

## **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).

**32,000,000 European Style Cash Settled Short Certificates relating to  
the Class B ordinary shares of Meituan  
with a Daily Leverage of -5x**

**UBS AG  
(Incorporated with limited liability in Switzerland)  
acting through its London Branch**

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**Issue Price: S\$1.05 per Certificate**

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This document is published for the purpose of obtaining a listing of all the above certificates (the “**Certificates**”) to be issued by UBS AG (the “**Issuer**”) acting through its London branch, and is supplemental to and should be read in conjunction with a base listing document dated 28 June 2024 (the “**Base Listing Document**”), including its supplements and addenda as executed from time to time, for the purpose of giving information with regard to the Issuer and the Certificates. Information relating to the Company (as defined below) is contained in this document.

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

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

Certificates on the market, the Issuer and/or any of its affiliates are not obliged to do so. Investors should also note that there are leveraged risks because the Certificates integrate an inverse 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<sup>1</sup> and Specified Investment Products (SIPs)<sup>2</sup>, 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 20 November 2024.

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

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

19 November 2024

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<sup>1</sup> As defined in the Securities and Futures (Capital Markets Products) Regulations 2018.

<sup>2</sup> 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 risen sharply;
- (d) the Company is controlled through weighted voting rights. Certain individuals who own shares of a class which is being given more votes per share may have the ability to determine the outcome of most matters. Depending on the action taken by the Company, the market price of the Certificates could be adversely affected;
- (e) due to their nature, the Certificates can be volatile instruments and may be subject to considerable fluctuations in value. The price of the Certificates may fall in value as rapidly as it may rise due to, including but not limited to, variations in the frequency and magnitude of the changes in the price of the Underlying Stock, the time remaining to expiry and the creditworthiness of the Issuer;
- (f) fluctuations in the price of the Underlying Stock will affect the price of the Certificates but not necessarily in the same magnitude and direction, therefore, prospective investors intending to purchase Certificates to hedge their market risk associated with investing in the Underlying Stock which may be specified herein, should recognise the complexities of utilising the Certificates in this manner;

- (g) a Certificate Holder must tender a specified number of Certificates at any one time in order to exercise. Thus, Certificate Holders with fewer than the specified minimum number of Certificates in a particular series will either have to sell their Certificates or purchase additional Certificates, incurring transactions costs in each case, in order to realise their investment;
- (h) if, whilst any of the Certificates remain unexercised, trading in the Underlying Stock is suspended or halted on the relevant stock exchange, trading in the Certificates may be suspended for a similar period;
- (i) investors should note that the Issuer's obligations to pay amounts in accordance with the terms thereof as set forth herein shall be discharged by delivery of the aggregate Cash Settlement Amount (if positive) to all Certificate Holders in accordance with the agreement with the Warrant Agent;
- (j) investors should note that in the event of there being a Market Disruption Event (as defined in the Conditions) determination or payment of the Cash Settlement Amount (as defined in the Conditions) may be delayed, all as more fully described in the Conditions;
- (k) certain events relating to the Underlying Stock require or, as the case may be, permit the Issuer to make certain adjustments or amendments to the Conditions;
- (l) the Certificates are only exercisable on the expiry date and may not be exercised by Certificate Holders prior to such expiry date. Accordingly, if on such expiry date the Cash Settlement Amount is zero, a Certificate Holder will lose the value of his investment;
- (m) the total return on an investment in any Certificate may be affected by the Hedging Fee Factor (as defined below), Management Fee (as defined below) and Gap Premium (as defined below);
- (n) investors holding their position overnight should note that they would be required to bear the annualised cost which consists of the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Inverse Strategy (as described below) including the Stock Borrowing Cost (as defined below) and the Rebalancing Cost (as defined below);
- (o) investors should note that there may be an exchange rate risk where the Cash Settlement Amount may be converted from a foreign currency into Singapore dollars. Exchange rates between currencies are determined by forces of supply and demand in the foreign exchange markets. These forces are, in turn, affected by factors such as international balances of payments and other economic and financial conditions, government intervention in currency markets and currency trading speculation. Fluctuations in foreign exchange rates, foreign political and economic developments, and the imposition of exchange controls or other foreign governmental laws or restrictions applicable to such investments may affect the foreign currency market price and the exchange rate-adjusted equivalent price of the Certificates. Fluctuations in the exchange rate of any one currency may be offset by fluctuations in the exchange rate of other relevant currencies;
- (p) investors should note that there are leveraged risks because the Certificates integrate an inverse leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock;

