1.0 billion. The facility is priced at 85 basis points per annum over LIBOR and has a commitment fee of 0.20% on the undrawn portion. In early 2024, the Group voluntarily canceled this loan facility.

17. Capital Structure

The holders of ordinary shares in the Company are entitled to one vote per share and to receive ratably such dividends, if any, as may be declared by the board of directors of the Company. In the event of liquidation, the holders of ordinary shares are entitled to share ratably in all assets remaining after payment of liabilities. The ordinary shares have no preemptive, conversion, or other subscription rights.

18. Employee Benefits

The Company's subsidiaries and the VIEs incorporated in China mainland participate in a government-mandated multi-employer defined contribution plan under which certain retirement, medical, housing and other welfare benefits are provided to employees. Chinese labor regulations require the Company's Chinese subsidiaries and the VIEs to pay to the local labor bureau a monthly contribution at a stated contribution rate based on the monthly basic compensation of qualified employees. The relevant local labor bureau is responsible for meeting all retirement benefit obligations; hence, the Group has no further commitments beyond its monthly contribution. The following table presents the Group's employee welfare benefits expense for the years ended December 31, 2023, 2024 and 2025 (in millions):

	For the year ended December 31,		
	2023	2024	**2025**
	RMB	RMB	**RMB**
Contributions to medical and pension schemes	1,786.5	1,778.7	**1,804.8**
Other employee benefits	1,398.1	1,412.9	**1,353.0**
	3,184.6	3,191.6	**3,157.8**

19. Share-based Compensation

For the years ended December 31, 2023, 2024 and 2025, total share-based compensation expenses recognized were RMB3.2 billion, RMB3.9 billion and RMB3.6 billion, respectively. The table below presents a summary of the Group's share-based compensation cost (in thousands):

	For the year ended December 31,		
	2023	2024	**2025**
	RMB	RMB	**RMB**
Cost of revenues	823,765	1,185,854	**1,004,581**
Selling and marketing expenses	132,801	104,534	**132,666**
General and administrative expenses	1,119,018	1,069,850	**916,675**
Research and development expenses	1,167,226	1,522,701	**1,593,740**
	3,242,810	3,882,939	**3,647,662**

(a) Restricted Share Units Plan

2009 RSU Plan

In November 2009, the Company adopted 2009 Restricted Share Unit Plan for the Company's employees, directors and consultants (the "2009 RSU Plan"). The Company has reserved 323,694,050 ordinary shares for issuance under the plan. The 2009 RSU Plan was adopted by a resolution of the board of directors on November 17, 2009 and became effective for a term of ten years unless sooner terminated. The 2009 RSU Plan was expired on November 16, 2019.

2019 Share Plan

In October 2019, the Company adopted 2019 Restricted Share Unit Plan for the Company's employees, directors and others, with a ten-year term and a maximum number of 322,458,300 ordinary shares available for issuance pursuant to all awards under the plan.

Effective February 22, 2023, the Company amended and restated the 2019 Restricted Share Unit Plan to permit to grant stock option awards to the Company's employees, directors and others, and renamed it as Amended and Restated 2019 Share Incentive Plan (the "2019 Share Plan").

The Group recognizes share-based compensation cost related to RSUs in the consolidated statement of operations and comprehensive income based on awards ultimately expected to vest, after considering estimated forfeitures. Forfeitures are estimated based on the Group's historical experience over the last five years and revised in subsequent periods if actual forfeitures differ from those estimates.

As of December 31, 2025, total unrecognized compensation cost related to unvested awards under the 2019 Share Plan, adjusted for estimated forfeitures, was US$348.1 million (RMB2.4 billion) and is expected to be recognized through the remaining vesting period of each grant. As of December 31, 2025, the weighted average remaining vesting periods was 1.39 years.

19. Share-based Compensation (Continued)

(a) Restricted Share Units Plan (Continued)

Restricted Share Unit Award Activities

The following table presents a summary of the Company's RSUs award activities for the years ended December 31, 2023, 2024 and 2025:

	Number of RSUs (in thousands)	Weighted average grant date fair value US$
Outstanding at January 1, 2023	13,005	82.67
Granted	4,795	84.73
Vested	(5,190)	76.27
Forfeited	(523)	88.24
Outstanding at December 31, 2023	12,087	86.00
Outstanding at January 1, 2024	12,087	86.00
Granted	6,023	104.48
Vested	(5,375)	81.78
Forfeited	(976)	94.58
Outstanding at December 31, 2024	11,759	96.68
Outstanding at January 1, 2025	11,759	96.68
Granted	5,167	102.15
Vested	(5,808)	92.42
Forfeited	(1,042)	98.20
Outstanding at December 31, 2025	10,076	101.79

The aggregate intrinsic value of RSUs outstanding as of December 31, 2025 was US$1.4 billion. The intrinsic value was calculated based on the Company's closing stock price of US$137.62 per ADS as of December 31, 2025.

The Company's practice is to issue new shares or utilize treasury stock upon vesting of RSUs. The number of shares available for future grant under the Company's 2019 RSU Plan was 190,809,415 as of December 31, 2025.

19. Share-based Compensation (Continued)

(b) Other Share Incentive Plan

Certain of the Company's subsidiaries have adopted stock incentive plans, which are stock option plans or RSU plans and allow the related subsidiaries to grant options or RSUs to certain employees of the Group. The options expire in four to seven years from the date of grant and either vest or have a vesting commencement date upon certain conditions being met ("Vesting Commencement Date"). The award can become 100% vested on the Vesting Commencement Date, or vests in two, three, four or five substantially equal annual installments with the first installment vesting on the Vesting Commencement Date. But for certain share options granted with vesting conditions outside the Group's control, no expenses will be recorded until the occurrence of the vesting conditions when the Group determine that it is probable that the vesting conditions will be satisfied.

The Group has used the binomial model to estimate the fair value of the options granted and RSUs are measured at the fair market value of the shares on the grant date. For the years ended December 31, 2023, 2024, and 2025, RMB289.0 million, RMB266.4 million and RMB232.2 million compensation expenses were recorded for the share options and RSUs granted.

As of December 31, 2025, there were approximately RMB14.8 million unrecognized share-based compensation expenses related to share options for which the service condition had been met and are expected to be recognized when the vesting conditions are achieved.

20. Net Income Per Share

The following table sets forth the computation of basic and diluted net income per share for the years ended December 31, 2023, 2024 and 2025:

	For the year ended December 31,		
	2023	2024	**2025**
Numerator (RMB in thousands):			
Net income attributable to the Company's shareholders for basic net income per share calculation	29,416,552	29,697,609	**33,759,800**
Net income attributable to the Company's shareholders for dilutive net income per share calculation	29,416,552	29,697,609	**33,739,216**
Denominator (No. of shares in thousands):			
Weighted average number of ordinary shares outstanding, basic	3,216,475	3,200,453	**3,186,454**
Dilutive effect of restricted share units	35,554	30,149	**31,720**
Weighted average number of ordinary shares outstanding, diluted	3,252,029	3,230,602	**3,218,174**
Net income per share, basic (RMB)	9.15	9.28	**10.59**
Net income per share, diluted (RMB)	9.05	9.19	**10.48**

Net income attributable to the Company's shareholders for dilutive net income per share calculation is calculated as net income attributable to the Company's shareholders for basic net income per share calculation minus the impact of subsidiaries' diluted earnings. Basic net income per share is computed using the weighted average number of the ordinary shares outstanding during the year. Diluted net income per share is computed using the weighted average number of ordinary shares and potential ordinary shares outstanding during the year. For the years ended December 31, 2023, 2024 and 2025, RSUs that were anti-dilutive and excluded from the calculation of diluted net income per share totaled approximately 6.3 million shares, 15.3 million shares and 7.0 million shares, respectively.

21. Commitments and Contingencies

(a) Commitments

As of December 31, 2025, future minimum payment for server and bandwidth service fee commitments, capital commitments, royalties and other expenditures commitments related to licensed contents, as well as other commitments related to services purchases, were as follows (in thousands):

	Server and Bandwidth Service Fee Commitments RMB	Capital Commitments RMB	Royalties and Expenditure for Licensed Content Commitments RMB	Other Commitments RMB	Total RMB
2026	327,771	138,731	774,907	75,784	1,317,193
2027	217,220	511	148,491	1,527	367,749
2028	209,986	7,887	2,107	326	220,306
2029	183,022	–	802	–	183,824
Beyond 2029	–	–	800	–	800
	937,999	147,129	927,107	77,637	2,089,872

(b) Litigation

Overview

From time to time, the Group is involved in claims and legal proceedings that arise in the ordinary course of business. Based on currently available information, management does not believe that the ultimate outcome of these unresolved matters, individually and in the aggregate, is reasonably possible to have a material adverse effect on the Group's financial position, results of operations or cash flows. However, litigation is subject to inherent uncertainties and the Group's view of these matters may change in the future. Were an unfavorable outcome to occur, there exists the possibility of a material adverse impact on the Group's financial position, results of operations or cash flows for the period in which the unfavorable outcome occurs, and potentially in future periods. The Group records a liability when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. The Group reviews the need for any such liability on a regular basis. The Group has not recorded any material liabilities in this regard as of December 31, 2024 and 2025.

22. Dividends

Quarterly Dividend Policy

Under the Company's current dividend policy, the determination to make dividend distributions and the amount of such distributions in any particular quarter will be made at the discretion of the Company's board of directors and will be based upon its operations and earnings, cash flow, financial condition, capital and other reserve requirements and surplus, any applicable contractual restrictions, the ability of the Company's subsidiaries in China mainland to make distributions to their offshore parent companies, and any other conditions or factors which the board deems relevant and having regard to the directors' fiduciary duties.

Dividends are recognized when declared. There is no significant dividend payable as of December 31, 2024 and 2025, respectively. The cash dividend declared related to the net profits of fiscal year 2024 and fiscal year 2025 was RMB11.8 billion and RMB13.4 billion (US$1.9 billion) in total, respectively.

23. Share Repurchase Programs

The Company accounts for repurchased ordinary shares under the cost method and includes such treasury stock as a component of the common shareholders' equity. Cancellation of treasury stock is recorded as a reduction of ordinary shares, additional paid-in-capital and retained earnings, as applicable. An excess of purchase price over par value is allocated to additional paid-in-capital first with any remaining excess charged entirely to retained earnings. The Company may from time to time utilize treasury stock upon vesting of RSUs. The cost of treasury stock reissued is determined using the weighted average method and recorded as a reduction of additional paid-in-capital.

In February 2021, the Company announced that its board of directors had approved a share repurchase program of up to US$2.0 billion of the Company's outstanding ADSs and ordinary shares in open market transactions for a period not to exceed 24 months beginning on March 2, 2021. In August 2021, the Company announced that its board of directors had approved an amendment to such program to increase the total authorized repurchase amount to US$3.0 billion. As of January 9, 2023, this share repurchase program was completed with the Company having purchased an aggregate of approximately 33.6 million ADSs for nearly US$3.0 billion.

On November 17, 2022, the Company announced that its board of directors had approved a new share repurchase program of up to US$5.0 billion of the Company's ADSs and ordinary shares in open market transactions. This new share repurchase program commenced on January 10, 2023 and will be in effect for a period not to exceed 36 months from such date, which was further extended on November 20, 2025 for an additional 36 months until January 9, 2029. As of December 31, 2025, the Company has repurchased approximately 22.1 million ADSs for approximately US$2.0 billion under this program.

24. Related Party Transactions

The Group had no material transactions with related parties for the years ended December 31, 2023, 2024 and 2025, and no material related parties' balances as of December 31, 2024 and 2025.

25. Segment Information

(a) Description of segments

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker ("CODM"), or decision making group, in deciding how to allocate resources and in assessing performance. The Group's CODM is the Chief Executive Officer.

The Group's organizational structure is based on a number of factors that the CODM uses to evaluate, view and run its business operations which include, but are not limited to, customer base, homogeneity of products and technology. The Group's operating segments are based on this organizational structure and information reviewed by the Group's CODM to evaluate the operating segment results.

25. Segment Information (Continued)

(b) Segment data

The table below provides a summary of the Group's operating segment results under which the cost of revenues is considered as the significant segment expense for the years ended December 31, 2023, 2024 and 2025 (in thousands). The Group does not allocate any operating costs or assets to its business segments as the Group's CODM does not use this information to measure the performance of the operating segments. The CODM uses net revenues and gross profit to assess performance for each segment and in competitive analysis by benchmarking to the Group's competitors. The CODM also uses net revenues and gross profit to allocate resources during the budgeting review process. There was no significant transaction between reportable segments for the years ended December 31, 2023, 2024 and 2025.

	For the year ended December 31,		
	2023	2024	**2025**
	RMB	RMB	**RMB**
Net revenues:			
Games and related value-added services	81,565,449	83,622,643	**92,148,608**
Youdao	5,389,208	5,625,919	**5,909,019**
NetEase Cloud Music	7,866,992	7,950,146	**7,759,450**
Innovative businesses and others	8,646,510	8,096,528	**6,808,730**
Total net revenues	103,468,159	105,295,236	**112,625,807**
Cost of revenues:			
Games and related value-added services	(25,938,865)	(26,142,623)	**(27,910,861)**
Youdao	(2,621,746)	(2,877,428)	**(3,292,191)**
NetEase Cloud Music	(5,764,322)	(5,268,634)	**(4,989,858)**
Innovative businesses and others	(6,079,832)	(5,199,467)	**(4,031,029)**
Total cost of revenues	(40,404,765)	(39,488,152)	**(40,223,939)**
Gross profit:			
Games and related value-added services	55,626,584	57,480,020	**64,237,747**
Youdao	2,767,462	2,748,491	**2,616,828**
NetEase Cloud Music	2,102,670	2,681,512	**2,769,592**
Innovative businesses and others	2,566,678	2,897,061	**2,777,701**
Total gross profit	63,063,394	65,807,084	**72,401,868**

25. Segment Information (Continued)

(b) Segment data (Continued)

The following table set forth the disaggregation of net revenues by timing of revenue recognition for the years ended December 31, 2023, 2024 and 2025 (in thousands):

	For the year ended December 31,		
	2023	2024	**2025**
	RMB	RMB	**RMB**
A point in time	27,140,994	24,144,017	**20,540,213**
Over time	76,327,165	81,151,219	**92,085,594**
Total Net revenue	103,468,159	105,295,236	**112,625,807**

The following table presents the total depreciation and amortization expenses of property, equipment and software recorded under cost of revenues by segment for the years ended December 31, 2023, 2024 and 2025 (in thousands):

	For the year ended December 31,		
	2023	2024	**2025**
	RMB	RMB	**RMB**
Games and related value-added services	223,156	246,422	**277,271**
Youdao	9,275	9,119	**6,718**
NetEase Cloud Music	2,452	3,027	**699**
Innovative businesses and others	60,126	47,084	**106,380**
Total depreciation and amortization expenses of property, equipment and software	295,009	305,652	**391,068**

As substantially all of the Group's long-lived assets are located in China mainland and substantially all of the Group's revenue of reportable segments are derived from China mainland, no geographical information is presented for the years ended December 31, 2023 and 2024. In addition, substantially all of the Group's long-lived assets are located in China mainland and 89.9% of the Group's revenue of reportable segments are derived from China mainland for the year ended December 31, 2025.

26. Financial Instruments

The following table sets forth the financial instruments, measured at fair value, by level within the fair value hierarchy as of December 31, 2024 (in thousands):

	Fair Value Measurements RMB			
	Total	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity investments with readily determinable fair values	2,375,785	2,375,785	–	–
Short-term investments	10,756,143	–	10,756,143	–
Investments accounted for at fair values	241,570	–	–	241,570
Total	13,373,498	2,375,785	10,756,143	241,570

The following table sets forth the financial instruments, measured at fair value, by level within the fair value hierarchy as of December 31, 2025 (in thousands):

	Fair Value Measurements RMB			
	Total	**Quoted Prices in Active Market for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Equity investments with readily determinable fair values	**5,636,797**	**5,636,797**	**–**	**–**
Short-term investments	**22,803,503**	**–**	**22,803,503**	**–**
Investments accounted for at fair values	**153,304**	**–**	**–**	**153,304**
Total	**28,593,604**	**5,636,797**	**22,803,503**	**153,304**

26. Financial Instruments (Continued)

The rates of interest under the loan agreements with the lending banks were determined based on the prevailing interest rates in the market. The Group classifies the valuation techniques that use these inputs as Level 2 of fair value measurements of short-term bank loans. For other financial assets and liabilities with carrying values that approximate fair value, if measured at fair value in the financial statements, these financial instruments would be classified as Level 3 in the fair value hierarchy. As of December 31, 2024 and 2025, certain equity investments without determinable fair value (Note 9) were measured using significant unobservable inputs (Level 3) and written down from their respective carrying value to fair value, with impairment charges of RMB1.0 billion and RMB2.4 billion incurred and recorded in earnings for the years then ended.

27. Restricted Net Assets

Relevant PRC laws and regulations permit companies in China mainland to pay dividends only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Additionally, the Company's subsidiaries and the VIEs in China mainland can only distribute dividends upon approval of the shareholders after they have met the requirements for appropriation to the general reserve fund and the statutory surplus fund respectively. The general reserve fund and the statutory surplus fund require that annual appropriations of 10% of net after-tax income should be set aside prior to payment of any dividends. As a result of these and other restrictions under PRC laws and regulations, the subsidiaries and the VIEs in China mainland are restricted in their ability to transfer a portion of their net assets to the Company either in the form of dividends, loans or advances, which restricted portion amounted to approximately RMB13.3 billion, or 8.0% of the Company's total consolidated net assets, as of December 31, 2025. Even though the Company currently does not require any such dividends, loans or advances from the subsidiaries and the VIEs in China mainland for working capital and other funding purposes, the Company may in the future require additional cash resources from its subsidiaries and the VIEs in China mainland due to changes in business conditions, to fund future acquisitions and developments, or merely declare and pay dividends to or distributions to the Company's shareholders.

(Amounts expressed in Renminbi ("RMB"), unless otherwise stated)

28. Reconciliation Between U.S. GAAP and IFRS Accounting Standards

The consolidated financial statements are prepared in accordance with U.S. GAAP, which differ in certain respects from IFRS Accounting Standards. The effects of material differences between the consolidated financial statements of the Group prepared under U.S. GAAP and IFRS Accounting Standards are as follows:

Reconciliation of consolidated statements of comprehensive income (Extract):

	For the year ended December 31, 2023			
	Amounts as reported under U.S. GAAP	Investments measured at fair value (Note (a))	Redeemable noncontrolling interests (Note (b))	Amounts as reported under IFRS Accounting Standards
Fair value changes of redeemable noncontrolling interests	–	–	99,885	99,885
Investment income, net	1,306,722	(444,652)	–	862,070
Income before tax	34,056,927	(444,652)	99,885	33,712,160
Income tax	(4,699,704)	(1,917)	–	(4,701,621)
Net income	29,357,223	(446,569)	99,885	29,010,539
Accretion of redeemable noncontrolling interests	(3,589)	–	3,589	–
Net loss attributable to noncontrolling interests and redeemable noncontrolling interests	62,918	–	3,759	66,677
Net income attributable to the Company's shareholders	29,416,552	(446,569)	107,233	29,077,216

(Amounts expressed in Renminbi ("RMB"), unless otherwise stated)

28. Reconciliation Between U.S. GAAP and IFRS Accounting Standards (Continued)

Reconciliation of consolidated statements of comprehensive income (Extract) (Continued):

	For the year ended December 31, 2024			
	Amounts as reported under U.S. GAAP	Investments measured at fair value (Note (a))	Redeemable noncontrolling interests (Note (b))	Amounts as reported under IFRS Accounting Standards
Fair value changes of redeemable noncontrolling interests	–	–	4,010	4,010
Investment income, net	355,286	(812,814)	–	(457,528)
Income before tax	35,717,755	(812,814)	4,010	34,908,951
Income tax	(5,461,408)	3,286	–	(5,458,122)
Net income	30,256,347	(809,528)	4,010	29,450,829
Accretion of redeemable noncontrolling interests	(3,919)	–	3,919	–
Net income attributable to noncontrolling interests and redeemable noncontrolling interests	(554,819)	–	(4,010)	(558,829)
Net income attributable to the Company's shareholders	29,697,609	(809,528)	3,919	28,892,000

(Amounts expressed in Renminbi ("RMB"), unless otherwise stated)

28. Reconciliation Between U.S. GAAP and IFRS Accounting Standards (Continued)

Reconciliation of consolidated statements of comprehensive income (Extract) (Continued):

	For the year ended December 31, 2025			
	Amounts as reported under U.S. GAAP	Investments measured at fair value (Note (a))	Redeemable noncontrolling interests (Note (b))	Amounts as reported under IFRS Accounting Standards
Investment income, net	731,511	(346,503)	–	385,008
Income before tax	40,830,470	(346,503)	–	40,483,967
Income tax	(6,032,686)	6,314	–	(6,026,372)
Net income	34,797,784	(340,189)	–	34,457,595
Accretion of redeemable noncontrolling interests	(4,266)	–	4,266	–
Net income attributable to noncontrolling interests and redeemable noncontrolling interests	(1,033,718)	–	–	(1,033,718)
Net income attributable to the Company's shareholders	33,759,800	(340,189)	4,266	33,423,877

(Amounts expressed in Renminbi ("RMB"), unless otherwise stated)

28. Reconciliation Between U.S. GAAP and IFRS Accounting Standards (Continued)

Reconciliation of consolidated balance sheets (Extract):

	As of December 31, 2024			
	Amounts as reported under U.S. GAAP	Investments measured at fair value (Note (a))	Redeemable noncontrolling interests (Note (b))	Amounts as reported under IFRS Accounting Standards
Long-term investments	20,206,356	(13,800,189)	–	6,406,167
Financial assets at fair value through profit or loss	–	15,682,924	–	15,682,924
Total Assets	195,991,550	1,882,735	–	197,874,285
Deferred tax liabilities	2,173,117	26,600	–	2,199,717
Total Liabilities	53,497,412	26,600	–	53,524,012
Redeemable noncontrolling interests	84,272	–	(84,272)	–
Total equity	142,409,866	1,856,135	84,272	144,350,273
Total liabilities, redeemable noncontrolling interests and shareholders' equity	195,991,550	1,882,735	–	197,874,285

	As of December 31, 2025			
	Amounts as reported under U.S. GAAP	**Investments measured at fair value (Note (a))**	**Redeemable noncontrolling interests (Note (b))**	**Amounts as reported under IFRS Accounting Standards**
Long-term investments	**18,462,883**	**(13,946,251)**	**–**	**4,516,632**
Financial assets at fair value through profit or loss	**–**	**15,482,483**	**–**	**15,482,483**
Total Assets	**221,415,060**	**1,536,232**	**–**	**222,951,292**
Deferred tax liabilities	**2,637,258**	**20,286**	**–**	**2,657,544**
Total Liabilities	**56,311,051**	**20,286**	**–**	**56,331,337**
Redeemable noncontrolling interests	**91,319**	**–**	**(91,319)**	**–**
Total equity	**165,012,690**	**1,515,946**	**91,319**	**166,619,955**
Total liabilities, redeemable noncontrolling interests and shareholders' equity	**221,415,060**	**1,536,232**	**–**	**222,951,292**

28. Reconciliation Between U.S. GAAP and IFRS Accounting Standards (Continued)

Notes:

Note a. Investments measured at fair value

Under U.S. GAAP, the Group applied the measurement alternative to record the investments in equity securities (including preferred shares and ordinary shares without significant influence) without readily determinable fair values at cost, less impairment, and plus or minus subsequent adjustments for observable price changes recognized in the consolidated income statements.

Under IFRS Accounting Standards, these investments were classified as financial assets at fair value through profit or loss and measured at fair value with changes in fair value recognized through profit or loss.

Note b. Redeemable noncontrolling interests

Under U.S. GAAP, SEC guidance provides for mezzanine – equity (temporary equity) category in addition to the financial liability and permanent equity categories. The purpose of this "in – between" category is to indicate that a security whose redemption is outside the control of the issuer may not be classified as a permanent part of equity. The Group classified the redeemable preferred shares issued by certain subsidiaries as redeemable noncontrolling interests in the consolidated balance sheets and recorded them initially at fair value, net of issuance costs. The Group recognized accretion to the respective redemption value of the redeemable preferred shares over the period starting from issuance date to the earliest redemption date.

Under IFRS Accounting Standards, there is no concept of mezzanine or temporary equity classification. The Group designated the redeemable preferred shares as financial liabilities at fair value through profit or loss which are measured at fair value. Subsequent to initial recognition, the amounts of changes in fair value that were attributed to changes in credit risk of the issuer were recognized in other comprehensive income, and the remaining amounts of changes in fair value were recognized in the profit or loss.

APPENDIX II

RISK FACTORS RELATING TO

THE OPERATING ENVIRONMENT AND STRATEGY OF UBS AG

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

Risk factors relating to UBS AG

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

Strategy, management and operational risks

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

The UBS AG Group is subject to significant regulatory requirements, including capital and liquidity, legal structure requirements, recovery and resolution planning, new and revised market standards and fiduciary duties, as well as new and developing environmental, social and governance (ESG) standards and requirements. In addition, measures adopted or proposed for banking and other regulation differ significantly across the major jurisdictions, making it increasingly difficult to manage a global institution. Regulatory reviews of the events leading to the failures of US banks and the acquisition of Credit Suisse by UBS Group AG in 2023, as well as regulatory measures to complete the implementation of the Basel III standards, may increase capital, liquidity and other requirements applicable to banks, including UBS AG. Swiss regulatory changes with regard to such matters as capital and liquidity have often proceeded more quickly than those in other major jurisdictions, and Switzerland's requirements for major international banks are among the strictest of the major financial centres. Switzerland has implemented the final Basel III requirements effective 1 January 2025, while implementation in other jurisdictions, including the United States, the EU and the UK, remains uncertain.

In June 2025, the Swiss Federal Council published for consultation proposed amendments to the Capital Adequacy Ordinance and in September 2025, it began a second public consultation on legislative amendments to capital requirements related to foreign subsidiaries. In April 2026, the Swiss Federal Council published the revised Capital Adequacy Ordinance reflecting amendments to, among other things, the regulatory capital treatment of select assets, which amendments will become effective in January 2027 or January 2029, as applicable. At the same time as publishing the revised Capital Adequacy Ordinance, the Swiss Federal Council submitted to the Swiss Parliament its final proposal for amendments to the Banking Act governing the capital treatment of foreign participations of systemically relevant banks, which, as currently proposed, would be phased in over a period of seven years. The Swiss Federal Council is expected to publish for consultation, in the first half of 2026, the remainder of the legislative changes implementing the recommendations from the review. The capital measures proposed by the Swiss Federal Council, if adopted as proposed, would require significant additional capital at UBS AG and have the effect of requiring a higher capital ratio at the UBS Group. Increased capital or liquidity requirements would put UBS at a disadvantage when competing with peer financial institutions subject to lower capital or liquidity requirements.

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

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

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

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

The authorities in Switzerland and internationally have published lessons learned from the Credit Suisse and the US regional bank failures, which are expected to result in additional requirements regarding recovery and resolution planning as well as early intervention tools for authorities. In September 2025, FINMA published its 2025 resolution report on UBS related to the 2024 fiscal year and FINMA concluded that UBS remains resolvable under UBS's existing preferred resolution strategy. However, given the lessons learned from the Credit Suisse crisis, FINMA also determined that the Swiss emergency plan of UBS – although largely compliant with the current legal requirements – requires further development, in particular better integration into UBS's global resolution plan, to meet the objective of maintaining systemically important functions while also safeguarding financial stability at the international level. Due to the ongoing integration of Credit Suisse into UBS, FINMA has refrained from assessing UBS's recovery plan, which outlines measures that aim to restore financial strength if UBS should come under severe capital or liquidity stress. UBS AG expects to make adjustments to its resolution plans to reflect additional guidance from FINMA and may be required to make further adjustments to reflect any changes to law that are enacted.

Increases in capital and changes in liquidity requirements may, in the aggregate require the UBS AG Group to maintain significantly higher levels of capital, which may have an effect on its ability to achieve its strategic plans, to meet ambitions for return on capital, and to achieve its ambitions for capital returns to shareholders. Significantly higher capital or liquidity requirements applied to the UBS Group or UBS AG relative to competitors in Switzerland or abroad may affect the UBS AG Group's ability to compete with firms subject to less stringent capital requirements and increase UBS AG Group's costs to serve customers.

Market regulation and fiduciary standards: the UBS AG Group's businesses operate in an environment of increasing regulatory scrutiny and changing standards with respect to fiduciary and other standards of care and the focus on mitigating or eliminating conflicts of interest between a manager or advisor and the client, which require effective implementation across the global systems and processes of investment managers and other industry participants. Future changes in the regulation of the UBS AG Group's duties to customers, including any potential changes to banking examination and oversight practices and standards as a result of interpretations of law, may require it to make further changes to its businesses, which would result in additional expense and may adversely affect its business. The UBS AG Group may also become subject to other similar regulations substantively limiting the types of activities in which it may engage or the way it conducts its operations.

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

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

UBS Group AG acquired Credit Suisse Group AG under exceptional circumstances and the continued outflows and deteriorating overall financial position of the Credit Suisse Group, in order to avert a failure of the Credit Suisse Group and thus damage to the Swiss financial centre and to global financial stability. The acquisition was effected through a merger of Credit Suisse Group AG with and into UBS Group AG, with UBS Group AG succeeding to all assets and all liabilities of Credit Suisse Group AG, becoming the direct or indirect shareholder of the former Credit Suisse Group AG's direct and indirect subsidiaries. Therefore, on a consolidated basis, all assets, risks and liabilities of the Credit Suisse Group became a part of the UBS Group. This includes all ongoing and future litigation, regulatory and similar matters arising out of the business of the Credit Suisse Group, thereby materially increasing UBS's exposure to litigation and regulatory risks. The UBS Group, including UBS AG, has, and expects to continue to, incur substantial costs to manage and resolve litigation, regulatory and other issues arising from the Credit Suisse Group. In addition to the litigation and regulatory risks inherited from the Credit Suisse Group, various legal challenges to the acquisition transaction have been brought by former securityholders of Credit Suisse Group AG. Former Credit Suisse Group AG shareholders have brought claims challenging the amount of merger consideration received and seeking a valuation under the Swiss Merger Act. Former holders of Credit Suisse Group AG additional tier 1 capital instruments have brought claims seeking a determination that FINMA's order directing Credit Suisse Group AG to write down such instruments was unauthorized and unlawful. In a partial ruling, the Swiss Federal Administrative Court has ruled that FINMA's order was unlawful without addressing any potential remedy. This ruling has been appealed by FINMA and by UBS to the Swiss Federal Supreme Court. Although UBS believes these claims are without merit, a final adverse decision in any of these matters could be material to UBS AG.

The UBS AG Group has also incurred and expects to continue to incur costs to manage other issues arising from the Credit Suisse Group. This includes substantial resources in connection with UBS's voluntary review of historical records relating to the Credit Suisse Group's World War II-era conduct.

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

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

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

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

UBS AG's reputation is critical to its success

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

Operational risks affect UBS AG's business

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

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

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

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

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

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

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

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

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

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

The UBS AG Group has not always been able to prevent serious losses arising from risk management failures and extreme or sudden market events. UBS AG recorded substantial losses on fixed-income trading positions in the 2008 financial crisis, in the unauthorised trading incident in 2011 and, more recently, positions resulting from the default of a US prime brokerage client. Credit Suisse has suffered very significant losses from the default of the US prime brokerage client and losses in supply chain finance funds managed by it, as well as other matters.

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

- it does not fully identify the risks in its portfolio, in particular risk concentrations and correlated risks;
- its assessment of the risks identified, or its response to negative trends, proves to be untimely, inadequate, insufficient or incorrect;
- its risk models prove insufficient to predict the scale of financial risks the bank faces;

- markets move in ways that it does not expect – in terms of their speed, direction, severity or correlation – and its ability to manage risks in the resulting environment is, therefore, affected;
- third parties to whom it has credit exposure or whose securities it holds are severely affected by events and it suffers defaults and impairments beyond the level implied by its risk assessment; or
- collateral or other security provided by its counterparties and clients proves inadequate to cover their obligations at the time of default.

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

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

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

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

The financial services industry is characterised by intense competition, continuous innovation, restrictive, detailed and sometimes fragmented regulation and ongoing consolidation. The UBS AG Group faces competition at the level of local markets and individual business lines and from global financial institutions that are comparable to it in their size and breadth, as well as competition from new technology-based market entrants, which may not be subject to the same level of regulation. Barriers to entry in individual markets and pricing levels are being eroded by new technology. The UBS AG Group expects these trends to continue and competition to increase. Its competitive strength and market position could be eroded if the UBS AG Group is unable to identify market trends and developments, does not respond to such trends and developments by devising and implementing adequate business strategies, does not adequately develop or update its technology, including its digital channels and tools and deployment of artificial intelligence, or is unable to attract or retain the qualified people needed.

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

In response to the demands of various stakeholders, including regulatory authorities and shareholders, and in order to better align the interests of its staff with other stakeholders, the UBS AG Group's compensation framework includes deferral periods for stock awards, forfeiture provisions and clawback provisions for certain awards linked to business performance. UBS AG also has individual caps on the proportion of fixed to variable pay for the members of the Executive Board (EB), as well as certain other employees. UBS is also required to maintain and enforce provisions requiring UBS to recover from EB members a portion of performance-based incentive compensation in the event that the UBS

Group and UBS AG, or another entity with securities listed on a US national securities exchange, is required to restate its financial statements as a result of a material error.

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

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

UBS AG's ability to pay its obligations in the future will depend on the level of funding, dividends and other distributions, if any, received from UBS Switzerland AG and other subsidiaries. The ability of such subsidiaries to make loans or distributions, directly or indirectly, to UBS AG may be restricted as a result of several factors, including restrictions in financing agreements and the requirements of applicable law and regulatory, fiscal or other restrictions. In particular, UBS AG's direct and indirect subsidiaries, including UBS Switzerland AG, UBS Americas Holding LLC, UBS Europe SE and Credit Suisse International, are subject to laws and regulations that require the entities to maintain minimum levels of capital and liquidity, that restrict dividend payments, that authorise regulatory bodies to block or reduce the flow of funds from those subsidiaries to UBS AG or that could affect their ability to repay any loans made to, or other investments in, such subsidiary by UBS AG or another member of the Group. Restrictions and regulatory actions could impede access to funds that UBS AG may need to meet its obligations In addition, UBS AG's right to participate in a distribution of assets upon a subsidiary's liquidation or reorganisation is subject to all prior claims of the subsidiary's creditors.

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

Market, credit and macroeconomic risks

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

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

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

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

Health emergencies, including pandemics and measures taken by governmental authorities to manage them, may have effects such as labour market displacements, supply chain disruptions, and inflationary pressures, and adversely affect global and regional economic conditions, resulting in contraction in the global economy, substantial volatility in the financial markets, crises in markets for goods and services, disruptions in real estate markets, increased unemployment, increased credit and counterparty risk, and operational challenges, as was seen with the COVID-19 pandemic. Such economic or market disruptions, including inflationary pressures, may lead to reduced levels of client activity and demand for the UBS AG Group's products and services, increased utilisation of lending commitments, significantly increased client defaults, continued and increasing credit and valuation losses in its loan portfolios, loan commitments and other assets, and impairments of other financial assets.

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

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

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

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

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

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

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

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

UBS's businesses are sensitive to changes in interest rate trends. A prolonged period of low or negative interest rates, particularly in Switzerland and the Eurozone, adversely affected the net interest income generated by UBS's Personal & Corporate Banking and Global Wealth Management businesses prior to 2022. The return to a zero policy rate by the Swiss National Bank in 2025 has and, UBS AG expects, will continue to adversely affect its net interest income. Actions that UBS took in the 2022 period to mitigate adverse effects on income, such as the introduction of selective deposit fees or minimum lending rates, contributed to outflows of customer deposits, net new money outflows and a declining market share in its Swiss lending business.

Higher interest rates generally benefit the UBS AG Group's net interest income. When interest rates increase substantially, returns on alternatives to deposits, such as returns on money market funds, may increase relative to deposit rates, leading to outflows of customer deposits and shifts of deposits from lower-interest account types to higher interest products, such as savings and certificates of deposit. Customer deposit outflows could require the UBS AG Group to obtain alternative funding, which would likely be more costly than customer deposits.

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

The UBS AG Group is subject to currency fluctuation risks as a substantial portion of its assets and liabilities are denominated in currencies other than the UBS AG Group's presentation currency, the US dollar. In order to hedge its CET1 capital ratio, the UBS AG Group's CET1 capital must have foreign currency exposure, which leads to currency sensitivity. As a consequence, it is not possible to simultaneously fully hedge both CET1 capital and the CET1 capital ratio. Accordingly, changes in foreign exchange rates may adversely affect the UBS AG Group's profits, balance sheet, and capital, leverage and liquidity coverage ratios. During 2025, the US dollar materially depreciated against other major currencies, including the Swiss franc and the euro. This depreciation resulted in an increase of the US dollar value of assets denominated in other currencies reflected on the UBS AG Group's balance sheet, increasing its leverage ratio denominator.

Regulatory and legal risks

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

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

The UBS AG Group may be subject to adverse preliminary determinations or court decisions that may negatively affect public perception and its reputation, result in prudential actions from regulators, and cause UBS AG to record additional provisions for such matters even when it believes it has substantial defences and expects to ultimately achieve a more favourable outcome. This risk is illustrated by the award of aggregate penalties and damages of EUR 4.5 billion against UBS by the court of first instance in France. This award was reduced to an aggregate of EUR 1.8 billion by the Court of Appeal, and, in a further appeal, the French Supreme Court referred the case back to the Paris Court of Appeal to reconsider the amount after a new trial. Ultimately, the case was resolved in September 2025 and UBS AG agreed to pay a fine of EUR 730 million and EUR 105 million in civil damages to the French State.

Litigation, regulatory and similar matters may also result in non-monetary penalties and consequences. Among other things, a guilty plea to, or conviction of, a crime could have material consequences for the UBS AG Group.

Resolution of regulatory proceedings has required the UBS AG Group to obtain waivers of regulatory disqualifications to maintain certain operations, may entitle regulatory authorities to limit, suspend or terminate licenses and regulatory authorisations, and may permit financial market utilities to limit, suspend or terminate the UBS AG Group's participation in them. The UBS AG Group and Credit Suisse have each required waivers or exemptions in order to continue to act as investment manager to pension plans and registered investment companies in the US, among other things; failure to obtain such waivers, or any limitation, suspension or termination of licenses, authorisations or participations arising from a disqualifying event, could have material adverse consequences for the UBS AG Group.

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

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

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

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

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

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

If restructuring proceedings are opened with respect to UBS Group AG, UBS AG or UBS Switzerland AG the resolution powers that FINMA may exercise include the power to: (i) transfer all or some of the assets, debt and other liabilities, and contracts of the entity subject to proceedings to another entity; (ii) stay for a maximum of two business days (a) the termination of, or the exercise of rights to terminate, netting rights, (b) rights to enforce or dispose of certain types of collateral or (c) rights to transfer claims, liabilities or certain collateral, under contracts to which the entity subject to proceedings is a party; and (iii) partially or fully write down the equity capital and regulatory capital instruments, including the relevant entity's senior debt and additional tier 1 capital instruments, and, if such regulatory capital is fully written down, write down or convert into equity the other debt instruments of the entity subject to proceedings. Creditors would have no right to reject, or to seek the suspension of, any restructuring plan pursuant to which such resolution powers are exercised. They would have only limited rights to challenge any decision to exercise resolution powers or to have that decision reviewed by a judicial or administrative process or otherwise.

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

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

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

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

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

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

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

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

UBS AG may be unable to maintain its capital strength

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

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

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

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

The effect of taxes on the financial results of UBS AG is significantly influenced by changes in tax law, or reinterpretations of existing laws by courts or tax authorities, reassessments of its deferred tax assets and operating losses of certain entities with no associated tax benefit

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

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

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

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

Liquidity and funding risk

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

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

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

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

APPENDIX III

RECENT DEVELOPMENTS IN THE ISSUER'S BUSINESS

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

1. Overview

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

On 31 March 2026, the UBS AG consolidated CET1 capital ratio was 14.2%, the CET1 leverage ratio was 4.3%, and the total loss-absorbing capacity ratio was 38.4%.[1] On the same date, invested assets stood at USD 6,881 billion and equity attributable to UBS AG shareholders was USD 91,404 million. As of 31 March, UBS AG Group employed 61,146 people.[2]

The rating agencies S&P Global Ratings Europe Limited ("**S&P**"), Moody's Investors Service Ltd. ("**Moody's**"), and Fitch Ratings Ireland Limited ("**Fitch**") have published solicited credit ratings reflecting their assessment of the creditworthiness of UBS AG, i.e. its ability to fulfil in a timely manner payment obligations, such as principal or interest payments on long-term loans, also known as debt servicing. The ratings from Fitch and S&P may be attributed a plus or minus sign, and those from Moody's a number. These supplementary attributes indicate the relative position within the respective rating class. UBS AG has a long-term counterparty credit rating of A+ from S&P, long-term senior debt rating of Aa2 from Moody's, and long-term issuer default rating of 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. Moody's is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of domestic law of the UK by virtue of the EUWA (the "**UK CRA Regulation**") and currently appears on the list of credit rating agencies registered or certified with the Financial Conduct Authority published on its website www.fca.org.uk/firms/credit-rating-agencies. Ratings given by Moody's are endorsed by Moody's Deutschland GmbH, which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**EU CRA Regulation**") and currently appears on the list of credit ratings agencies published by ESMA on its website www.esma.europa.eu in accordance with the EU CRA Regulation. S&P and Fitch are established in the European Union and registered under the EU CRA Regulation and currently appear on the list of credit ratings agencies published by ESMA on its website in accordance with the EU CRA Regulation. Ratings given by S&P and Fitch are endorsed by Standard & Poor's Global Ratings UK Limited and Fitch Ratings Ltd, respectively, which are established in the UK and registered under the UK CRA Regulation and currently appear on the list of credit rating agencies registered or certified with the FCA published on its website.

[1] All figures based on the Swiss systemically relevant bank framework. Refer to the "*Capital management*" section of the Annual Report 2025 and UBS AG First Quarter 2026 Report for more information.
[2] Full-time equivalents.