- (q) when held for longer than a day, the performance of the Certificates could be more or less than the leverage factor that is embedded within the Certificates. The performance of the Certificates each day is locked in, and any subsequent returns are based on what was achieved the previous day. This process, referred to as compounding, may lead to a performance difference from 5 times the inverse performance of the Underlying Stock over a period longer than one day. This difference may be amplified in a volatile market with a sideways trend, where market movements are not clear in direction, whereby investors may sustain substantial losses;
- (r) the Air Bag Mechanism (as defined below) is triggered only when the Underlying Stock is calculated or traded, which may not be during the trading hours of the Relevant Stock Exchange for the Certificates (as defined below);
- (s) investors should note that the Air Bag Mechanism reduces the impact on the Leverage Inverse Strategy if the Underlying Stock rises further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to fall after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses;
- (t) there is no assurance that the Air Bag Mechanism will prevent investors from losing the entire value of their investment, in the event of (i) an overnight rise in the Underlying Stock, where there is a 20% or greater gap between the previous day closing price and the opening price of the Underlying Stock the following day, as the Air Bag Mechanism will only be triggered when the market (in respect of which the Underlying Stock is listed) opens the following day (including pre-opening session or opening auction, as the case may be) or (ii) a sharp intraday rise 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;
- (u) certain events may, pursuant to the terms and conditions of the Certificates, trigger (A) the implementation of methods of adjustment or (B) the early termination of the Certificates. The Issuer will give the investors reasonable notice of any early termination. If the Issuer terminates the Certificates early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of the Certificate less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. The performance of this commitment shall depend on (A) general market conditions and (B) the liquidity conditions of the underlying instrument(s) and, as the case may be, of any other hedging transactions. Investors should note that the amount repaid by the Issuer may be less than the amount initially invested. Investors may refer to Condition 13 on pages 28 to 29 of this document for more information;
- (v) investors should note that it is not possible to predict the price at which the Certificates will trade in the secondary market or whether such market will be liquid or illiquid. To the extent Certificates of a particular issue are exercised, the number of Certificates of such issue outstanding will decrease, resulting in a diminished liquidity for the remaining Certificates of such issue. A decrease in the liquidity of an issue of Certificates may cause, in turn, an increase in the volatility associated with the price of such issue of Certificates. The Issuer may, but is not obligated to, at any time, purchase Certificates at any price in the open market or by tender or private agreement. Any Certificates so purchased may be held or resold or surrendered for cancellation. To the extent that an issue of Certificates becomes illiquid, an investor may have to exercise such Certificates to realise value;

- (w) two or more risk factors may simultaneously have an effect on the value of a Certificate such that the effect of any individual risk factor may not be predicted. No assurance can be given as to the effect any combination of risk factors may have on the value of a Certificate;
- (x) investors should note that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred. Investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time. Investors should refer to the Taxation Section in the Base Listing Document;
- (y) investors should note that the Issuer may enter into discount, commission or fee arrangements with brokers and/or any of its subsidiaries or affiliates with respect to the primary or secondary market in the Certificates. The arrangements may result in the benefit to investors in Certificates buying and selling Certificates through nominated brokers by reducing or eliminating the commission payable by such Certificate Holders. In the event that the commission payable by Certificate Holders is eliminated, fee arrangements between the Issuer and brokers and/or any of its subsidiaries or affiliates will continue to apply. Investors in the Certificates should note that any brokers with whom the Issuer has a commission arrangement does not, and cannot be expected to, deal exclusively in the Certificates, therefore any broker and/or any of its subsidiaries or affiliates may from time to time engage in transactions involving the Underlying Stock and/or structured products of other issuers over the Underlying Stock as the Certificates for their proprietary accounts and/or accounts of their clients. The fact that the same broker may deal simultaneously for different clients in competing products in the market place may affect the value of the Certificates and present certain conflicts of interests;
- (z) various potential and actual conflicts of interest may arise from the overall activities of the Issuer and any of its subsidiaries and affiliates.