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 on 28 February 1978 for an unlimited duration, when entered in the Commercial Register of Canton Basel-City under its predecessor entity. The Issuer in its present form was established on 29 June 1998 by the merger of Union Bank of Switzerland and Swiss Bank Corporation. On 31 May 2024, Credit Suisse AG merged with and into UBS AG. UBS AG is entered in the Commercial Registers of Canton Zurich and Canton Basel-City under the registration number 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 (“**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 Articles of Association were last updated on 23 April 2024.

The addresses and telephone numbers of UBS AG’s two registered offices and principal places of business are: Bahnhofstrasse 45, 8001 Zurich, Switzerland, telephone +41 44 234 1111; and Aeschenvorstadt 1, 4051 Basel, Switzerland, telephone +41 61 288 2020.

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

For information on UBS’s expected financing of its business activities, please refer to "*Liquidity and funding management*" in the "*Risk, capital, liquidity and funding, and balance sheet*" section of the UBS AG Annual Report 2025 published on 9 March 2026 (the “**Annual Report 2025**”).

3. Business Overview

3.1 Organisational Structure of the Issuer

UBS AG is a Swiss bank and the parent company of the UBS AG Group. It is 100% owned by UBS Group AG, which is the holding company of the UBS Group. UBS AG operates as a group with five business divisions, and in addition, UBS AG has Group functions as support and control functions that provide services to UBS.

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

On 12 June 2023, Credit Suisse Group AG merged with and into UBS Group AG (*Absorptionsfusion*), with UBS Group AG becoming the holding company of Credit Suisse AG. In 2024 and 2025, several mergers of subsidiaries and other developments in UBS's legal entity structure were effected, as the process of integrating Credit Suisse progressed further. The mergers included those of UBS AG and Credit Suisse AG, and UBS Switzerland AG and Credit Suisse (Schweiz) AG, both in 2024, and that of UBS Americas Inc. and Credit Suisse Holdings (USA), Inc. in 2025. In addition, the transition to a single US intermediate holding company was completed in 2024, and, in 2025, UBS Europe SE was established as the single EU intermediate parent undertaking.

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

UBS AG's interests in subsidiaries and other entities as of 31 December 2025, including interests in significant subsidiaries, are discussed in "*Note 27 Interests in subsidiaries and other entities*" to UBS AG's consolidated financial statements included in the Annual Report 2025.

3.2 Principal activities

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

- *Global Wealth Management* provides financial services, advice and solutions to private wealth clients, as well as select institutional clients. Its offering ranges from investment management to estate planning and corporate finance advice, in addition to specific wealth management and banking products and services.

- *Personal & Corporate Banking* provides an extensive range of financial products and services, from banking to retirement, financing, investments and strategic transactions, to private, corporate and institutional clients, in Switzerland, through its branch network and digital channels.

- *Asset Management* is a global, large-scale and diversified asset manager, offering investment capabilities and strategies across all major traditional and alternative asset classes and investing styles to institutions, wholesale intermediaries and Global Wealth Management clients.

- The *Investment Bank* provides services to institutional, corporate, financial sponsor and Global Wealth Management clients, helping them raise capital, invest and manage risks. Its offering includes equities, foreign exchange, precious metals, research, advisory and capital markets, complemented by a focused rates and credit platform.

– *Non-core and Legacy* incorporates selected assets and liabilities originating from the former Credit Suisse businesses not aligned with UBS AG's long-term strategic priorities or risk appetite, including associated financial and non-financial assets, operating expenses, and funding costs. A small part of the division is made up of positions from UBS's former Non-core and Legacy Portfolio and some other legacy UBS assets and liabilities that were assessed as non-strategic in the context of the acquisition of the Credit Suisse Group.

– The *Group functions* are support and control functions that provide services to the Group. Virtually all costs incurred by the Group functions are allocated to the business divisions, leaving a residual amount referred to as *Group Items* in UBS AG's segment reporting. Group functions include the following major areas: Group Services (which consists of Group Technology, Group Compliance and Operational Risk Control, Group Finance, Group Risk Control, Group Human Resources and Corporate Services, Group Corporate Communications and Group Brand & Marketing, Group Legal, the Group Integration Office, Group Sustainability and Impact, and the Chief Strategy Office) and Group Treasury.

3.3 Competition

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

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

3.4 Recent Developments

3.4.1 UBS AG consolidated key figures

UBS AG derived the selected consolidated financial information included in the table below for the years ended 31 December 2024 and 31 December 2025 from the Annual Report 2025. The selected consolidated financial information included in the table below for the quarters ended 31 March 2026 and 31 March 2025 was derived from the First Quarter 2026 Report.

The consolidated financial statements were prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board ("**IASB**"). Information for the years ended 31 December 2024 and 2025 which is indicated as being unaudited in the table below was included in the Annual Report 2025 but has not been audited on the basis that the respective disclosures are not required under IFRS Accounting Standards, and therefore are not part of the audited financial statements. Prospective investors should read the whole of this document, the Annual Report 2025 and the First Quarter 2026 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	31.3.26	31.3.25	31.12.25	31.12.24
	unaudited		*audited, except where indicated*	

Results[1]				
Income Statement				
Total revenues	14,030	12,163	47,688	42,323
of which: Net interest income	1,993	1,328	6,354	4,678
of which: Other net income from financial instruments measured at fair value through profit or loss	3,956	3,924	13,952	12,959
of which: Net fee and commission income	7,678	6,630	27,400	23,438
of which: Other income	403	281	(17)	1,248
Credit loss expense / (release)	64	124	549	544
Operating expenses	10,780	10,701	43,038	39,346
Operating profit / (loss) before tax	3,186	1,339	4,101	2,433
Net profit / (loss) attributable to shareholders	2,500	1,028	3,541	1,481
Balance sheet				
Total assets	1,687,883		1,617,173	1,568,060
of which: Loans and advances to customers	664,217		658,760	587,347
Total financial liabilities measured at amortized cost	1,121,611		1,099,169	1,054,796
of which: customer deposits	792,270		796,330	749,476
of which: debt issued measured at amortized cost	109,743		100,207	101,104
of which: subordinated debt [2]	-		328	689
Total financial liabilities measured at fair value through profit or loss	463,161		415,001	401,555
of which: debt issued designated at fair value	107,652		107,544	102,567
Total liabilities	1,596,162		1,527,994	1,473,394
Total equity	91,722		89,179	94,666
of which: Equity attributable to shareholders	91,404		88,845	94,003
Profitability and growth				
Return on equity (%) [3]	11.1	4.3	3.8	1.9*
Return on tangible equity (%) [4]	12.0	4.6	4.0	2.0*
Return on common equity tier 1 capital (%) [5]	14.2	5.7	5.0	2.2*
Cost / income ratio (%) [6]	76.8	88.0	90.2	93.0*
Net profit growth (%) [7]	143.2	2.2	139.0	(55.0)*
Resources				
Common equity tier 1 capital [8]	70,867	70,756	70,394	73,792
Risk-weighted assets [8]	497,433	481,539	489,775*	495,110*
Common equity tier 1 capital ratio (%) [8]	14.2	14.7	14.4*	14.9*
Going concern capital ratio (%) [8]	18.9	18.5	18.4*	18.1*
Total loss-absorbing capacity ratio (%) [8]	38.4	38.0	36.8*	36.7*
Leverage ratio denominator [8]	1,655,400	1,565,845	1,622,921*	1,523,277*
Common equity tier 1 leverage ratio (%) [8]	4.3	4.5	4.3*	4.8*
Liquidity coverage ratio (%) [9]	172.4	180.3	176.2*	186.1*
Net stable funding ratio (%)	116.1	122.8	115.7*	124.1*
Other				
Invested assets (USD billion) [10]	6,881	6,153	7,005	6,087
Personnel (full-time equivalents)	61,146	67,373	61,899*	68,982*

* unaudited

[1] Profit and loss information and other flow-based information for the year ended 31 December 2025 is based entirely on consolidated data following the merger of UBS AG and Credit Suisse AG. Comparative information for the year ended 31 December 2024 includes seven months of consolidated data following the merger (June to December 2024) and five months of pre-merger UBS AG data only (January to May 2024). Balance sheet information as at 31 December 2025 and 31 December 2024 includes post-merger consolidated information.
[2] From 2026, this information is not part of the financial information of UBS AG published for the first and third quarters.
[3] Calculated as net profit attributable to shareholders (annualized for reporting periods shorter than 12 months) divided by average equity attributable to shareholders. This measure provides information about the profitability of the business in relation to equity.
[4] Calculated as net profit attributable to shareholders (annualized for reporting periods shorter than 12 months) 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.
[5] Calculated as net profit attributable to shareholders (annualized for reporting periods shorter than 12 months) 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.
[6] Calculated as operating expenses divided by total revenues. This measure provides information about the efficiency of the business by comparing operating expenses with total revenues.
[7] Calculated as the change in net profit attributable to shareholders from continuing operations between current and comparison periods divided by net profit attributable to shareholders from continuing operations of the comparison period. This measure provides information about profit growth since the comparison period.
[8] Based on the Swiss systemically relevant bank framework.
[9] The disclosed ratios represent quarterly averages for each of the quarters presented and have been calculated based on an average of 62 data points in the first quarter of 2026 and 62 data points in the first quarter of 2025.
[10] Consists of invested assets for Global Wealth Management, Asset Management (including invested assets from associates) 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 2026 Report, as well as to “*Our environment*” and “*Regulatory and legal developments*” in the Annual Report 2025, for information on key regulatory, legal and other developments.

3.5 Trend Information

For information on trends, refer to “*Recent Developments*” and to ‘*Outlook*’ in the UBS Group First Quarter 2026 Report, as well as to “*Our environment*”, “*Top and emerging risks*” in the “*Risk management and control*” section, and to “*Regulatory and legal developments*” in the Annual Report 2025. In addition, please refer to the section “*Risk factors*” included in the Annual Report 2025 for more information.

4. Administrative, Management and Supervisory Bodies of the Issuer

As a non-US company with securities listed on the New York Stock Exchange (“**NYSE**”), UBS AG complies with all relevant corporate governance standards applicable to foreign private issuers listing debt securities. In addition, it also follows the standards established in the Swiss Code of Best Practice for Corporate Governance.

UBS AG operates under a strict dual board structure, as mandated by Swiss banking law. The Board of Directors of UBS AG (“**BoD**”) decides on the strategy of UBS AG, upon recommendations by the President of the Executive Board of UBS AG (“**EB**”), and exercises ultimate supervision over management; whereas the EB, headed by the President of the EB, has executive management responsibility for UBS AG and its business. The functions of Chairman of the BoD and President of the EB are assigned to two different persons, leading to a separation of powers. 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. 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.

The current members of the BoD are listed below.

Member	**Title**	**Term of office**	**Current principal activities outside UBS AG**
Colm Kelleher	Chairman	2027	Chairman of the Board of Directors of UBS Group AG; member of the Board of Directors of the Bretton Woods Committee; member of the Board of the Swiss Finance Council; member of the Board of the International Monetary Conference; member of the Board of the Bank Policy Institute; member of the Board of Americans for Oxford; Visiting Professor of Banking and Finance, Loughborough Business School; member of the European Financial Services Round Table; member of the European Banking Group; member of the International Advisory Council of the China Securities Regulatory Commission; member of the Chief Executive's Advisory Council (Hong Kong).
Markus Ronner	Vice Chairman	2027	Vice Chairman of the Board of Directors of UBS Group AG; member of the Board and Board Committee of economiesuisse; member of the Board of Directors and the Board of Directors Committee of the Swiss Bankers Association; member of the Board of the Swiss Finance Council; Member of the Board of Trustees of Avenir Suisse.
Jeremy Anderson	Vice Chairman	2027	Senior Independent Director of the Board of Directors of UBS Group AG; member of the Board of Prudential plc (Chair of the Risk Committee); Chairman of Lamb's Passage Holding Ltd; member of the Board of Directors of Credit Suisse International; Trustee of the UK's Productivity Leadership Group.
Agustín Carstens	Member	2027	Member of the Board of Directors of UBS Group AG;

			Member of the Group of Thirty; Member of the Board of Directors of the Bretton Woods Committee; Member of the Advisory Board of the Global Finance & Technology Network; Member of the Visa Economic Empowerment Institute Advisory Council; Co-Convenor, Cambridge Digital Innovation and Regulation Initiative, University of Cambridge.
Patrick Firmenich	Member	2027	Member of the Board of Directors of UBS Group AG; Vice Chairman of the Board of dsm-firmenich (Chair of the Governance and Nomination Committee); member of the Advisory Council of the Swiss Board Institute.
Fred Hu	Member	2027	Member of the Board of Directors of UBS Group AG; founder, Chairman and CEO of Primavera Capital Group; Non-Executive Chairman of the Board of Yum China Holdings (Chair of the Nomination and Governance Committee); member of the Board of Chubb Limited; Chairman of Primavera Capital Ltd; Trustee of the China Medical Board; Member of the Global Board of The Nature Conservancy and Co-Chairman of its Asia Pacific Council; member of the Board of Trustees of the Institute for Advanced Study.
Mark Hughes	Member	2027	Member of the Board of Directors of UBS Group AG; Senior Advisor to McKinsey & Company.
Renata Jungo Brüngger	Member	2027	Member of the Board of Directors of UBS Group AG; member of the Supervisory Board of Daimler Truck Holding AG; member of the Supervisory Board of Daimler Truck AG; member of the Supervisory Board of Munich Re (Chair of Remuneration Committee); member of the Board of Trustees of Internationale Bachakademie Stuttgart; member of the Board of Trustees of Gesellschaft der Freunde von Bayreuth e. V. (Friends of Bayreuth).
Gail Kelly	Member	2027	Member of the Board of Directors of UBS Group AG; member of the Board of Singtel Communications (Chairperson of the Executive Resource and Compensation Committee); member of the Group of Thirty; member of the Board of Directors of the Bretton Woods Committee; member of the Australian American Leadership Dialogue Advisory Board; Senior advisor to McKinsey & Company.
Luca Maestri	Member	2027	Member of the Board of Directors of UBS Group AG; member of the Board of Directors of Nestlé S.A.
Julie G. Richardson	Member	2027	Member of the Board of Directors of UBS Group AG; member of the Board of BXP; member of the Board of Datadog (Chair of the Audit Committee); member of the

			Board of Fivetran; member of the Board of Coalition, Inc.
Lila Tretikov	Member	2027	Member of the Board of Directors of UBS Group AG; Partner and Head of Artificial Intelligence Strategy, New Enterprise Associates, Inc.; member of the Board of Capgemini SE; member of the Board of Volvo Car Corporation; member of the Board of Xylem Inc.; member of the Board of Zendesk Inc.;; member of the Board of Backflip AI, Inc.; member of the Board of Cusp AI Limited; member of the Board of Horizon 3 AI, Inc.

4.2 Executive Board ("EB")

The President of the EB is appointed by the BoD upon proposal of the Chairman. All other EB members are appointed by the BoD upon proposal of the President of the EB.

The current members of the EB are listed below.

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

UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland		Chairman of UBS Asset Management AG; Chairman of UBS Asset Management Switzerland AG; member of the Board of UBS Optimus Foundation.
Robert Karofsky UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland	Co-President Global Wealth Management and President UBS Americas	Member of the Group Executive Board and Co-President Global Wealth Management of UBS Group AG; President UBS Americas of UBS Group AG; member of the board of UBS Americas Holding LLC; Chair of the Board of UBS Optimus Foundation US; member of Board of the American Swiss Foundation.
Iqbal Khan UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland	Co-President Global Wealth Management and President UBS Asia Pacific	Member of the Group Executive Board and Co-President Global Wealth Management of UBS Group AG; President UBS Asia Pacific of UBS Group AG.
Barbara Levi UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland	General Counsel	Member of the Group Executive Board and Group General Counsel of UBS Group AG; member of the Board of Directors of the European General Counsel Association; member of the Legal Committee of the Swiss-American Chamber of Commerce.
Beatriz Martin Jimenez UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland	Chief Operating Officer, Head Non-Core and Legacy and President UBS Europe, Middle East and Africa	Member of the Group Executive Board and Group Chief Operating Officer; Head Non-Core and Legacy and President UBS Europe, Middle East and Africa of UBS Group AG; member of the Board of Directors and President of the Executive Board of UBS Business Solutions AG; member of the Supervisory Board of UBS Europe SE; member of the Board of Directors of Credit Suisse International.
Stefan Seiler UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland	Head Human Resources & Corporate Services	Member of the Group Executive Board and Head Group Human Resources & Corporate Services of UBS Group AG; member of the Board of UBS Optimus Foundation; member of the Foundation Board of the Pension Fund of UBS; member of the Foundation Council of the UBS Center for Economics in Society, University of Zurich; Chairman of the Foundation Board of the Swiss Finance Institute; member of the IMD Foundation Board; Adjunct Professor for Leadership and Strategic Human Resource Management, Nanyang Technological University (NTU), Singapore.
Todd Tuckner UBS AG,	Chief Financial Officer	Member of the Group Executive Board and Group Chief Financial Officer of UBS Group AG; Member of the Financial Services Chapter of the

Bahnhofstrasse 45, 8001 Zurich, Switzerland		Swiss-American Chamber of Commerce.
Marco Valla UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland	Co-President Investment Bank	Member of the Group Executive Board and Co-President Investment Bank of UBS Group AG; member of the Board of Directors of Good Shepherd Services; member of the Board of the Mount Sinai Department of Urology.
Damian Vogel UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland	Chief Risk Officer	Member of the Group Executive Board and Chief Risk Officer for UBS Group AG; member of the Board of UBS Switzerland AG; member of the Foundation Board of the International Financial Risk Institute (IFRI).

4.3 Potential Conflicts of Interest

Members of the BoD and the EB may act as directors or executive officers of other companies (for current principal positions outside UBS AG, if any, of BoD and EB members, please see sections 4.1 and 4.2 above, respectively) and may have economic or other private interests that differ from those of UBS AG. Conflicts of interest may potentially arise from these positions or interests. For example, it cannot be excluded that a member of the BoD or EB has or will have a function within a company, the shares of which are or will be traded by UBS AG or which has or will have a business relationship with UBS AG. UBS AG is confident that its internal corporate governance practices and its compliance with relevant legal and regulatory provisions reasonably ensure that any conflicts of interest of the type described above are appropriately managed, including through disclosure when appropriate.

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

5. Auditors

Based on article 31 of the Articles of Association, UBS AG shareholders elect the auditors for a term of office of one year. At the AGMs on 8 April 2025 and 14 April 2026, Ernst & Young Ltd, Aeschengraben 27, 4051 Basel, Switzerland ("**Ernst & Young**") was elected as auditor for the consolidated and standalone financial statements of UBS AG for a one-year term.

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

6. Major Shareholders of the Issuer

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

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

7.1 Historical Annual Financial Information

Detailed information about UBS AG consolidated and UBS AG assets and liabilities, financial position and profits and losses for financial years 2025 and 2024 is available in the section " *Consolidated financial statements*" of the Annual Report 2025 and in UBS AG's standalone financial statements for the year ended 31 December 2025 (the "**Standalone Financial Statements 2025**"). The consolidated and standalone financial accounts are closed on 31 December of each year.

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

7.2 Auditing of Historical Annual Financial Information

The consolidated financial statements and the standalone financial statements of UBS AG for the financial years 2025 and 2024 were audited by Ernst & Young, and the reports of the auditors on the abovementioned financial statements are included in the Annual Report 2025 and in the Standalone Financial Statement 2025, respectively. 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 2025 and 31 December 2024.

7.3 Interim Financial Information

Reference is also made to the UBS Group AG First Quarter 2022 Report and the UBS AG First Quarter 2026 Report, which contain information on the financial condition and results of operations, including the interim financial statements of UBS Group AG (consolidated) and interim financial information of UBS AG (consolidated), respectively, as of and for the quarter ended 31 March 2026. The interim consolidated financial statements and information 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. 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 authorisations, 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, authorisations 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 to UBS due to potential financial, reputational and other effects, are described in the "*Provisions and contingent liabilities*" section of UBS AG First Quarter 2026 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 2026.

8. Share Capital

As reflected in the Articles of Association most recently registered with the Commercial Register of the Canton of Zurich and the Commercial Register of Basel-City, UBS AG has (i) fully paid and issued share capital of USD 385,840,846.60, divided into 3,858,408,466 registered shares with a par value of USD 0.10 each (article 4); (ii) conditional capital (*bedingtes Kapital*) in the amount of USD 38,000,000, for the issuance of up to 380,000,000 registered shares with a par value of USD 0.10 each that can be issued upon the voluntary or mandatory exercise of conversion rights and/or warrants (article 4a); and (iii) conversion capital (*Wandlungskapital*) in the amount of USD 70,000,000 for the issuance of a maximum of 700,000,000 registered shares with a par value of USD 0.10 each, through the mandatory conversion of claims arising upon the occurrence of one or more trigger events under financial market instruments with contingent conversion features (article 4b).

9. Documents Available

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

APPENDIX IV

EXTRACT OF
THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF
UBS AG AND ITS SUBSIDIARIES
FOR THE FIRST QUARTER ENDED 31 MARCH 2026

UBS AG

First quarter 2026 report

Corporate calendar UBS AG

Information about future publication dates is generally available at
ubs.com/global/en/investor-relations/events/calendar.html

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Terms used in this report, unless the context requires otherwise

"UBS", "UBS Group", "UBS Group AG consolidated", "Group" and "the Group"	UBS Group AG and its consolidated subsidiaries
"UBS AG" and "UBS AG consolidated", "we", "us" and "our"	UBS AG and its consolidated subsidiaries
"1m"	One million, i.e. 1,000,000
"1bn"	One billion, i.e. 1,000,000,000
"1trn"	One trillion, i.e. 1,000,000,000,000

In this report, unless the context requires otherwise, references to any gender shall apply to all genders.

Alternative performance measures

An alternative performance measure (an APM) is a financial measure of historical or future financial performance, financial position or cash flows other than a financial measure defined or specified in IFRS Accounting Standards, as issued by the International Accounting Standards Board (the IASB), or in other applicable recognized accounting standards or regulations. We report a number of APMs in the discussion of the financial and operating performance of UBS AG, our business divisions and Group Items. We use APMs to provide a more complete picture of our operating performance and to reflect management's view of the fundamental drivers of our business results. A definition of each APM, the method used to calculate it and the information content are presented under "Alternative performance measures" in the appendix to this report. Each APM that qualifies as a non-GAAP measure as defined by US Securities and Exchange Commission (SEC) regulations is designated as such in the table of APMs in the appendix to this report.

› **Refer to "Alternative performance measures" in the appendix to this report for additional information**

Comparison between UBS AG consolidated and UBS Group AG consolidated

This report should be read in conjunction with the UBS Group first quarter 2026 report that was published on 29 April 2026 and is available under "Quarterly reporting" at *ubs.com/investors*. A comparison of selected financial and capital information of UBS AG consolidated and of UBS Group AG consolidated is provided in the Introduction section of this report.

Quarterly reporting change

Starting from the first quarter of 2026, UBS AG will no longer publish interim financial reports prepared in accordance with IAS 34, *Interim Financial Reporting*, for the first and third quarters. Instead, UBS AG will publish financial information that is prepared in accordance with UBS AG accounting policies, which are consistent with IFRS Accounting Standards, but does not include all notes as required under IAS 34 and therefore does not constitute an "interim financial report", as defined by IAS 34. This change is intended to improve efficiency, while maintaining a high level of transparency for investors.

As a result, the section previously titled "Consolidated financial statements" has been renamed "Consolidated financial information", and the scope of the disclosures has been amended. The income statement and the statement of comprehensive income, and related information, are presented for 31 March 2026 and 31 March 2025 on a year-to-date basis. The balance sheet and related information are presented as of 31 March 2026 and 31 December 2025.

Starting from the first half of 2026, UBS AG will publish a half-year interim financial report prepared in accordance with IAS 34 as of and for the six-month period ending 30 June.

Key figures

UBS AG consolidated key figures

UBS AG consolidated key figures

	As of or for the quarter ended		
USD m, except where indicated	31.3.26	31.12.25	31.3.25
Results			
Total revenues	14,030	11,444	12,163
Credit loss expense / (release)	64	161	124
Operating expenses	10,780	10,890	10,701
Operating profit / (loss) before tax	3,186	393	1,339
Net profit / (loss) attributable to shareholders	2,500	33	1,028
Profitability and growth			
Return on equity (%)[1]	11.1	0.1	4.3
Return on tangible equity (%)[1]	12.0	0.2	4.6
Return on common equity tier 1 capital (%)[1]	14.2	0.2	5.7
Cost / income ratio (%)[1]	76.8	95.2	88.0
Net profit growth (%)[1]	143.2	n.m.	2.2
Resources			
Total assets	1,687,883	1,617,173	1,547,489
Equity attributable to shareholders	91,404	88,845	96,553
Common equity tier 1 capital[2]	70,867	70,394	70,756
Risk-weighted assets[2]	497,433	489,775	481,539
Common equity tier 1 capital ratio (%)[2]	14.2	14.4	14.7
Going concern capital ratio (%)[2]	18.9	18.4	18.5
Total loss-absorbing capacity ratio (%)[2]	38.4	36.8	38.0
Leverage ratio denominator[2]	1,655,400	1,622,921	1,565,845
Common equity tier 1 leverage ratio (%)[2]	4.3	4.3	4.5
Liquidity coverage ratio (%)[3]	172.4	176.2	180.3
Net stable funding ratio (%)	116.1	115.7	122.8
Other			
Invested assets (USD bn)[1,4]	6,881	7,005	6,153
Personnel (full-time equivalents)	61,146	61,899	67,373

1 Refer to "Alternative performance measures" in the appendix to this report for the relevant definition and calculation method. Each alternative performance measure (APM) that qualifies as a non-GAAP measure as defined by US Securities and Exchange Commission (SEC) regulations is designated as such in the table of APMs in the appendix to this report. 2 Based on the Swiss systemically relevant bank framework. Refer to the "Capital management" section of this report for more information. 3 The disclosed ratios represent quarterly averages for each of the quarters presented and have been calculated based on an average of 62 data points in the first quarter of 2026, 64 data points in the fourth quarter of 2025 and 62 data points in the first quarter of 2025. Refer to the "Liquidity and funding management" section of the UBS Group first quarter 2026 report, available under "Quarterly reporting" at ubs.com/investors, for more information. 4 Consists of invested assets for Global Wealth Management, Asset Management (including invested assets from associates) and Personal & Corporate Banking. Refer to "Note 30 Invested assets and net new money" in the "Consolidated financial statements" section of the UBS AG Annual Report 2025, available under "Annual reporting" at ubs.com/investors, for more information.

Introduction

Overview

UBS Group AG is the holding company for the UBS Group and the parent company of UBS AG. UBS Group AG holds 100% of the issued shares in UBS AG. UBS AG and UBS Group both prepare annual consolidated financial statements in accordance with IFRS Accounting Standards and half-yearly consolidated financial statements in accordance with IAS 34.

The financial information included in this report has been prepared in accordance with UBS AG's accounting policies as described in "Note 1 Summary of material accounting policies" to the UBS AG consolidated annual financial statements for the year ended 31 December 2025.

› **Refer to the "Consolidated financial information" section of this report for more information**

UBS Group has applied acquisition accounting as defined by IFRS 3, *Business Combinations*, to the acquisition of the Credit Suisse Group in 2023. The merger of UBS AG and Credit Suisse AG on 31 May 2024 has been accounted for as a business combination under common control, as defined in IFRS 3, using the historic carrying values of the assets and liabilities of Credit Suisse AG as at the date of the transaction (31 May 2024), determined under IFRS Accounting Standards. Therefore, differences exist between the accounting treatments applied at the UBS Group and UBS AG consolidated levels. There are also certain scope and presentation differences, as noted below.

› **Refer to "Note 28 Changes in organization and acquisitions and disposals of subsidiaries and businesses" in the "Consolidated financial statements" section of the UBS AG Annual Report 2025, available under "Annual reporting" at *ubs.com/investors*, for more information about the accounting for the merger of UBS AG and Credit Suisse AG**

Except for the differences related to the above, financial information for UBS AG consolidated does not differ materially from that for UBS Group AG consolidated.

› **Refer to the UBS Group first quarter 2026 report, available under "Quarterly reporting" at *ubs.com/investors*, for more information**

Comparison between UBS AG consolidated and UBS Group AG consolidated

The table below provides a comparison of selected financial and capital information of UBS AG consolidated and of UBS Group AG consolidated.

Assets, liabilities, revenues, operating expenses and tax expenses / (benefits) relating to UBS Group AG and its directly held subsidiaries, including UBS Business Solutions AG, are reflected in the consolidated financial statements of UBS Group AG but not in those of UBS AG. UBS AG's assets, liabilities, revenues and operating expenses related to transactions with UBS Group AG and its directly held subsidiaries, including UBS Business Solutions AG and other shared services subsidiaries, are not subject to elimination in the UBS AG consolidated financial statements, but are eliminated in the UBS Group AG consolidated financial statements.

In the first quarter of 2026, UBS AG consolidated recognized a net profit of USD 2,514m, while UBS Group AG consolidated recognized a net profit of USD 3,054m. The USD 540m difference was mainly due to certain purchase price allocation (PPA) effects recognized at the UBS Group AG level upon the acquisition of the Credit Suisse Group. These resulted in net accretion income at the UBS Group AG level, net of tax effects, whereas UBS AG has not applied acquisition accounting and does not have the PPA effects or the corresponding net income. The PPA effects also resulted in lower expenses for litigation, regulatory and similar matters at the UBS Group AG consolidated level. Other differences in net profit mainly arose due to UBS Business Solutions AG and other shared services subsidiaries of UBS Group AG charging other legal entities within the UBS AG consolidation scope a markup on costs incurred for services provided.

As of 31 March 2026, the total assets of UBS AG consolidated were USD 1.4bn higher than the total assets of UBS Group AG consolidated. The difference mainly reflected PPA effects recognized at the UBS Group AG level upon the acquisition of the Credit Suisse Group, partly offset by consolidation scope differences. The total liabilities of UBS AG consolidated were USD 2.1bn higher than the total liabilities of UBS Group AG consolidated, mainly due to consolidation scope differences.

The equity of UBS AG consolidated was USD 0.8bn lower than the equity of UBS Group AG consolidated as of 31 March 2026. This difference was mainly due to consolidation scope differences of USD 2.5bn, partly offset by PPA effects of USD 1.6bn recognized at the UBS Group AG level upon the acquisition of the Credit Suisse Group that did not impact UBS AG consolidated, primarily related to loans and loan commitments measured at amortized cost and contingent liabilities recognized under IFRS 3 for litigation, partly offset by PPA effects on real estate and debt issued.

The going concern capital of UBS AG consolidated was USD 2.8bn lower than the going concern capital of UBS Group AG consolidated as of 31 March 2026, reflecting the common equity tier 1 (CET1) capital of UBS AG consolidated being lower by USD 2.4bn and going concern loss-absorbing additional tier 1 (AT1) capital being USD 0.4bn lower.

The USD 2.4bn lower CET1 capital of UBS AG consolidated was primarily due to a USD 6.4bn difference in dividend accruals between UBS AG and UBS Group AG and UBS AG consolidated equity being USD 0.8bn lower, partly offset by compensation-related regulatory capital accruals at the UBS Group AG level of USD 2.3bn and a capital reserve for expected future share repurchases of USD 2.2bn and a USD 0.4bn effect from eligible deferred tax assets on temporary differences.

The going concern loss-absorbing AT1 capital of UBS AG consolidated was USD 0.4bn lower than that of UBS Group AG consolidated as of 31 March 2026, mainly reflecting deferred contingent capital plan awards granted at the Group level to eligible employees for the 2021 to 2025 performance years.

Differences in capital between UBS AG consolidated and UBS Group AG consolidated related to employee compensation plans will reverse to the extent underlying services are performed by employees of, and are consequently charged to, UBS AG and its subsidiaries. Such reversal generally occurs over the service period of the employee compensation plan.

The leverage ratio denominator (the LRD) of UBS AG consolidated was USD 1.9bn higher than the LRD of UBS Group AG consolidated, mainly reflecting intercompany exposures in UBS AG toward Group entities, as well as PPA adjustments that apply at the Group level but not at the UBS AG level, partly offset by fixed assets held outside of the UBS AG consolidation scope.

The risk-weighted assets (RWA) of UBS AG consolidated were USD 2.9bn lower than the RWA of UBS Group AG consolidated, mainly reflecting non-counterparty-related assets held outside the UBS AG consolidation scope, partly offset by intercompany credit risk exposures in UBS AG toward Group entities outside of the UBS AG consolidation scope.

The LRD for UBS AG consolidated exceeds that of UBS Group AG consolidated, and UBS AG’s RWA are lower than those of UBS Group AG consolidated. This divergence stems mainly from certain PPA adjustments that apply at the Group level but not at the UBS AG level and are subject to low risk weights.

The quarterly average liquidity coverage ratio (the LCR) of UBS AG consolidated was 5.4 percentage points lower than the quarterly average LCR of UBS Group AG consolidated. The difference mainly reflected the higher net cash outflows of UBS AG consolidated from intercompany deposits and loans that are not within the Group consolidation scope but are within the UBS AG consolidation scope.

The net stable funding ratio (the NSFR) of UBS AG consolidated was 0.8 percentage points lower than the NSFR of UBS Group AG consolidated. The difference primarily reflected lower UBS AG consolidated eligible regulatory capital as compared with UBS Group AG consolidated.

Comparison between UBS AG consolidated and UBS Group AG consolidated

	As of or for the quarter ended 31.3.26			As of or for the quarter ended 31.12.25		
USD m, except where indicated	UBS AG consolidated	UBS Group AG consolidated	Difference (absolute)	UBS AG consolidated	UBS Group AG consolidated	Difference (absolute)
Income statement						
Total revenues	14,030	14,243	(213)	11,444	12,145	(700)
Credit loss expense / (release)	64	70	(6)	161	159	3
Operating expenses	10,780	10,333	447	10,890	10,286	604
Operating profit / (loss) before tax	3,186	3,841	(655)	393	1,700	(1,307)
Net profit / (loss)	2,514	3,054	(540)	39	1,205	(1,166)
Balance sheet						
Total assets	1,687,883	1,686,521	1,362	1,617,173	1,617,427	(255)
Total liabilities	1,596,162	1,594,019	2,143	1,527,994	1,526,944	1,050
Total equity	91,722	92,502	(781)	89,179	90,484	(1,305)
Capital, liquidity and funding information						
Common equity tier 1 capital	70,867	73,313	(2,447)	70,394	71,262	(868)
Going concern capital	94,129	96,963	(2,834)	89,993	91,176	(1,183)
Risk-weighted assets	497,433	500,355	(2,922)	489,775	493,397	(3,622)
Common equity tier 1 capital ratio (%)	14.2	14.7	(0.4)	14.4	14.4	(0.1)
Going concern capital ratio (%)	18.9	19.4	(0.5)	18.4	18.5	(0.1)
Total loss-absorbing capacity ratio (%)	38.4	39.5	(1.1)	36.8	38.0	(1.2)
Leverage ratio denominator	1,655,400	1,653,460	1,940	1,622,921	1,622,438	483
Common equity tier 1 leverage ratio (%)	4.3	4.4	(0.2)	4.3	4.4	(0.1)
Liquidity coverage ratio (%)[1]	172.4	177.8	(5.4)	176.2	182.6	(6.4)
Net stable funding ratio (%)	116.1	116.9	(0.8)	115.7	116.1	(0.4)

1 The disclosed ratios represent quarterly averages for each of the quarters presented and have been calculated based on an average of 62 data points in the first quarter of 2026 and 64 data points in the fourth quarter of 2025. Refer to the "Liquidity and funding management" section of the UBS Group first quarter 2026 report, available under "Quarterly reporting" at ubs.com/investors, for more information.

Additional information about our business divisions

Global Wealth Management

USD m	For the quarter ended 31.3.26 UBS AG consolidated	UBS Group AG consolidated	Difference (absolute)	For the quarter ended 31.12.25 UBS AG consolidated	UBS Group AG consolidated	Difference (absolute)
Results						
Total revenues	6,996	7,106	(110)	6,585	6,695	(110)
Credit loss expense / (release)	9	9	0	34	32	2
Operating expenses	5,349	5,305	44	5,393	5,373	19
Operating profit / (loss) before tax	1,638	1,792	(153)	1,158	1,290	(132)

Profit before tax was USD 1,638m at the UBS AG level, compared with profit before tax of USD 1,792m at the UBS Group level. The USD 153m difference was mainly due to PPA effects on total revenues recognized in Global Wealth Management at the UBS Group level.

Personal & Corporate Banking – in Swiss francs

CHF m	For the quarter ended 31.3.26 UBS AG consolidated	UBS Group AG consolidated	Difference (absolute)	For the quarter ended 31.12.25 UBS AG consolidated	UBS Group AG consolidated	Difference (absolute)
Results						
Total revenues	1,872	2,029	(157)	1,664	1,830	(166)
Credit loss expense / (release)	54	55	(1)	79	80	(1)
Operating expenses	1,154	1,164	(10)	1,288	1,297	(9)
Operating profit / (loss) before tax	664	809	(145)	297	452	(155)

Profit before tax was CHF 664m at the UBS AG level, compared with profit before tax of CHF 809m at the UBS Group level. The CHF 145m difference was mainly due to PPA effects on total revenues recognized in Personal & Corporate Banking at the UBS Group level.

Personal & Corporate Banking – in US dollars

USD m	For the quarter ended 31.3.26 UBS AG consolidated	UBS Group AG consolidated	Difference (absolute)	For the quarter ended 31.12.25 UBS AG consolidated	UBS Group AG consolidated	Difference (absolute)
Results						
Total revenues	2,400	2,601	(201)	2,079	2,286	(207)
Credit loss expense / (release)	69	70	(2)	100	101	(1)
Operating expenses	1,477	1,491	(14)	1,610	1,621	(12)
Operating profit / (loss) before tax	854	1,040	(186)	370	565	(194)

Asset Management

USD m	For the quarter ended 31.3.26 UBS AG consolidated	UBS Group AG consolidated	Difference (absolute)	For the quarter ended 31.12.25 UBS AG consolidated	UBS Group AG consolidated	Difference (absolute)
Results						
Total revenues	772	772	0	796	800	(4)
Credit loss expense / (release)	0	0	0	1	1	0
Operating expenses	556	555	1	593	588	5
Operating profit / (loss) before tax	215	217	(2)	203	212	(9)

Investment Bank

USD m	For the quarter ended 31.3.26			For the quarter ended 31.12.25		
	UBS AG consolidated	UBS Group AG consolidated	Difference (absolute)	UBS AG consolidated	UBS Group AG consolidated	Difference (absolute)
Results						
Total revenues	3,991	4,054	(63)	2,886	2,946	(60)
Credit loss expense / (release)	61	65	(4)	36	34	2
Operating expenses	2,817	2,784	34	2,283	2,272	11
Operating profit / (loss) before tax	1,112	1,205	(93)	567	640	(73)

Profit before tax was USD 1,112m at the UBS AG level, compared with profit before tax of USD 1,205m at the UBS Group level. The USD 93m difference was mainly due to PPA effects on total revenues recognized in the Investment Bank at the UBS Group level.

Non-core and Legacy

USD m	For the quarter ended 31.3.26			For the quarter ended 31.12.25		
	UBS AG consolidated	UBS Group AG consolidated	Difference (absolute)	UBS AG consolidated	UBS Group AG consolidated	Difference (absolute)
Results						
Total revenues	(20)	(10)	(10)	(18)	(8)	(10)
Credit loss expense / (release)	(74)	(74)	(1)	(13)	(12)	(1)
Operating expenses	319	219	100	648	459	188
Operating profit / (loss) before tax	(265)	(155)	(110)	(653)	(455)	(197)

Loss before tax was USD 265m at the UBS AG level, compared with the loss before tax of USD 155m at the UBS Group level. The USD 110m difference was mainly due to PPA effects that resulted in releases for litigation, regulatory and similar matters for UBS Group (Non-core and Legacy at the UBS AG level incurred net expenses).

Group Items

USD m	For the quarter ended 31.3.26			For the quarter ended 31.12.25		
	UBS AG consolidated	UBS Group AG consolidated	Difference (absolute)	UBS AG consolidated	UBS Group AG consolidated	Difference (absolute)
Results						
Total revenues	(109)	(279)	171	(885)	(575)	(309)
Credit loss expense / (release)	0	0	0	4	3	0
Operating expenses	260	(21)	282	365	(27)	392
Operating profit / (loss) before tax	(369)	(258)	(111)	(1,253)	(552)	(701)

Loss before tax was USD 369m at the UBS AG level, compared with the loss before tax of USD 258m at the UBS Group level. The USD 111m difference mainly arose due to UBS Business Solutions AG and other shared services subsidiaries of UBS Group AG charging other legal entities within the UBS AG consolidation scope a markup on costs incurred for services provided.

Risk and capital management

Management report

Risk management and control

This section provides information about key developments during the reporting period and should be read in conjunction with the "Risk management and control" section of the UBS AG Annual Report 2025, available under "Annual reporting" at *ubs.com/investors*, and the "Recent developments" section of the UBS Group first quarter 2026 report, available under "Quarterly reporting" at *ubs.com/investors*, for more information about the integration of Credit Suisse.

UBS AG consolidated risk profile

The risk profile of UBS AG consolidated does not differ materially from that of UBS Group AG consolidated, and the risk information provided in the UBS Group first quarter 2026 report is equally applicable to UBS AG consolidated.

The credit risk profile of UBS AG consolidated as of 31 March 2026 differed from that of UBS Group AG consolidated in relation to total banking products exposure, mainly reflecting purchase price allocation effects booked at the Group level relating to the acquisition of the Credit Suisse Group, as well as receivables of UBS AG and UBS Switzerland AG from UBS Group AG and UBS Business Solutions AG, reflecting consolidation scope differences.

The total banking products exposure of UBS AG consolidated as of 31 March 2026 was USD 1,112.5bn, i.e. USD 6.8bn, or 0.6%, higher than the exposure of UBS Group AG consolidated. As of 31 December 2025, the total banking products exposure of UBS AG consolidated was USD 1,091.9bn, i.e. USD 5.6bn, or 0.5%, higher than the exposure of UBS Group AG consolidated.

› **Refer to the "Risk management and control" section of the UBS Group first quarter 2026 report, available under "Quarterly reporting" at *ubs.com/investors*, for more information**

› **Refer to the "Comparison between UBS AG consolidated and UBS Group AG consolidated" section of this report for more information about selected financial and capital information of UBS AG consolidated and UBS Group AG consolidated**

Capital management

The disclosures in this section are provided for UBS AG on a consolidated basis and focus on information in accordance with the Basel III framework, as applicable to Swiss systemically relevant banks (SRBs). They should be read in conjunction with the "Capital management" section of the UBS AG Annual Report 2025, available under "Annual reporting" at *ubs.com/investors*, which provides more information about relevant capital management objectives, planning and activities, as well as the Swiss SRB total loss-absorbing capacity framework, on a UBS AG consolidated basis.

In Switzerland, the amendments to the Capital Adequacy Ordinance (the CAO) that incorporate the final Basel III standards into Swiss law, including the new ordinances containing the implementing provisions for the revised CAO, entered into force on 1 January 2025.

UBS AG contributes a significant portion of capital to, and provides substantial liquidity to, its subsidiaries. Many of these subsidiaries are subject to regulations requiring compliance with minimum capital, liquidity and similar requirements.

› **Refer to the UBS Group and significant regulated subsidiaries and sub-groups 31 March 2026 Pillar 3 Report, available under "Pillar 3 disclosures" at *ubs.com/investors*, for more information about additional regulatory disclosures for UBS Group AG on a consolidated basis, as well as the significant regulated subsidiaries and sub-groups of UBS Group AG**

Swiss SRB going and gone concern requirements and information

As of 31.3.26	RWA		LRD	
USD m, except where indicated	in %		in %	
Required going concern capital				
Total going concern capital	15.20[1]	75,634	5.08[1]	84,119
Common equity tier 1 capital	10.84[2]	53,918	3.58[3]	59,288
of which: minimum capital	*4.50*	*22,384*	*1.50*	*24,831*
of which: buffer capital	*5.72*	*28,433*	*2.08*	*34,350*
of which: countercyclical buffer	*0.45*	*2,219*		
Maximum additional tier 1 capital	4.37[2]	21,716	1.50	24,831
of which: additional tier 1 capital	*3.50*	*17,410*	*1.50*	*24,831*
of which: additional tier 1 buffer capital	*0.80*	*3,979*		
Eligible going concern capital				
Total going concern capital	18.92	94,129	5.69	94,129
Common equity tier 1 capital	14.25	70,867	4.28	70,867
Total loss-absorbing additional tier 1 capital	4.68[4]	23,262	1.41	23,262
of which: high-trigger loss-absorbing additional tier 1 capital	*4.68*	*23,262*	*1.41*	*23,262*
Required gone concern capital				
Total gone concern loss-absorbing capacity[5,6,7]	10.89	54,156	3.81	63,009
of which: base requirement including add-ons for market share and LRD	*10.89*[8]	*54,156*	*3.81*[8]	*63,009*
Eligible gone concern capital				
Total gone concern loss-absorbing capacity[9]	19.44	96,717	5.84	96,717
TLAC-eligible unsecured debt	19.44	96,707	5.84	96,707
Total loss-absorbing capacity				
Required total loss-absorbing capacity	26.09	129,790	8.89	147,127
Eligible total loss-absorbing capacity	38.37	190,846	11.53	190,846
Risk-weighted assets / leverage ratio denominator				
Risk-weighted assets		497,433		
Leverage ratio denominator				1,655,400

1 Includes applicable add-ons of 1.90% for risk-weighted assets (RWA) and 0.58% for leverage ratio denominator (LRD), of which 2 basis points for RWA and 1 basis point for LRD reflect a Pillar 2 capital add-on of USD 107m related to the supply chain finance funds matter at Credit Suisse. An additional 22 basis points for RWA reflect a Pillar 2 capital add-on for the residual exposure (after collateral mitigation) to hedge funds, private equity and family offices, effective 1 January 2025. 2 Includes the Pillar 2 add-on for the residual exposure (after collateral mitigation) to hedge funds, private equity and family offices of 0.16% for CET1 capital and 0.07% for AT1 capital, effective 1 January 2025. For AT1 capital under Pillar 1 requirements a maximum of 4.3% of AT1 capital can be used to meet going concern requirements; 4.37% includes the aforementioned Pillar 2 capital add-on. 3 Our CET1 leverage ratio requirement of 3.58% consists of a 1.5% base requirement, a 1.5% base buffer capital requirement, a 0.28% LRD add-on requirement, a 0.30% market share add-on requirement based on our Swiss credit business and a 0.01% Pillar 2 capital add-on related to the supply chain finance funds matter at Credit Suisse. 4 UBS fulfills its minimum going concern capital requirements with CET1 capital and AT1 capital. The actual available and eligible AT1 capital is above the AT1 capital used to meet the minimum requirements (which is capped at 4.37% as explained in footnote 2) as UBS exceeds its minimum going concern requirements. 5 A maximum of 25% of the gone concern requirements can be met with instruments that have a remaining maturity of between one and two years. Once at least 75% of the minimum gone concern requirement has been met with instruments that have a remaining maturity of greater than two years, all instruments that have a remaining maturity of between one and two years remain eligible to be included in the total gone concern capital. 6 Systemically important banks (SIBs) are subject to base gone concern capital requirements equivalent to 75% of the total going concern requirements (excluding countercyclical buffer requirements and the Pillar 2 add-ons). 7 FINMA has the authority to impose a surcharge of up to 25% of the total going concern capital requirements (excluding countercyclical buffer requirements and the Pillar 2 add-ons) should obstacles to an SIB's resolvability be identified in future resolvability assessments. 8 Includes applicable add-ons of 1.24% for RWA and 0.43% for LRD. 9 Includes an add-back of 45% of unrealized gains from financial assets measured at fair value through other comprehensive income. Such gains do not qualify as CET1 capital, but 45% of these gains can be recognized as gone concern capital.

UBS AG, on a consolidated basis, is subject to the going and gone concern requirements of the Swiss CAO, which include additional requirements applicable to Swiss SRBs. The table above provides the risk-weighted asset (RWA)- and leverage ratio denominator (LRD)-based requirements and information as of 31 March 2026.

UBS AG and UBS Switzerland AG are subject to going and gone concern requirements on a standalone basis.

On a standalone basis as of 31 March 2026, UBS AG's fully applied common equity tier 1 (CET1) capital ratio was 13.9%. Additional capital information for UBS AG standalone is provided in the UBS Group and significant regulated subsidiaries and sub-groups 31 March 2026 Pillar 3 Report, available under "Pillar 3 disclosures" at *ubs.com/investors*.

Total loss-absorbing capacity

The table below provides Swiss SRB going and gone concern information based on the Swiss SRB framework and requirements that are discussed in the "Capital management" section of the UBS AG Annual Report 2025, available under "Annual reporting" at *ubs.com/investors*.

Swiss SRB going and gone concern information

USD m, except where indicated	31.3.26	31.12.25
Eligible going concern capital		
Total going concern capital	94,129	89,993
Total tier 1 capital	94,129	89,993
Common equity tier 1 capital	70,867	70,394
Total loss-absorbing additional tier 1 capital	23,262	19,600
of which: high-trigger loss-absorbing additional tier 1 capital	*23,262*	*19,600*
of which: low-trigger loss-absorbing additional tier 1 capital		
Eligible gone concern capital		
Total gone concern loss-absorbing capacity[1]	96,717	90,164
TLAC-eligible unsecured debt	96,707	90,139
Total loss-absorbing capacity		
Total loss-absorbing capacity	190,846	180,157
Risk-weighted assets / leverage ratio denominator		
Risk-weighted assets	497,433	489,775
Leverage ratio denominator	1,655,400	1,622,921
Capital and loss-absorbing capacity ratios (%)		
Going concern capital ratio	18.9	18.4
of which: common equity tier 1 capital ratio	*14.2*	*14.4*
Gone concern loss-absorbing capacity ratio	19.4	18.4
Total loss-absorbing capacity ratio	38.4	36.8
Leverage ratios (%)		
Going concern leverage ratio	5.7	5.5
of which: common equity tier 1 leverage ratio	*4.3*	*4.3*
Gone concern leverage ratio	5.8	5.6
Total loss-absorbing capacity leverage ratio	11.5	11.1

1 Includes an add-back of 45% of unrealized gains from financial assets measured at fair value through other comprehensive income. Such gains do not qualify as CET1 capital, but 45% of these gains can be recognized as gone concern capital.

UBS AG vs UBS Group AG consolidated loss-absorbing capacity and leverage information

Swiss SRB going and gone concern information (UBS AG vs UBS Group AG consolidated)

As of 31.3.26

USD m, except where indicated	UBS AG (consolidated)	UBS Group AG (consolidated)	Difference
Eligible going concern capital			
Total going concern capital	94,129	96,963	(2,834)
Total tier 1 capital	94,129	96,963	(2,834)
Common equity tier 1 capital	70,867	73,313	(2,447)
Total loss-absorbing additional tier 1 capital	23,262	23,649	(387)
of which: high-trigger loss-absorbing additional tier 1 capital	*23,262*	*23,649*	*(387)*
Eligible gone concern capital			
Total gone concern loss-absorbing capacity[1]	96,717	100,593	(3,876)
TLAC-eligible senior unsecured debt	96,707	100,583	(3,876)
Total loss-absorbing capacity			
Total loss-absorbing capacity	190,846	197,556	(6,710)
Risk-weighted assets / leverage ratio denominator			
Risk-weighted assets	497,433	500,355	(2,922)
Leverage ratio denominator	1,655,400	1,653,460	1,940
Capital and loss-absorbing capacity ratios (%)			
Going concern capital ratio	18.9	19.4	(0.5)
of which: common equity tier 1 capital ratio	*14.2*	*14.7*	*(0.4)*
Gone concern loss-absorbing capacity ratio	19.4	20.1	(0.7)
Total loss-absorbing capacity ratio	38.4	39.5	(1.1)
Leverage ratios (%)			
Going concern leverage ratio	5.7	5.9	(0.2)
of which: common equity tier 1 leverage ratio	*4.3*	*4.4*	*(0.2)*
Gone concern leverage ratio	5.8	6.1	(0.2)
Total loss-absorbing capacity leverage ratio	11.5	11.9	(0.4)

1 Includes an add-back of 45% of unrealized gains from financial assets measured at fair value through other comprehensive income. Such gains do not qualify as CET1 capital but 45% of these gains can be recognized as gone concern capital.

Reconciliation of equity under IFRS Accounting Standards to Swiss SRB common equity tier 1 capital (UBS AG vs UBS Group AG consolidated)

As of 31.3.26

USD m	UBS AG (consolidated)	UBS Group AG (consolidated)	Difference
Total equity under IFRS Accounting Standards	91,722	92,502	(781)
Equity attributable to non-controlling interests	(318)	(255)	(62)
Defined benefit plans, net of tax	(937)	(949)	13
Deferred tax assets recognized for tax loss carry-forwards	(2,457)	(2,457)	0
Deferred tax assets for unused tax credits	(864)	(864)	
Deferred tax assets on temporary differences, excess over threshold	(310)	(693)	382
Goodwill, net of tax	(6,278)	(5,773)	(505)
Intangible assets, net of tax	(94)	(654)	560
Compensation-related components (not recognized in net profit)		(2,254)	2,254
Expected losses on advanced internal ratings-based portfolio less provisions	(882)	(874)	(8)
Unrealized (gains) / losses from cash flow hedges, net of tax	1,586	1,586	
Own credit related to (gains) / losses on financial liabilities measured at fair value that existed at the balance sheet date, net of tax	948	898	51
Own credit related to (gains) / losses on derivative financial instruments that existed at the balance sheet date	(80)	(80)	
Prudential valuation adjustments	(223)	(223)	
Accruals for dividends to shareholders for 2025	(9,000)[1]	(3,449)	(5,552)
Accruals for expected dividends to shareholders for 2026	(1,750)	(938)	(813)
Capital reserve for expected future share repurchases in 2026		(2,150)	2,150
Other	(196)	(59)	(137)
Total common equity tier 1 capital	70,867	73,313	(2,447)

1 Reflects an ordinary dividend distribution of USD 4.5bn and the appropriation of USD 4.5bn to a special dividend reserve, both approved at the 2026 Annual General Meeting in April 2026. The decision on the distribution of the special dividend is intended to be made at an Extraordinary General Meeting in the second half of 2026 and is subject to UBS AG meeting its capital requirements on a standalone and consolidated level, and the outcome and timing of the implementation of the new regulatory regime in Switzerland.

› **Refer to "Comparison between UBS AG consolidated and UBS Group AG consolidated" in the "Introduction" section of this report for more information about the differences between UBS AG consolidated and UBS Group AG consolidated**

› **Refer to the "Capital management" section of the UBS Group first quarter 2026 report, available under "Quarterly reporting" at *ubs.com/investors*, for information about the developments of loss-absorbing capacity, RWA and LRD for UBS Group AG consolidated**

Consolidated financial information

Unaudited

The accompanying unaudited interim consolidated financial information in this section is presented for UBS AG and its subsidiaries on a consolidated basis, unless otherwise specified, and is presented in US dollars. This financial information has been prepared in accordance with UBS AG accounting policies as described in "Note 1 Summary of material accounting policies" to the UBS AG consolidated annual financial statements for the year ended 31 December 2025, except for changes described below. These accounting policies are consistent with IFRS Accounting Standards, as issued by the International Accounting Standards Board (the IASB). The financial information presented is unaudited and does not constitute an interim financial report prepared in accordance with IAS 34, *Interim Financial Reporting*.

Amendments to IFRS 9, *Financial Instruments,* and IFRS 7, *Financial Instruments: Disclosures*

Effective from 1 January 2026, UBS AG has adopted the *Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7* (the Amendments) related to classification of financial assets and derecognition of financial instruments, including the introduction of an accounting policy election to derecognize financial liabilities settled through electronic transfer systems before the settlement date, if certain conditions are met. The Amendments also introduced new disclosure requirements for financial instruments with contractual terms that can change the timing or amount of contractual cash flows. The impact of the Amendments on this consolidated financial information was not material.

UBS AG interim consolidated financial information (unaudited)

Income statement

	Year-to-date	
USD m	31.3.26	31.3.25
Interest income from financial instruments measured at amortized cost and fair value through other comprehensive income	6,291	6,643
Interest expense from financial instruments measured at amortized cost	(5,741)	(6,909)
Net interest income from financial instruments measured at fair value through profit or loss and other	1,443	1,594
Net interest income	1,993	1,328
Other net income from financial instruments measured at fair value through profit or loss	3,956	3,924
Fee and commission income	8,389	7,280
Fee and commission expense	(711)	(650)
Net fee and commission income	7,678	6,630
Other income	403	281
Total revenues	**14,030**	**12,163**
Credit loss expense / (release)	**64**	**124**
Personnel expenses	6,206	5,910
General and administrative expenses	3,976	4,077
Depreciation, amortization and impairment of non-financial assets	598	714
Operating expenses	**10,780**	**10,701**
Operating profit / (loss) before tax	**3,186**	**1,339**
Tax expense / (benefit)	672	303
Net profit / (loss)	**2,514**	**1,035**
Net profit / (loss) attributable to non-controlling interests	14	7
Net profit / (loss) attributable to shareholders	**2,500**	**1,028**

Statement of comprehensive income

	Year-to-date	
USD m	31.3.26	31.3.25
Comprehensive income attributable to shareholders		
Net profit / (loss)	2,500	1,028
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	(459)	1,307
Effective portion of changes in fair value of hedging instruments designated as net investment hedges, before tax	168	(511)
Foreign currency translation differences on foreign operations reclassified to the income statement	(2)	0
Effective portion of changes in fair value of hedging instruments designated as net investment hedges reclassified to the income statement	1	0
Income tax relating to foreign currency translations, including the effect of net investment hedges	(12)	(2)
Subtotal foreign currency translation, net of tax	(304)	794
Financial assets measured at fair value through other comprehensive income		
Net unrealized gains / (losses), before tax	(56)	(3)
Net realized (gains) / losses reclassified to the income statement from equity	0	0
Income tax relating to net unrealized gains / (losses)	(3)	0
Subtotal financial assets measured at fair value through other comprehensive income, net of tax	(59)	(3)
Cash flow hedges of interest rate risk		
Effective portion of changes in fair value of derivative instruments designated as cash flow hedges, before tax	(476)	349
Net (gains) / losses reclassified to the income statement from equity	174	322
Income tax relating to cash flow hedges	60	(125)
Subtotal cash flow hedges, net of tax	(242)	545
Cost of hedging		
Cost of hedging, before tax	26	20
Income tax relating to cost of hedging	(5)	0
Subtotal cost of hedging, net of tax	21	20
Total other comprehensive income that may be reclassified to the income statement, net of tax	(584)	1,356
Other comprehensive income that will not be reclassified to the income statement		
Defined benefit plans		
Gains / (losses) on defined benefit plans, before tax	(29)	18
Income tax relating to defined benefit plans	14	0
Subtotal defined benefit plans, net of tax	(14)	19
Own credit on financial liabilities designated at fair value		
Gains / (losses) from own credit on financial liabilities designated at fair value, before tax	758	233
Income tax relating to own credit on financial liabilities designated at fair value	0	(1)
Subtotal own credit on financial liabilities designated at fair value, net of tax	758	233
Total other comprehensive income that will not be reclassified to the income statement, net of tax	743	251
Total other comprehensive income	159	1,607
Total comprehensive income attributable to shareholders	2,659	2,635
Comprehensive income attributable to non-controlling interests		
Net profit / (loss)	14	7
Total other comprehensive income that will not be reclassified to the income statement, net of tax	11	15
Total comprehensive income attributable to non-controlling interests	25	22
Total comprehensive income		
Net profit / (loss)	2,514	1,035
Other comprehensive income	170	1,622
of which: other comprehensive income that may be reclassified to the income statement	*(584)*	*1,356*
of which: other comprehensive income that will not be reclassified to the income statement	*754*	*266*
Total comprehensive income	2,684	2,657

Balance sheet

USD m	31.3.26	31.12.25
Assets		
Cash and balances at central banks	225,456	209,858
Amounts due from banks	19,874	19,243
Receivables from securities financing transactions measured at amortized cost	87,566	83,656
Cash collateral receivables on derivative instruments	50,624	41,552
Loans and advances to customers	664,217	658,760
Other financial assets measured at amortized cost	73,654	72,025
Total financial assets measured at amortized cost	1,121,392	1,085,094
Financial assets at fair value held for trading	164,361	174,854
of which: assets pledged as collateral that may be sold or repledged by counterparties	*42,625*	*44,627*
Derivative financial instruments	182,077	148,325
Brokerage receivables	40,789	35,579
Financial assets at fair value not held for trading	113,237	107,293
Total financial assets measured at fair value through profit or loss	500,465	466,051
Financial assets measured at fair value through other comprehensive income	13,749	13,868
Investments in associates	2,257	2,331
Property, equipment and software	12,270	12,125
Goodwill and intangible assets	6,721	6,734
Deferred tax assets	10,822	11,085
Other non-financial assets	20,208	19,884
Total assets	1,687,883	1,617,173
Liabilities		
Amounts due to banks	25,770	24,434
Payables from securities financing transactions measured at amortized cost	20,203	16,225
Cash collateral payables on derivative instruments	38,052	34,742
Customer deposits	792,270	796,330
Funding from UBS Group AG measured at amortized cost	118,837	110,614
Debt issued measured at amortized cost	109,743	100,207
Other financial liabilities measured at amortized cost	16,736	16,617
Total financial liabilities measured at amortized cost	1,121,611	1,099,169
Financial liabilities at fair value held for trading	59,248	53,700
Derivative financial instruments	184,444	156,267
Brokerage payables designated at fair value	75,167	62,202
Debt issued designated at fair value	107,652	107,544
Other financial liabilities designated at fair value	36,649	35,287
Total financial liabilities measured at fair value through profit or loss	463,161	415,001
Provisions	3,713	3,564
Other non-financial liabilities	7,676	10,260
Total liabilities	1,596,162	1,527,994
Equity		
Share capital	386	386
Share premium	84,750	84,849
Retained earnings	1,100	(2,147)
Other comprehensive income recognized directly in equity, net of tax	5,167	5,757
Equity attributable to shareholders	91,404	88,845
Equity attributable to non-controlling interests	318	334
Total equity	91,722	89,179
Total liabilities and equity	1,687,883	1,617,173

Additional information

Personnel expenses

Personnel expenses

	Year-to-date	
USD m	31.3.26	31.3.25
Salaries and variable compensation[1]	5,461	5,129
of which: variable compensation – financial advisors[2]	*1,504*	*1,409*
Contractors	25	37
Social security	314	310
Post-employment benefit plans	227	257
Other personnel expenses	179	176
Total personnel expenses	6,206	5,910

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

General and administrative expenses

General and administrative expenses

	Year-to-date	
USD m	31.3.26	31.3.25
Outsourcing costs	133	197
Technology costs	198	255
Consulting, legal and audit fees	190	257
Real estate and logistics costs	184	203
Market data services	142	152
Marketing and communication	65	76
Travel and entertainment	69	66
Litigation, regulatory and similar matters[1]	145	196
Other	2,852	2,676[2]
of which: shared services costs charged by UBS Group AG or its subsidiaries	*2,570*	*2,231*
Total general and administrative expenses	3,976	4,077

1 Reflects the net increase / (decrease) in provisions for litigation, regulatory and similar matters recognized in the income statement. Refer to "Litigation, regulatory and similar matters" in this section for more information. 2 Includes a USD 180m expense related to the payment to Swisscard for the sale of the Credit Suisse card portfolios to UBS AG. Refer to "Note 28 Changes in organization and acquisitions and disposals of subsidiaries and businesses" in the "Consolidated financial statements" section of the UBS AG Annual Report 2025 for more information.

a) Credit loss expense / release

Total net credit loss expenses in the first quarter of 2026 were USD 64m, reflecting USD 77m net expenses related to performing positions and USD 13m net releases on credit-impaired positions.

Net expected credit loss expenses on the performing portfolio were mainly driven by post-model adjustments of USD 43m in the corporate lending portfolio, mainly in the Investment Bank, reflecting current macroeconomic and geopolitical uncertainty.

Net credit loss releases of USD 13m were recognized for credit-impaired positions and included a USD 157m release following the repayment of a corporate lending exposure, of which USD 85m was in Non-core and Legacy and USD 72m in the Investment Bank. The effect of this release was largely offset by net credit loss expenses primarily related to a small number of corporate counterparties across Personal & Corporate Banking, the Investment Bank, and Non-core and Legacy.

Credit loss expense / (release)

	Performing positions	Credit-impaired positions	
USD m	Stages 1 and 2	Stage 3	Total
Year-to-date 31.3.26			
Global Wealth Management	(4)	13	9
Personal & Corporate Banking	23	46	69
Asset Management	0	0	0
Investment Bank	59	3	61
Non-core and Legacy	0	(74)	(74)
Group Items	0	0	0
Total	77	(13)	64
Year-to-date 31.3.25			
Global Wealth Management	(7)	15	8
Personal & Corporate Banking	(8)	66	58
Asset Management	0	0	0
Investment Bank	(5)	54	49
Non-core and Legacy	0	10	10
Group Items	(1)	0	(1)
Total	(21)	145	124

b) Changes to ECL models, scenarios and scenario weights

Scenarios and scenario weights

The expected credit loss (ECL) scenarios, along with their related macroeconomic factors and market data, were reviewed in light of the economic and political conditions prevailing in the first quarter of 2026 through a series of governance meetings, with input and feedback from UBS Risk and Finance experts across the business divisions and regions.

UBS kept the scenarios and scenario weights in line with those applied in the UBS Group fourth quarter 2025 report. All of the scenarios, including the asset price appreciation and the baseline scenarios, have been updated based on the latest macroeconomic forecasts as of 31 March 2026. The current scenario suite, together with the applied scenario weightings and the level of post-model adjustments, is deemed appropriate to sufficiently capture prevailing macroeconomic and geopolitical uncertainties. The assumptions on a calendar-year basis are included in the table below.

The baseline scenario was updated with the latest macroeconomic forecasts as of 31 March 2026. The scenario assumes that GDP growth in Switzerland will remain below trend, reflecting a subdued outlook driven by tariffs, a weakening labor market and negative spillovers from the Eurozone following the oil price shock. In the United States, labor market conditions will remain soft, while higher energy prices are adding to inflationary pressures and also increasing downside risks to growth.

The conflict in the Middle East has materially increased uncertainty around the global outlook. UBS is closely monitoring the current market situation, inflation and central banks' signals and will continue to carefully assess developments, potentially revisiting the narratives and shocks in the second quarter of 2026.

Comparison of shock factors

	Baseline		
Key parameters	2025	2026	2027
Real GDP growth (annual percentage change)			
US	2.1	2.2	2.1
Eurozone	1.5	0.8	1.2
Switzerland	1.3	1.1	1.1
Unemployment rate (%, annual average)			
US	4.2	4.5	4.5
Eurozone	6.3	6.3	6.3
Switzerland	2.8	3.1	3.1
Fixed income: 10-year government bonds (%, Q4)			
USD	4.2	4.4	4.5
EUR	2.9	3.1	3.2
CHF	0.3	0.4	0.5
Real estate (annual percentage change, Q4)			
US	1.3	1.6	2.8
Eurozone	3.8	4.2	4.3
Switzerland	3.8	2.5	2.0

Economic scenarios and weights applied

	Assigned weights in %		
ECL scenario	31.3.26	31.12.25	31.3.25
Asset price appreciation	5.0	5.0	5.0
Baseline	50.0	50.0	50.0
Moderate stagflationary crisis	30.0	30.0	0.0
Mild stagflationary crisis	0.0	0.0	30.0
Global crisis	0.0	0.0	15.0
Global trade war	15.0	15.0	0.0

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

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

No purchased credit-impaired financial assets were recognized in the first quarter of 2026. Originated credit-impaired financial assets were not material and are not presented in the table below.

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

ECL-relevant balance sheet and off-balance sheet positions

USD m	31.3.26							
	Carrying amount[1]				ECL allowances			
Financial instruments measured at amortized cost	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3
Cash and balances at central banks	225,456	225,434	23	0	(257)	0	(257)	0
Amounts due from banks	19,874	19,667	207	0	(11)	(3)	(7)	0
Receivables from securities financing transactions measured at amortized cost	87,566	87,566	0	0	(1)	(1)	0	0
Cash collateral receivables on derivative instruments	50,624	50,624	0	0	0	0	0	0
Loans and advances to customers	664,217	634,134	25,507	4,577	(3,138)	(362)	(283)	(2,493)
of which: Private clients with mortgages	*288,578*	*276,865*	*10,086*	*1,627*	*(147)*	*(40)*	*(25)*	*(82)*
of which: Real estate financing	*93,228*	*86,888*	*6,028*	*311*	*(105)*	*(27)*	*(29)*	*(48)*
of which: Large corporate clients	*26,962*	*23,282*	*3,136*	*544*	*(748)*	*(101)*	*(99)*	*(548)*
of which: SME clients	*24,065*	*19,760*	*2,841*	*1,463*	*(1,486)*	*(96)*	*(89)*	*(1,301)*
of which: Lombard	*168,132*	*167,829*	*0*	*304*	*(73)*	*(7)*	*0*	*(67)*
of which: Credit cards	*2,436*	*1,874*	*514*	*48*	*(50)*	*(7)*	*(12)*	*(31)*
of which: Commodity trade finance	*6,278*	*5,943*	*332*	*2*	*(120)*	*(8)*	*0*	*(112)*
of which: Ship / aircraft financing	*8,930*	*7,861*	*987*	*82*	*(14)*	*(9)*	*(5)*	*0*
of which: Consumer financing	*2,910*	*2,674*	*128*	*108*	*(173)*	*(27)*	*(26)*	*(120)*
Other financial assets measured at amortized cost	73,654	72,674	745	235	(121)	(33)	(9)	(79)
of which: Loans to financial advisors	*2,801*	*2,643*	*53*	*105*	*(34)*	*(4)*	*(1)*	*(29)*
Total financial assets measured at amortized cost	1,121,392	1,090,098	26,482	4,812	(3,528)	(400)	(555)	(2,572)
Financial assets measured at fair value through other comprehensive income	13,749	13,749	0	0	0	0	0	0
Total on-balance sheet financial assets in scope of ECL requirements	1,135,156	1,103,863	26,482	4,812	(3,528)	(400)	(555)	(2,572)
	Notional exposure				ECL provisions			
Off-balance sheet (in scope of ECL)	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3
Guarantees	45,792	43,612	2,024	157	(77)	(15)	(23)	(39)
of which: Large corporate clients	*7,412*	*6,295*	*1,078*	*39*	*(20)*	*(7)*	*(6)*	*(7)*
of which: SME clients	*3,360*	*2,892*	*375*	*93*	*(41)*	*(4)*	*(15)*	*(22)*
of which: Financial intermediaries and hedge funds	*27,337*	*27,022*	*316*	*0*	*(1)*	*(1)*	*0*	*0*
of which: Lombard	*3,409*	*3,383*	*0*	*25*	*(2)*	*0*	*0*	*(2)*
of which: Commodity trade finance	*2,686*	*2,569*	*117*	*0*	*(1)*	*(1)*	*0*	*0*
Irrevocable loan commitments	80,685	76,394	3,981	310	(260)	(121)	(107)	(31)
of which: Large corporate clients	*47,180*	*43,587*	*3,383*	*210*	*(232)*	*(97)*	*(104)*	*(31)*
Forward starting reverse repurchase and securities borrowing agreements	15,234	15,234	0	0	0	0	0	0
Committed unconditionally revocable credit lines	68,508	64,673	3,691	145	(68)	(48)	(20)	0
of which: Real estate financing	*6,521*	*5,402*	*1,119*	*0*	*(3)*	*(5)*	*2*	*0*
of which: Large corporate clients	*9,871*	*8,852*	*1,018*	*1*	*(13)*	*(4)*	*(9)*	*0*
of which: SME clients	*11,457*	*10,829*	*497*	*131*	*(32)*	*(24)*	*(8)*	*0*
of which: Lombard	*12,475*	*12,475*	*0*	*0*	*0*	*0*	*0*	*0*
of which: Credit cards	*12,954*	*12,341*	*609*	*4*	*(9)*	*(7)*	*(2)*	*0*
Irrevocable committed prolongation of existing loans	10,011	9,911	98	2	(4)	(4)	0	0
Total off-balance sheet financial instruments and other credit lines	220,230	209,824	9,793	613	(409)	(188)	(150)	(71)
Total allowances and provisions					(3,937)	(589)	(705)	(2,643)

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

Expected credit loss measurement (continued)

ECL-relevant balance sheet and off-balance sheet positions

USD m	31.12.25							
	Carrying amount[1]				ECL allowances			
Financial instruments measured at amortized cost	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3
Cash and balances at central banks	209,858	209,606	252	0	(262)	0	(262)	0
Amounts due from banks	19,243	19,119	124	0	(14)	(9)	(5)	0
Receivables from securities financing transactions measured at amortized cost	83,656	83,656	0	0	(1)	(1)	0	0
Cash collateral receivables on derivative instruments	41,552	41,552	0	0	0	0	0	0
Loans and advances to customers	658,760	628,914	25,287	4,559	(3,236)	(352)	(271)	(2,613)
of which: Private clients with mortgages	*288,259*	*277,176*	*9,635*	*1,448*	*(134)*	*(44)*	*(18)*	*(72)*
of which: Real estate financing	*93,076*	*87,650*	*5,307*	*119*	*(68)*	*(26)*	*(30)*	*(12)*
of which: Large corporate clients	*26,963*	*23,146*	*2,890*	*928*	*(1,009)*	*(117)*	*(94)*	*(798)*
of which: SME clients	*23,941*	*19,984*	*2,551*	*1,406*	*(1,305)*	*(80)*	*(81)*	*(1,144)*
of which: Lombard	*165,336*	*164,890*	*169*	*276*	*(130)*	*(6)*	*0*	*(124)*
of which: Credit cards	*2,408*	*1,860*	*501*	*47*	*(48)*	*(7)*	*(12)*	*(29)*
of which: Commodity trade finance	*4,849*	*3,570*	*1,274*	*6*	*(136)*	*(8)*	*0*	*(128)*
of which: Ship / aircraft financing	*8,753*	*7,609*	*1,025*	*119*	*(17)*	*(9)*	*(8)*	*0*
of which: Consumer financing	*2,957*	*2,699*	*130*	*129*	*(167)*	*(19)*	*(24)*	*(123)*
Other financial assets measured at amortized cost	72,025	70,552	1,247	225	(122)	(29)	(9)	(84)
of which: Loans to financial advisors	*2,716*	*2,567*	*53*	*95*	*(34)*	*(3)*	*(1)*	*(30)*
Total financial assets measured at amortized cost	**1,085,094**	**1,053,400**	**26,911**	**4,784**	**(3,635)**	**(392)**	**(546)**	**(2,697)**
Financial assets measured at fair value through other comprehensive income	**13,868**	**13,868**	**0**	**0**	**0**	**0**	**0**	**0**
Total on-balance sheet financial assets in scope of ECL requirements	**1,098,962**	**1,067,267**	**26,911**	**4,784**	**(3,635)**	**(392)**	**(546)**	**(2,697)**

	Notional exposure				ECL provisions			
Off-balance sheet (in scope of ECL)	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3
Guarantees	47,102	45,512	1,448	142	(50)	(15)	(22)	(13)
of which: Large corporate clients	*7,388*	*6,446*	*916*	*26*	*(17)*	*(7)*	*(6)*	*(4)*
of which: SME clients	*3,134*	*2,834*	*228*	*72*	*(24)*	*(5)*	*(15)*	*(4)*
of which: Financial intermediaries and hedge funds	*29,411*	*29,288*	*123*	*0*	*(1)*	*(1)*	*0*	*0*
of which: Lombard	*3,537*	*3,505*	*1*	*31*	*(2)*	*0*	*0*	*(1)*
of which: Commodity trade finance	*2,252*	*2,152*	*100*	*0*	*(1)*	*(1)*	*0*	*0*
Irrevocable loan commitments	82,122	77,976	3,938	208	(227)	(114)	(77)	(36)
of which: Large corporate clients	*50,000*	*46,556*	*3,292*	*153*	*(184)*	*(91)*	*(72)*	*(20)*
Forward starting reverse repurchase and securities borrowing agreements	10,723	10,723	0	0	0	0	0	0
Committed unconditionally revocable credit lines	123,107	119,410	3,449	248	(67)	(51)	(16)	0
of which: Real estate financing	*6,433*	*5,291*	*1,041*	*101*	*(3)*	*(5)*	*1*	*0*
of which: Large corporate clients	*11,393*	*10,737*	*650*	*6*	*(15)*	*(7)*	*(6)*	*(2)*
of which: SME clients	*11,814*	*11,278*	*418*	*118*	*(31)*	*(24)*	*(7)*	*0*
of which: Lombard	*60,500*	*60,435*	*63*	*1*	*0*	*0*	*0*	*0*
of which: Credit cards	*12,943*	*12,361*	*578*	*4*	*(9)*	*(7)*	*(2)*	*0*
Irrevocable committed prolongation of existing loans	8,178	8,141	32	5	(3)	(3)	0	0
Total off-balance sheet financial instruments and other credit lines	**271,231**	**261,761**	**8,867**	**603**	**(347)**	**(184)**	**(115)**	**(49)**
Total allowances and provisions					**(3,982)**	**(575)**	**(661)**	**(2,746)**

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

Expected credit loss measurement (continued)

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

ECL coverage ratios are calculated by dividing ECL allowances and provisions by the gross carrying amount of the corresponding on-balance sheet exposures or by the notional amount of the off-balance sheet exposures.

The overall coverage ratio for performing positions increased by 1 basis point to 11 basis points as of 31 March 2026. Compared with 31 December 2025, the coverage ratio for performing positions related to real estate lending (on-balance sheet) was unchanged at 3 basis points, and the coverage ratio for performing positions related to corporate lending (on-balance sheet) increased by 2 basis points to 78 basis points.

Coverage ratios for core loan portfolio

	31.3.26								
	Gross carrying amount (USD m)				ECL coverage (bps)				
On-balance sheet	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stages 1&2	Stage 3
Private clients with mortgages	288,724	276,905	10,111	1,709	5	1	24	2	480
Real estate financing	93,332	86,915	6,058	359	11	3	49	6	1,339
Total real estate lending	382,057	363,820	16,169	2,068	7	2	34	3	629
Large corporate clients	27,710	23,383	3,234	1,092	270	43	305	75	5,021
SME clients	25,551	19,856	2,931	2,764	582	48	305	81	4,707
Total corporate lending	53,261	43,239	6,165	3,856	419	46	305	78	4,796
Lombard	168,206	167,835	0	370	4	0	211	0	1,804
Credit cards	2,486	1,881	526	79	200	37	233	80	3,881
Commodity trade finance	6,398	5,952	333	114	188	14	8	14	9,786
Ship / aircraft financing	8,944	7,870	992	82	16	11	50	16	0
Consumer financing	3,084	2,702	155	227	561	101	1,700	187	6,586
Other loans and advances to customers	42,921	41,197	1,450	274	52	10	0	9	5,655
Loans to financial advisors	2,834	2,646	54	134	119	14	146	17	2,180
Total other lending	234,873	230,084	3,509	1,280	29	4	117	6	4,240
Total[1]	**670,190**	**637,143**	**25,843**	**7,205**	**47**	**6**	**110**	**10**	**3,501**
	Notional exposure (USD m)				ECL coverage (bps)				
Off-balance sheet	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stages 1&2	Stage 3
Private clients with mortgages	14,794	14,577	208	9	3	3	10	3	880
Real estate financing	8,667	7,536	1,130	0	7	12	0	7	73,021
Total real estate lending	23,460	22,114	1,338	9	5	6	0	4	1,093
Large corporate clients	64,688	58,919	5,520	250	41	18	216	35	1,446
SME clients	17,510	16,227	1,009	274	50	24	270	38	788
Total corporate lending	82,199	75,145	6,529	524	43	20	225	36	1,102
Lombard	17,073	17,048	0	25	3	2	0	2	658
Credit cards	12,954	12,341	609	4	7	6	34	7	0
Commodity trade finance	3,179	3,062	117	0	3	3	11	3	0
Ship / aircraft financing	1,551	1,410	141	0	12	1	116	12	0
Consumer financing	192	192	0	0	0	0	0	0	0
Financial intermediaries and hedge funds	28,884	28,368	516	0	1	1	8	1	0
Other off-balance sheet commitments	35,503	34,909	543	52	7	4	35	5	1,596
Total other lending	99,337	97,331	1,926	80	5	3	32	4	1,230
Total[2]	**204,996**	**194,590**	**9,793**	**613**	**20**	**10**	**153**	**17**	**1,151**
Total on- and off-balance sheet[3]	**875,187**	**831,733**	**35,636**	**7,818**	**41**	**7**	**122**	**11**	**3,318**

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

Expected credit loss measurement (continued)

Coverage ratios for core loan portfolio

	31.12.25								
	Gross carrying amount (USD m)				ECL coverage (bps)				
On-balance sheet	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stages 1&2	Stage 3
Private clients with mortgages	288,393	277,220	9,653	1,520	5	2	19	2	473
Real estate financing	93,145	87,676	5,337	132	7	3	57	6	936
Total real estate lending	381,538	364,896	14,991	1,651	5	2	32	3	510
Large corporate clients	27,973	23,263	2,984	1,726	361	50	315	80	4,625
SME clients	25,246	20,064	2,632	2,550	517	40	307	71	4,487
Total corporate lending	53,219	43,327	5,616	4,276	435	46	311	76	4,543
Lombard	165,466	164,896	169	401	8	0	0	0	3,107
Credit cards	2,456	1,867	513	76	197	37	234	80	3,867
Commodity trade finance	4,986	3,593	1,274	118	273	22	2	17	10,800
Ship / aircraft financing	8,771	7,618	1,033	119	20	12	77	20	0
Consumer financing	3,124	2,718	154	252	533	69	1,590	151	4,884
Other loans and advances to customers	42,437	40,351	1,809	278	52	9	17	9	6,530
Loans to financial advisors	2,750	2,571	54	125	125	12	141	15	2,431
Total other lending	229,989	223,614	5,006	1,370	33	4	97	6	4,504
Total[1]	**664,747**	**631,837**	**25,612**	**7,298**	**49**	**6**	**106**	**10**	**3,623**
	Notional exposure (USD m)				ECL coverage (bps)				
Off-balance sheet	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stages 1&2	Stage 3
Private clients with mortgages	13,016	12,757	245	13	3	2	16	3	0
Real estate financing	7,743	6,591	1,051	101	7	13	0	7	0
Total real estate lending	20,758	19,348	1,296	114	4	6	0	4	0
Large corporate clients	68,798	63,753	4,860	184	31	17	173	28	1,403
SME clients	16,511	15,531	732	247	46	23	386	39	468
Total corporate lending	85,308	79,284	5,592	432	34	18	201	30	868
Lombard	65,395	65,298	64	33	2	0	0	0	2,151
Credit cards	12,943	12,361	578	4	7	6	34	7	0
Commodity trade finance	5,490	5,389	101	0	2	2	6	2	0
Ship / aircraft financing	1,968	1,770	198	0	11	2	89	11	0
Consumer financing	153	153	0	0	0	0	0	0	0
Financial intermediaries and hedge funds	37,709	37,307	401	0	1	1	5	1	0
Other off-balance sheet commitments	30,782	30,127	635	20	7	5	19	6	2,053
Total other lending	154,441	152,406	1,978	57	3	2	26	2	1,963
Total[2]	**260,508**	**251,038**	**8,867**	**603**	**13**	**7**	**129**	**11**	**806**
Total on- and off-balance sheet[3]	**925,254**	**882,875**	**34,479**	**7,900**	**39**	**6**	**112**	**10**	**3,408**

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

Provisions and contingent liabilities

a) Provisions

The table below presents an overview of total provisions.

Overview of total provisions

USD m	31.3.26	31.12.25
Provisions other than provisions for expected credit losses	3,305	3,217
Provisions for expected credit losses[1]	409	347
Total provisions	**3,713**	**3,564**

1 Refer to "Expected credit loss measurement" in this section for more information about ECL provisions recognized for off-balance sheet financial instruments and credit lines.

Provisions and contingent liabilities (continued)

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

Additional information for provisions other than provisions for expected credit losses

USD m	Litigation, regulatory and similar matters[1]	Restructuring[2]	Real estate[3]	Other[4]	Total
Balance as of 31 December 2025	2,109	560	229	319	3,217
Increase in provisions recognized in the income statement	161	271	3	37	473
Release of provisions recognized in the income statement	(8)	(19)	(9)	(20)	(56)
Provisions used in conformity with designated purpose	(155)	(170)	(4)	(3)	(333)
Foreign currency translation and other movements	(5)	(6)	(9)	25	5
Balance as of 31 March 2026	2,102	635	210	357	3,305

1 Consists of provisions for losses resulting from legal, liability and compliance risks. 2 Mainly includes USD 330m of personnel-related restructuring provisions as of 31 March 2026 (31 December 2025: USD 282m), USD 213m of provisions for onerous contracts related to real estate as of 31 March 2026 (31 December 2025: USD 229m) and USD 43m of restructuring provisions for onerous contracts related to technology as of 31 March 2026 (31 December 2025: USD 48m). 3 Mainly includes provisions for reinstatement costs with respect to leased properties. 4 Mainly includes provisions in relation to VAT, employee benefits and operational risks.

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

b) Litigation, regulatory and similar matters

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

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

Specific litigation, regulatory and other matters are described below, including all such matters that management considers to be material and others that management believes to be of significance to UBS due to potential financial, reputational and other effects. The amount of damages claimed, the size of a transaction or other information is provided where available and appropriate in order to assist users in considering the magnitude of potential exposures. For additional disclosures relating to risks that may result in litigation, regulatory or similar matters disclosed in this section, refer to the "Risk factors" section of the UBS AG Annual Report 2025.

Provisions and contingent liabilities (continued)

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

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

The aggregate amount provisioned for litigation, regulatory and similar matters as a class is disclosed in the "Provisions" table in part a) above. UBS provides below an estimate of the aggregate liability for its litigation, regulatory and similar matters as a class of contingent liabilities. Estimates of contingent liabilities are inherently imprecise and uncertain as these estimates require UBS to make speculative legal assessments as to claims and proceedings that involve unique fact patterns or novel legal theories, that have not yet been initiated or are at early stages of adjudication, or as to which alleged damages have not been quantified by the claimants. Taking into account these uncertainties and the other factors described herein, UBS estimates the future losses that could arise from litigation, regulatory and similar matters disclosed below for which an estimate is possible, that are not covered by existing provisions are in the range of USD 0bn to USD 1.7bn.

Litigation, regulatory and similar matters may also result in non-monetary penalties and consequences. Certain resolutions or convictions 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.

In May 2025, Credit Suisse Services AG entered into a plea agreement with the DOJ relating to legacy Credit Suisse accounts booked in Credit Suisse's Swiss booking center and a non-prosecution agreement relating to legacy Credit Suisse accounts booked in Credit Suisse's Singapore booking center. These agreements include ongoing obligations of UBS to provide information and cooperate with the DOJ.

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

USD m	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Non-core and Legacy[2]	Group Items	UBS AG
Balance as of 31 December 2025	317	16	0	283	1,302	191	2,109
Increase in provisions recognized in the income statement	25	3	0	4	128	1	161
Release of provisions recognized in the income statement	(8)	0	0	0	0	0	(8)
Provisions used in conformity with designated purpose	(13)	0	0	0	(142)	0	(155)
Foreign currency translation and other movements	(1)	0	0	(4)	0	0	(5)
Balance as of 31 March 2026	320	19	0	282	1,288	192	2,102

1 Provisions, if any, for the matters described in items 1 and 7 of this disclosure are recorded in Global Wealth Management. Provisions, if any, for the matters described in items 3, 4, 5 and 6 of this disclosure are recorded in Non-core and Legacy. Provisions, if any, for the matters described in item 2 of this disclosure are allocated between the Investment Bank, Non-core and Legacy and Group Items. 2 Includes a provision for the estimated costs of UBS's ongoing obligations with the US Department of Justice as described in this section.

1. 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 were 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 served as board members.

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

A large number of alleged beneficiaries have filed claims against UBS entities (and non-UBS entities) for purported losses relating to the Madoff fraud. The majority of these cases have been decided in favor of UBS or dismissed for want of prosecution.

In the US, the BMIS Trustee filed claims against UBS entities, among others, in relation to the two Luxembourg funds and one of the offshore funds. The total amount claimed against all defendants in these actions was not less than USD 2bn. In 2014, the US Supreme Court rejected the BMIS Trustee's motion for leave to appeal decisions, dismissing all claims against UBS defendants except those for the recovery of approximately USD 125m of payments alleged to be fraudulent conveyances and preference payments. Similar claims have been filed against Credit Suisse entities seeking to recover redemption payments. In 2016, the bankruptcy court dismissed these claims against the UBS entities and most of the Credit Suisse entities. In 2019, the Court of Appeals reversed the dismissal of the BMIS Trustee's remaining claims. The cases were remanded to the Bankruptcy Court for further proceedings.

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

Foreign-exchange-related civil litigation: Putative class actions have been filed since 2013 in US federal courts and in other jurisdictions against UBS, Credit Suisse and other banks on behalf of persons who engaged in foreign currency transactions with the defendant banks. While many of these cases have concluded, UBS and Credit Suisse continue to defend against several remaining matters. In one such case, Credit Suisse and UBS have entered into agreements to settle all claims in a putative class action in Israel. Credit Suisse's settlement received court approval and is final. UBS's settlement remains subject to court approval.

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 alleged manipulation, through various means, of certain benchmark interest rates, including USD LIBOR, Yen LIBOR, EURIBOR, CHF LIBOR, and GBP LIBOR and seek unspecified compensatory and other damages under various legal theories. The CHF and GBP LIBOR actions have concluded.

Putative class actions were filed in US federal district courts and subsequently consolidated in the US District Court for the Southern District of New York (SDNY) relating to various transactions that referenced USD LIBOR. Following various rulings, one class action with respect to transactions in over-the-counter instruments and several actions brought by individual plaintiffs proceeded. In September 2025, the district court granted defendants' motion for summary judgment as to all remaining actions. Plaintiffs have appealed.

The Yen LIBOR/Euroyen TIBOR and EURIBOR actions have been dismissed. The plaintiffs have appealed the dismissals. In August 2025, the Second Circuit affirmed in part and reversed in part the district court's dismissal of the complaint in the EURIBOR action, returning the action to the district court.

Credit default swap auction litigation: In June 2021, Credit Suisse, along with other banks and entities, was named in a putative class action filed in federal court in New Mexico alleging manipulation of credit default swap (CDS) final auction prices. Defendants filed a motion to enforce a previous CDS class action settlement in the SDNY. In January 2024, the SDNY ruled that, to the extent claims in the New Mexico action arise from conduct prior to 30 June 2014, those claims are barred by the SDNY settlement. The plaintiffs appealed and, in May 2025, the Second Circuit affirmed the SDNY decision. Defendants filed a motion for judgment on the pleadings in December 2025.

With respect to additional matters and jurisdictions not encompassed by the settlements and orders referred to above, UBS's balance sheet at 31 March 2026 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.

3. Mortgage-related matters

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

DLJ Mortgage Capital, Inc. (DLJ) is a defendant in New York State court in four actions: An action brought by Asset Backed Securities Corporation Home Equity Loan Trust, Series 2006-HE7 alleges damages of not less than USD 374m. In December 2023, the trial court granted in part DLJ's motion to dismiss, dismissing with prejudice all notice-based claims. On appeal, the appellate court modified the trial court's dismissal in April 2025 to reinstate certain of plaintiff's notice-based claims and otherwise dismissed plaintiff's claims. Plaintiff has sought leave from the New York Court of Appeals to further appeal the dismissal of certain of its claims. An action by Home Equity Asset Trust, Series 2006-8, alleges damages of not less than USD 436m. An action by Home Equity Asset Trust 2007-2 alleges damages of not less than USD 495m. An action by CSMC Asset-Backed Trust 2007-NC1 does not allege a damages amount.

4. ATA litigation

Since November 2014, a series of lawsuits have been filed against a number of banks, including Credit Suisse, in the US District Court for the Eastern District of New York (EDNY) and the SDNY alleging claims under the United States Anti-Terrorism Act (ATA) and the Justice Against Sponsors of Terrorism Act. The plaintiffs in each of these lawsuits are, or are relatives of, victims of various terrorist attacks in Iraq and allege a conspiracy and/or aiding and abetting based on allegations that various international financial institutions, including the defendants, agreed to alter, falsify or omit information from payment messages that involved Iranian parties for the express purpose of concealing the Iranian parties' financial activities and transactions from detection by US authorities. The lawsuits allege that this conduct has made it possible for Iran to transfer funds to Hezbollah and other terrorist organizations actively engaged in harming US military personnel and civilians. In January 2023, the Second Circuit affirmed a September 2019 ruling by the EDNY granting defendants' motion to dismiss the first filed lawsuit. In October 2023, the US Supreme Court denied plaintiffs' petition for a writ of certiorari, and in September 2025 the EDNY denied plaintiffs' motion to vacate the judgment; the matter has concluded. Of the other seven cases, four are stayed, including one that was dismissed as to Credit Suisse and most of the bank defendants prior to entry of the stay, and in three cases defendants moved to dismiss plaintiffs' amended complaints. The SDNY dismissed two of these cases in April 2026; the dismissals may be appealed by plaintiffs.

5. Customer account matters

Several clients have alleged that a former relationship manager in Switzerland exceeded his investment authority, resulting in excessive concentrations of certain exposures and investment losses. Following investigations and criminal complaints, in February 2018, the former relationship manager was sentenced to five years in prison by the Geneva criminal court and ordered to pay damages of approximately USD 130m, a decision upheld on appeal.

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

In Singapore, in a now-concluded civil lawsuit, Credit Suisse Trust Limited was ordered to pay USD 461m, including interest and costs.

In Bermuda, in November 2025, the Judicial Committee of the Privy Council issued its final judgment on the appeal, denying Credit Suisse Life (Bermuda) Ltd.'s appeal on liability, but partially granting its appeal concerning the quantum of damages and directing the parties to recalculate damages.

In Switzerland, certain civil lawsuits have been commenced against Credit Suisse AG and UBS AG (as the successor of Credit Suisse AG) in the Court of First Instance of Geneva since March 2023.

6. ETN-related litigation

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

7. Credit Suisse anti-money laundering matters

In December 2020, the Swiss Office of the Attorney General brought charges against Credit Suisse AG and other parties concerning the diligence and controls applied to a historical relationship with Bulgarian former clients who are alleged to have laundered funds through Credit Suisse AG accounts. In June 2022, following a trial, Credit Suisse AG was convicted in the Swiss Federal Criminal Court of certain historical organizational inadequacies in its anti-money-laundering framework and ordered to pay a fine of CHF 2m. In addition, the court seized certain client assets in the amount of approximately CHF 12m and ordered Credit Suisse AG to pay a compensatory claim in the amount of approximately CHF 19m. Credit Suisse AG appealed the decision to the Chamber of Appeals of the Swiss Federal Criminal Court (Chamber of Appeals). Following the merger of UBS AG and Credit Suisse AG, UBS AG confirmed the appeal. In November 2024, the Chamber of Appeals acquitted UBS AG and annulled the fine and compensatory claim ordered by the first instance court. Subsequently, the Office of the Attorney General has appealed the judgment to the Swiss Federal Supreme Court. UBS has also appealed, limited to the issue of whether a successor entity by merger can be criminally liable for acts of the predecessor entity. In July 2025, the Swiss Federal Supreme Court remanded the case back to the Chamber of Appeals for a full and reasoned judgment. In March 2026, the Chamber of Appeals issued a judgment again acquitting UBS AG. This judgment may be appealed by the parties to the Swiss Federal Supreme Court. Separately, in November 2025, the Swiss Office of the Attorney General filed criminal charges against UBS Group and UBS AG, as the successors to Credit Suisse Group AG and Credit Suisse AG, respectively, alleging that Credit Suisse failed to maintain appropriate controls to detect and prevent money laundering in connection with certain payments from accounts at Credit Suisse by parties associated with Mozambique state enterprises for which Credit Suisse arranged loan financing between 2013 and 2016. In April 2026, the court dismissed the proceedings, finding criminal liability could not be transferred from Credit Suisse Group AG and Credit Suisse AG to UBS Group AG and UBS AG. The Attorney General has appealed.

Currency translation rates

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

Currency translation rates

	Closing exchange rate			Average rate[1]		
	As of			For the quarter ended		
	31.3.26	31.12.25	31.3.25	31.3.26	31.12.25	31.3.25
1 CHF	1.25	1.26	1.13	1.28	1.25	1.11
1 EUR	1.16	1.17	1.08	1.17	1.16	1.05
1 GBP	1.32	1.35	1.29	1.35	1.33	1.26
100 JPY	0.63	0.64	0.67	0.63	0.64	0.66

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.

Appendix

Alternative performance measures

An alternative performance measure (an APM) is a financial measure of historical or future financial performance, financial position or cash flows other than a financial measure defined or specified in the applicable recognized accounting standards or in other applicable regulations. A number of APMs are reported in the discussion of the financial and operating performance of the external reports (annual, quarterly and other reports). APMs are used to provide a more complete picture of operating performance and to reflect management's view of the fundamental drivers of the business results. The table below indicates where an APM also qualifies as non-GAAP measure as defined by US Securities and Exchange Commission (SEC) regulations. A definition of each APM, and non-GAAP measure as applicable, the method used to calculate it and the information content are presented in alphabetical order in the table below.

APM / non-GAAP label	Calculation	Information content / usefulness
Cost / income ratio (%)	Calculated as operating expenses divided by total revenues.	This measure provides information about the efficiency of the business by comparing operating expenses with total revenues.
Cost / income ratio (underlying) (%) (non-GAAP measure)	Calculated as operating expenses (underlying) (as defined below) divided by total revenues (underlying) (as defined below).	This measure provides information about the efficiency of the business by comparing operating expenses with total revenues, while excluding items that management believes are not representative of the underlying performance of the businesses.
Cost of credit risk (bps)	Calculated as total credit loss expense / (release) (annualized for reporting periods shorter than 12 months) divided by the average balance of lending assets for the reporting period, expressed in basis points. Lending assets include the gross amounts of Amounts due from banks and Loans and advances to customers.	This measure provides information about the total credit loss expense / (release) incurred in relation to the average balance of gross lending assets for the period.
Credit-impaired lending assets as a percentage of total lending assets, gross (%)	Calculated as credit-impaired lending assets divided by total lending assets. Lending assets includes the gross amounts of Amounts due from banks and Loans and advances to customers. Credit-impaired lending assets refers to the sum of stage 3 and purchased credit-impaired positions.	This measure provides information about the proportion of credit-impaired lending assets in the overall portfolio of gross lending assets.
Credit-impaired loan portfolio as a percentage of total loan portfolio, gross (%) – Global Wealth Management, Personal & Corporate Banking	Calculated as credit-impaired loan portfolio divided by total gross loan portfolio.	This measure provides information about the proportion of the credit-impaired loan portfolio in the total gross loan portfolio.
Customer deposit volumes (USD) – Global Wealth Management (non-GAAP measure)	Calculated as the sum of customer deposits and brokerage payables.	This measure provides information about the volume of customer deposits in Global Wealth Management.
Fee-generating assets (USD) – Global Wealth Management	Calculated as the sum of discretionary and non-discretionary wealth management portfolios (mandate volume) and assets where generated revenues are predominantly of a recurring nature, i.e. mainly investment, mutual, hedge and private-market funds where we have a distribution agreement, including client commitments into closed-ended private-market funds from the date that recurring fees are charged. Assets related to our Global Financial Intermediaries business are excluded, as are assets of sanctioned clients.	This measure provides information about the volume of invested assets that create a revenue stream, whether as a result of the nature of the contractual relationship with clients or through the fee structure of the asset. An increase in the level of fee-generating assets results in an increase in the associated revenue stream. Assets of sanctioned clients are excluded from fee-generating assets.
Gross margin on invested assets (bps) – Asset Management	Calculated as total revenues (annualized for reporting periods shorter than 12 months) divided by average invested assets.	This measure provides information about the total revenues of the business in relation to invested assets.

APM / non-GAAP label	Calculation	Information content / usefulness
Integration-related expenses (USD) (non-GAAP measure)	Generally include costs of internal staff and contractors substantially dedicated to integration activities, retention awards, redundancy costs, incremental expenses from the shortening of useful lives of property, equipment and software, and impairment charges relating to these assets. Classification as integration-related expenses does not affect the timing of recognition and measurement of those expenses or the presentation thereof in the income statement. Integration-related expenses incurred by Credit Suisse also included expenses associated with restructuring programs that existed prior to the acquisition.	This measure provides information about expenses that are temporary, incremental and directly related to the integration of Credit Suisse into UBS.
Invested assets (USD and CHF)	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.
Loan volumes (USD) – Global Wealth Management (non-GAAP measure)	Calculated as loans and advances to customers and brokerage receivables, gross of expected credit losses.	This measure provides information about the loan volumes in Global Wealth Management.
Net interest income (underlying) (USD) – Global Wealth Management, Personal & Corporate Banking (non-GAAP measure)	Calculated by adjusting net interest income as reported in accordance with IFRS Accounting Standards for items that management believes are not representative of the underlying performance of the businesses.	This measure provides information about the amount of net interest income, while excluding items that management believes are not representative of the underlying performance of the businesses.
Net interest margin (bps) – Personal & Corporate Banking	Calculated as net interest income (annualized for reporting periods shorter than 12 months) divided by average loans.	This measure provides information about the profitability of the business by calculating the difference between the interest charged for lending and the associated cost of funding, relative to loan value.
Net management fees (USD) – Asset Management (non-GAAP measure)	Calculated as the total of transaction fees, fund administration revenues (including net interest and trading income from lending activities and foreign-exchange hedging as part of the fund services offering), distribution fees, incremental fund-related expenses, gains or losses from seed money and co-investments, funding costs, the negative pass-through impact of third-party performance fees, and other items that are not Asset Management's performance fees.	This measure provides information about the amount of net management fees earned through managing client assets.
Net new assets (USD) – Global Wealth Management	Calculated as the net amount of inflows and outflows of invested assets (as defined in UBS policy) recorded during a specific period, plus interest and dividends. Excluded from the calculation are movements due to market performance, foreign exchange translation, fees, and the effects on invested assets of strategic decisions by UBS to exit markets or cease offering services in a particular location, or those resulting from new externally imposed regulations.	This measure provides information about the development of invested assets during a specific period as a result of net new asset flows, plus the effect of interest and dividends.
Net new assets growth rate (%) – Global Wealth Management	Calculated as the net amount of inflows and outflows of invested assets (as defined in UBS policy) recorded during a specific period (annualized for reporting periods shorter than 12 months), plus interest and dividends, divided by total invested assets at the beginning of the period.	This measure provides information about the growth of invested assets during a specific period as a result of net new asset flows.
Net new deposit volumes (USD) – Global Wealth Management (non-GAAP measure)	Calculated as the net amount of inflows and outflows of deposit volumes recorded during a specific period. Deposits include customer deposits and customer brokerage payables. Excluded from the calculation are movements due to fair value measurement, foreign exchange translation, accrued interest and fees, as well as the effects on customer deposits of strategic decisions by UBS to exit markets or cease offering services in a particular location, or those resulting from new externally imposed regulations.	This measure provides information about the development of deposits during a specific period as a result of net new deposit flows.

APM / non-GAAP label	Calculation	Information content / usefulness
Net new deposits (USD and CHF) – Personal & Corporate Banking	Calculated as the net amount of inflows and outflows of customer deposits recorded during a specific period. Excluded from the calculation are movements due to fair value measurement, foreign exchange translation, accrued interest and fees, as well as the effects on customer deposits of strategic decisions by UBS to exit markets or cease offering services in a particular location, or those resulting from new externally imposed regulations.	This measure provides information about the development of deposits during a specific period as a result of net new deposit flows.
Net new fee-generating assets (USD) – Global Wealth Management	Calculated as the net amount of fee-generating asset inflows and outflows, including dividend and interest inflows into mandates and outflows from mandate fees paid by clients during a specific period. Excluded from the calculation are the effects on fee-generating assets of strategic decisions by UBS to exit markets or cease offering services in a particular location, or those resulting from new externally imposed regulations.	This measure provides information about the development of fee-generating assets during a specific period as a result of net flows, excluding movements due to market performance and foreign exchange translation, as well as the effects on fee-generating assets of strategic decisions by UBS to exit markets or cease offering services in a particular location, or those resulting from new externally imposed regulations.
Net new loan volumes (USD) – Global Wealth Management (non-GAAP measure)	Calculated as the net amount of originations, drawdowns and repayments of loan volumes recorded during a specific period. Loan volumes include loans and advances to customers and customer brokerage receivables. Excluded from the calculation are allowances, movements due to fair value measurement and foreign exchange translation, as well as the effects on loans and advances to customers of strategic decisions by UBS to exit markets or cease offering services in a particular location, or those resulting from new externally imposed regulations.	This measure provides information about the development of loan volumes during a specific period as a result of net new loan volumes.
Net new loans (USD and CHF) – Personal & Corporate Banking	Calculated as the net amount of originations, drawdowns and repayments of loans and advances to customers recorded during a specific period. Excluded from the calculation are allowances, movements due to fair value measurement and foreign exchange translation, as well as the effects on loans and advances to customers of strategic decisions by UBS to exit markets or cease offering services in a particular location, or those resulting from new externally imposed regulations.	This measure provides information about the development of loans during a specific period as a result of net new loans.
Net new money (USD) – Global Wealth Management, Asset Management	Calculated as the net amount of inflows and outflows of invested assets (as defined in UBS policy) recorded during a specific period. Excluded from the calculation are movements due to market performance, foreign exchange translation, dividends, interest and fees, as well as the effects on invested assets of strategic decisions by UBS to exit markets or cease offering services in a particular location, or those resulting from new externally imposed regulations. Net new money is not measured for Personal & Corporate Banking.	This measure provides information about the development of invested assets during a specific period as a result of net new money flows.
Net profit growth (%)	Calculated as the change in net profit attributable to shareholders from continuing operations between current and comparison periods divided by net profit attributable to shareholders from continuing operations of the comparison period.	This measure provides information about profit growth since the comparison period.
Operating expenses (underlying) (USD) (non-GAAP measure)	Calculated by adjusting operating expenses as reported in accordance with IFRS Accounting Standards for items that management believes are not representative of the underlying performance of the businesses.	This measure provides information about the amount of operating expenses, while excluding items that management believes are not representative of the underlying performance of the businesses.
Operating profit / (loss) before tax (underlying) (USD) (non-GAAP measure)	Calculated by adjusting operating profit / (loss) before tax as reported in accordance with IFRS Accounting Standards for items that management believes are not representative of the underlying performance of the businesses.	This measure provides information about the amount of operating profit / (loss) before tax, while excluding items that management believes are not representative of the underlying performance of the businesses.
Other revenues (USD and CHF) – Global Wealth Management, Personal & Corporate Banking (non-GAAP measure)	Calculated by including other income as reported in accordance with IFRS Accounting Standards, profit or loss related to non-client derivative instruments and profit or loss related to equity investments measured at fair value through profit or loss.	This measure provides information about residual business division revenues, after deduction of net interest income, recurring net fee income and transaction-based income.

APM / non-GAAP label	Calculation	Information content / usefulness
Other revenues (underlying) (USD and CHF) – Global Wealth Management, Personal & Corporate Banking (non-GAAP measure)	Calculated by adjusting other revenues for items that management believes are not representative of the underlying performance of the businesses.	This measure provides information about the amount of other revenues, while excluding items that management believes are not representative of the underlying performance of the businesses.
Pre-tax profit growth (%) – Global Wealth Management, Personal & Corporate Banking, Asset Management, the Investment Bank	Calculated as the change in net profit before tax attributable to shareholders from continuing operations between current and comparison periods divided by net profit before tax attributable to shareholders from continuing operations of the comparison period.	This measure provides information about pre-tax profit growth since the comparison period.
Pre-tax profit growth (underlying) (%) – Global Wealth Management, Personal & Corporate Banking, Asset Management, the Investment Bank (non-GAAP measure)	Calculated as the change in underlying net profit before tax attributable to shareholders from continuing operations between current and comparison periods divided by underlying net profit before tax attributable to shareholders from continuing operations of the comparison period. Underlying net profit before tax attributable to shareholders from continuing operations excludes items that management believes are not representative of the underlying performance of the businesses and also excludes related tax impact.	This measure provides information about pre-tax profit growth since the comparison period, while excluding items that management believes are not representative of the underlying performance of the businesses.
Recurring net fee income (USD and CHF) – Personal & Corporate Banking (non-GAAP measure)	Calculated as the total of fees for services provided on an ongoing basis, such as portfolio management fees, asset-based investment fund fees and custody fees, which are generated on client assets, and administrative fees for accounts.	This measure provides information about the amount of recurring net fee income.
Return on attributed equity (%) – Global Wealth Management, Personal & Corporate Banking, Asset Management, the Investment Bank	Calculated as business division operating profit before tax (annualized for reporting periods shorter than 12 months) divided by average attributed equity.	This measure provides information about the profitability of the business divisions in relation to attributed equity.
Return on attributed equity (underlying) (%) (non-GAAP measure)	Calculated as underlying business division operating profit before tax (annualized for reporting periods shorter than 12 months) (as defined above) divided by average attributed equity.	This measure provides information about the profitability of the business divisions in relation to attributed equity, while excluding items that management believes are not representative of the underlying performance of the businesses.
Return on common equity tier 1 capital (%)	Calculated as net profit attributable to shareholders (annualized for reporting periods shorter than 12 months) 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.
Return on common equity tier 1 capital (underlying) (%) (non-GAAP measure)	Calculated as underlying net profit attributable to shareholders (annualized for reporting periods shorter than 12 months) divided by average common equity tier 1 capital. Underlying net profit attributable to shareholders excludes items that management believes are not representative of the underlying performance of the businesses and also excludes related tax impact.	This measure provides information about the profitability of the business in relation to common equity tier 1 capital, while excluding items that management believes are not representative of the underlying performance of the businesses.
Return on equity (%)	Calculated as net profit attributable to shareholders (annualized for reporting periods shorter than 12 months) divided by average equity attributable to shareholders.	This measure provides information about the profitability of the business in relation to equity.
Return on tangible equity (%)	Calculated as net profit attributable to shareholders (annualized for reporting periods shorter than 12 months) 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.
Return on tangible equity (underlying) (%) (non-GAAP measure)	Calculated as underlying net profit attributable to shareholders (annualized for reporting periods shorter than 12 months) divided by average equity attributable to shareholders less average goodwill and intangible assets. Underlying net profit attributable to shareholders excludes items that management believes are not representative of the underlying performance of the businesses and also excludes related tax impact.	This measure provides information about the profitability of the business in relation to tangible equity, while excluding items that management believes are not representative of the underlying performance of the businesses.

APM / non-GAAP label	Calculation	Information content / usefulness
Tangible book value per share (USD)	Calculated as equity attributable to shareholders less goodwill and intangible assets divided by the number of shares outstanding.	This measure provides information about tangible net assets on a per-share basis.
Total book value per share (USD)	Calculated as equity attributable to shareholders divided by the number of shares outstanding.	This measure provides information about net assets on a per-share basis.
Total revenues (underlying) (USD) (non-GAAP measure)	Calculated by adjusting total revenues as reported in accordance with IFRS Accounting Standards for items that management believes are not representative of the underlying performance of the businesses.	This measure provides information about the amount of total revenues, while excluding items that management believes are not representative of the underlying performance of the businesses.
Transaction-based income (USD and CHF) – Global Wealth Management, Personal & Corporate Banking (non-GAAP measure)	Calculated as the total of the non-recurring portion of net fee and commission income, mainly composed of brokerage and transaction-based investment fund fees, and credit card fees, as well as fees for payment and foreign-exchange transactions, together with other net income from financial instruments measured at fair value through profit or loss.	This measure provides information about the amount of the non-recurring portion of net fee and commission income, together with other net income from financial instruments measured at fair value through profit or loss.
Transaction-based income (underlying) (USD and CHF) – Global Wealth Management, Personal & Corporate Banking (non-GAAP measure)	Calculated by adjusting transaction-based income for items that management believes are not representative of the underlying performance of the businesses.	This measure provides information about the amount of transaction-based income, while excluding items that management believes are not representative of the underlying performance of the businesses.

This is a general list of the APMs and non-GAAP measures used in our financial reporting. Not all of the above-listed measures may appear in this particular report.

Abbreviations frequently used in our financial reports

A

ABS	asset-backed securities
AG	Aktiengesellschaft
AGM	Annual General Meeting of shareholders
AI	artificial intelligence
A-IRB	advanced internal ratings-based
ALCO	Asset and Liability Committee
AMA	advanced measurement approach
AML	anti-money laundering
AoA	Articles of Association
APM	alternative performance measure
ARR	alternative reference rate
ARS	auction rate securities
ASF	available stable funding
AT1	additional tier 1
AuM	assets under management

B

BCBS	Basel Committee on Banking Supervision
BIS	Bank for International Settlements
BoD	Board of Directors

C

CAO	Capital Adequacy Ordinance
CCAR	Comprehensive Capital Analysis and Review
CCF	credit conversion factor
CCP	central counterparty
CCR	counterparty credit risk
CCRC	Corporate Culture and Responsibility Committee
CDS	credit default swap
CEO	Chief Executive Officer
CET1	common equity tier 1
CFO	Chief Financial Officer
CGU	cash-generating unit
CHF	Swiss franc
CIO	Chief Investment Office
CORC	Compliance and Operational Risk Control
CRM	credit risk mitigation
CRO	Chief Risk Officer
CST	combined stress test
CUSIP	Committee on Uniform Security Identification Procedures
CVA	credit valuation adjustment

D

DBO	defined benefit obligation
DCCP	Deferred Contingent Capital Plan
DFAST	Dodd–Frank Act Stress Test
DisO-FINMA	FINMA Ordinance on the Disclosure Obligations of Banks and Securities Firms
DM	discount margin
DOJ	US Department of Justice
DTA	deferred tax asset
DVA	debit valuation adjustment

E

EAD	exposure at default
EB	Executive Board
EC	European Commission
ECB	European Central Bank
ECL	expected credit loss
EGM	Extraordinary General Meeting of shareholders
EIR	effective interest rate
EL	expected loss
EMEA	Europe, Middle East and Africa
EOP	Equity Ownership Plan
EPS	earnings per share
ESG	environmental, social and governance
ETD	exchange-traded derivatives
ETF	exchange-traded fund
EU	European Union
EUR	euro
EURIBOR	Euro Interbank Offered Rate
EVE	economic value of equity
EY	Ernst & Young Ltd

F

FCA	UK Financial Conduct Authority
FDIC	Federal Deposit Insurance Corporation
FINMA	Swiss Financial Market Supervisory Authority
FMIA	Swiss Financial Market Infrastructure Act
FRTB	Fundamental Review of the Trading Book
FSB	Financial Stability Board
FTA	Swiss Federal Tax Administration
FVA	funding valuation adjustment
FVOCI	fair value through other comprehensive income
FVTPL	fair value through profit or loss
FX	foreign exchange

G

GAAP	generally accepted accounting principles
GBP	pound sterling
GDP	gross domestic product
GEB	Group Executive Board
GHG	greenhouse gas
GCORC	Group Compliance and Operational Risk Control
GRI	Global Reporting Initiative
G-SIB	global systemically important bank

H

HQLA	high-quality liquid assets

I

IAS	International Accounting Standards
IASB	International Accounting Standards Board
IBOR	interbank offered rate
IFRIC	International Financial Reporting Interpretations Committee
IFRS Accounting Standards	accounting standards issued by the IASB
IRB	internal ratings-based
IRRBB	interest rate risk in the banking book
ISDA	International Swaps and Derivatives Association
ISIN	International Securities Identification Number

Abbreviations frequently used in our financial reports (continued)

K

KRT	Key Risk Taker

L

LAS	liquidity-adjusted stress
LCR	liquidity coverage ratio
LGD	loss given default
LIBOR	London Interbank Offered Rate
LLC	limited liability company
LoD	lines of defense
LRD	leverage ratio denominator
LTIP	Long-Term Incentive Plan
LTV	loan-to-value

M

M&A	mergers and acquisitions
MRT	Material Risk Taker

N

NII	net interest income
NSFR	net stable funding ratio
NYSE	New York Stock Exchange

O

OCA	own credit adjustment
OCI	other comprehensive income
OECD	Organisation for Economic Co-operation and Development
OTC	over-the-counter

P

PCI	purchased credit impaired
PD	probability of default
PIT	point in time
PPA	purchase price allocation

Q

QCCP	qualifying central counterparty

R

RBC	risk-based capital
RbM	risk-based monitoring
REIT	real estate investment trust
RMBS	residential mortgage-backed securities
RniV	risks not in VaR
RoCET1	return on CET1 capital
RoU	right-of-use
rTSR	relative total shareholder return
RWA	risk-weighted assets

S

SA	standardized approach or société anonyme
SA-CCR	standardized approach for counterparty credit risk
SAR	Special Administrative Region of the People's Republic of China
SDG	Sustainable Development Goal
SEC	US Securities and Exchange Commission
SFT	securities financing transaction
SIBOR	Singapore Interbank Offered Rate
SICR	significant increase in credit risk
SIX	SIX Swiss Exchange
SME	small and medium-sized entities
SMF	Senior Management Function
SNB	Swiss National Bank
SOR	Singapore Swap Offer Rate
SPPI	solely payments of principal and interest
SRB	systemically relevant bank
SVaR	stressed value-at-risk

T

TBTF	too big to fail
TCFD	Task Force on Climate-related Financial Disclosures
TIBOR	Tokyo Interbank Offered Rate
TLAC	total loss-absorbing capacity
TTC	through the cycle

U

USD	US dollar

V

VaR	value-at-risk
VAT	value-added tax

This is a general list of the abbreviations frequently used in our financial reporting. Not all of the listed abbreviations may appear in this particular report.

Information sources

Reporting publications

Annual publications

UBS AG Annual Report: Published in English, this report provides descriptions of: our businesses, the performance of UBS AG (consolidated); the performance of the business divisions and Group functions; risk, treasury and capital management; corporate governance; and financial information, including the financial statements.

Compensation Report: This report discusses the compensation framework and provides information about compensation for the Board of Directors and the Group Executive Board members. It is available in English and German (*"Vergütungsbericht"*) and represents a component of the UBS Group Annual Report.

Sustainability Report: Published in English, the UBS Group Sustainability Report provides disclosures on environmental, social and governance (ESG) topics.

Quarterly publications

Quarterly financial report: This report provides an update on performance and strategy (where applicable) for the respective quarter. It is available in English.

The annual and quarterly publications are available in .pdf and online formats at *ubs.com/investors*, under "Financial information". Printed copies, in any language, of the aforementioned annual publications are no longer provided.

Other information

Website

The "Investor Relations" website at *ubs.com/investors* provides the following information about UBS: results-related news releases; financial information, including results-related filings with the US Securities and Exchange Commission (the SEC); information for shareholders, including UBS dividend and share repurchase program information, and for bondholders, including rating agencies reports; the corporate calendar; and presentations by management for investors and financial analysts. Information is available online in English, with some information also available in German.

Results presentations

Quarterly results presentations are webcast live. Recordings of most presentations can be downloaded from *ubs.com/presentations*.

Messaging service

Email alerts to news about UBS can be subscribed for under "UBS News Alert" at *ubs.com/global/en/investor-relations/contact/investor-services.html*. Messages are sent in English, German, French or Italian, with an option to select theme preferences for such alerts.

Form 20-F and other submissions to the US Securities and Exchange Commission

UBS files periodic reports with and submits other information to the SEC. Principal among these filings is the annual report on Form 20-F, filed pursuant to the US Securities Exchange Act of 1934. The filing of Form 20-F is structured as a wraparound document. Most sections of the filing can be satisfied by referring to the UBS AG Annual Report. However, there is a small amount of additional information in Form 20-F that is not presented elsewhere and is particularly targeted at readers in the US. Readers are encouraged to refer to this additional disclosure. Any document that is filed with the SEC is available on the SEC's website: *sec.gov*. Refer to *ubs.com/investors* for more information.

Cautionary statement regarding forward-looking statements | This report contains statements that constitute "forward-looking statements", including but not limited to management's outlook for UBS's financial performance, statements relating to the anticipated effect of transactions and strategic initiatives on UBS's business and future development and goals. While these forward-looking statements represent UBS's judgments, expectations and objectives concerning the matters described, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from UBS's expectations. In particular, the global economy may suffer significant adverse effects from increasing political tensions between world powers, changes to international trade policies, including those related to tariffs and trade barriers, and evolving armed conflicts. UBS's acquisition of the Credit Suisse Group materially changed its outlook and strategic direction and introduced new operational challenges. The integration of the Credit Suisse entities into the UBS structure is expected to continue through 2026 and presents significant operational and execution risk, including the risks that UBS may be unable to achieve the cost reductions and business benefits contemplated by the transaction, that it may incur higher costs to execute the integration of Credit Suisse and that the acquired business may have greater risks or liabilities, including those related to litigation, than expected. In response to the failure of Credit Suisse, Switzerland has amended its Capital Adequacy Ordinance and is considering changes to its Banking Act, which, if enacted as proposed, would substantially increase capital requirements for UBS in relation to its foreign subsidiaries. These factors create greater uncertainty about forward-looking statements. Other factors that may affect UBS's performance and ability to achieve its plans, outlook and other objectives also include, but are not limited to: (i) the degree to which UBS is successful in the execution of its strategic plans, including its cost reduction and efficiency initiatives and its ability to manage its levels of risk-weighted assets (RWA) and leverage ratio denominator (LRD), liquidity coverage ratio and other financial resources, including changes in RWA assets and liabilities arising from higher market volatility and the size of the combined Group; (ii) the degree to which UBS is successful in implementing changes to its businesses to meet changing market, regulatory and other conditions, including any potential changes to banking examination and oversight practices and standards as a result of executive branch orders or staff interpretations of law in the US; (iii) inflation and interest rate volatility in major markets; (iv) developments in the macroeconomic climate and in the markets in which UBS operates or to which it is exposed, including movements in securities prices or liquidity, credit spreads, currency exchange rates, residential and commercial real estate markets, general economic conditions, and changes to national trade policies on the financial position or creditworthiness of UBS's clients and counterparties, as well as on client sentiment and levels of activity; (v) changes in the availability of capital and funding, including any adverse changes in UBS's credit spreads and credit ratings of UBS, as well as availability and cost of funding, including as affected by the marketability of additional tier one debt instruments, to meet requirements for debt eligible for total loss-absorbing capacity (TLAC); (vi) changes in and potential divergence between central bank policies or the implementation of financial legislation and regulation in Switzerland, the US, the UK, the EU and other financial centers that have imposed, or resulted in, or may do so in the future, more stringent or entity-specific capital, TLAC, leverage ratio, net stable funding ratio, liquidity and funding requirements, heightened operational resilience requirements, incremental tax requirements, additional levies, limitations on permitted activities, constraints on remuneration, constraints on transfers of capital and liquidity and sharing of operational costs across the Group or other measures, and the effect these will or would have on UBS's business activities; (vii) UBS's ability to successfully implement resolvability and related regulatory requirements and the potential need to make further changes to the legal structure or booking model of UBS in response to legal and regulatory requirements including heightened requirements and expectations due to its acquisition of the Credit Suisse Group; (viii) UBS's ability to maintain and improve its systems and controls for complying with sanctions in a timely manner and for the detection and prevention of money laundering to meet evolving regulatory requirements and expectations, in particular in the current geopolitical turmoil; (ix) the uncertainty arising from domestic stresses in certain major economies; (x) changes in UBS's competitive position, including whether differences in regulatory capital and other requirements among the major financial centers adversely affect UBS's ability to compete in certain lines of business; (xi) changes in the standards of conduct applicable to its businesses that may result from new regulations or new enforcement of existing standards, including measures to impose new and enhanced duties when interacting with customers and in the execution and handling of customer transactions; (xii) the liability to which UBS may be exposed, or possible constraints or sanctions that regulatory authorities might impose on UBS, due to litigation, including litigation it has inherited by virtue of the acquisition of Credit Suisse, contractual claims and regulatory investigations, including the potential for disqualification from certain businesses, potentially large fines or monetary penalties, or the loss of licenses or privileges as a result of regulatory or other governmental sanctions, as well as the effect that litigation, regulatory and similar matters have on the operational risk component of its RWA; (xiii) UBS's ability to retain and attract the employees necessary to generate revenues and to manage, support and control its businesses, which may be affected by competitive factors; (xiv) changes in accounting or tax standards or policies, and determinations or interpretations affecting the recognition of gain or loss, the valuation of goodwill, the recognition of deferred tax assets and other matters; (xv) UBS's ability to implement new technologies and business methods, including digital services, artificial intelligence and other technologies, and ability to successfully compete with both existing and new financial service providers, some of which may not be regulated to the same extent; (xvi) limitations on the effectiveness of UBS's internal processes for risk management, risk control, measurement and modeling, and of financial models generally; (xvii) the occurrence of operational failures, such as fraud, misconduct, unauthorized trading, financial crime, cyberattacks, data leakage and systems failures, the risk of which is increased with persistently high levels of cyberattack threats; (xviii) restrictions on the ability of UBS Group AG, UBS AG and regulated subsidiaries of UBS AG to make payments or distributions, including due to restrictions on the ability of its subsidiaries to make loans or distributions, directly or indirectly, or, in the case of financial difficulties, due to the exercise by FINMA or the regulators of UBS's operations in other countries of their broad statutory powers in relation to protective measures, restructuring and liquidation proceedings; (xix) the degree to which changes in regulation, capital or legal structure, financial results or other factors may affect UBS's ability to maintain its stated capital return objective; (xx) uncertainty over the scope of actions that may be required by UBS, governments and others for UBS to achieve goals relating to climate, environmental and social matters, as well as the evolving nature of underlying science and industry and the increasing divergence among regulatory regimes; (xxi) the ability of UBS to access capital markets; (xxii) the ability of UBS to successfully recover from a disaster or other business continuity problem due to a hurricane, flood, earthquake, terrorist attack, war, conflict, pandemic, security breach, cyberattack, power loss, telecommunications failure or other natural or man-made event; and (xxiii) the effect that these or other factors or unanticipated events, including media reports and speculations, may have on its reputation and the additional consequences that this may have on its business and performance. 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