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

- (aa) in the ordinary course of their business, including without limitation in connection with the Issuer or its appointed designated market maker's market making activities, the Issuer and any of its respective subsidiaries and affiliates may effect transactions for their own account or for the account of their customers and hold long or short positions in the Underlying Stock



and/or related derivatives. In addition, in connection with the offering of any Certificates, the Issuer and any of its respective subsidiaries and affiliates may enter into one or more hedging transactions with respect to the Underlying Stock and/or related derivatives. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer and any of its respective subsidiaries and its affiliates, the Issuer and any of its respective subsidiaries and affiliates may enter into transactions in the Underlying Stock and/or related derivatives which may affect the market price, liquidity or value of the Certificates and which may affect the interests of Certificate Holders;

- (bb) the value of the Certificates depends on the Leverage Inverse Strategy performance built in the Certificate. The Calculation Agent will make the Leverage Inverse Strategy last closing level and a calculation tool available to the investors on a website;
- (cc) certain risks relating to the Issuer's operating environment and strategy, including those as set out in Appendix 2 of the Base Listing Document, may impact the Issuer's ability to execute its strategy and directly affect its business activities, financial condition, results of operations and prospects. As a broad-based international financial services firm, the Issuer is inherently exposed to risks that become apparent only with the benefit of hindsight, risks of which it is not presently aware or which it currently does not consider to be material could also materially affect its business activities, financial condition, results of operations and prospects. The sequence in which the risk factors are set out in Appendix 2 of the Base Listing Document is not indicative of their likelihood of occurrence or the potential magnitude of their financial consequences;
- (dd) as the Certificates are represented by a global warrant certificate which will be deposited with The Central Depository (Pte) Limited ("**CDP**"):-
  - (i) investors should note that no definitive certificate will be issued in relation to the Certificates;
  - (ii) there will be no register of Certificate Holders and each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates by way of interest (to the extent of such number) in the global warrant certificate in respect of those Certificates represented thereby shall be treated as the holder of such number of Certificates;
  - (iii) investors will need to rely on any statements received from their brokers/custodians as evidence of their interest in the Certificates; and
  - (iv) notices to such Certificate Holders will be published on the website of the SGX-ST. Investors will need to check the website of the SGX-ST regularly and/or rely on their brokers/custodians to obtain such notices;
- (ee) Generally, investing in the Certificates may involve risks related to the discontinuance, changes or adjustments to benchmarks generally

Discontinuance of, or changes to, benchmarks may require adjustments to the Issuer's agreements, systems and processes. The interbank offered rate(s) and other interest rate, equity, commodity, foreign exchange and other types of indices which are deemed to be "benchmarks", are the subject of national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be or may be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Certificates

referencing such a benchmark. Investors should consult their own independent advisers and make their own assessment about the potential risks or any of the international or national reforms in making any investment decision with respect to any Certificates referencing a benchmark; and

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

The Hong Kong Inter-bank Offered Rate (“**HIBOR**”) benchmark is referenced in the Leverage Inverse 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:	32,000,000 European Style Cash Settled Short Certificates relating to the Class B ordinary shares of Meituan traded in HKD (the “ <b>Underlying Stock</b> ” or the “ <b>Underlying</b> ”)
ISIN:	CH1227876823
Company:	Meituan (RIC: 3690.HK)
Underlying Price <sup>3</sup> and Source:	HK\$171.90 (Bloomberg)
Calculation Agent:	UBS AG acting through its London Branch
Strike Level:	Zero
Daily Leverage:	-5x (within the Leverage Inverse Strategy as described below)
Notional Amount per Certificate:	SGD 1.05
Management Fee (p.a.) <sup>4</sup> :	0.40%
Gap Premium (p.a.) <sup>5</sup> :	12.75%, is a hedging cost against extreme market movements overnight.
Stock Borrowing Cost <sup>6</sup> :	The annualised costs for borrowing stocks in order to take an inverse exposure on the Underlying Stock.
Rebalancing Cost <sup>6</sup> :	The transaction costs (if applicable), computed as a function of leverage and daily inverse performance of the Underlying Stock.
Launch Date:	12 November 2024
Closing Date:	19 November 2024

<sup>3</sup> These figures are calculated as at, and based on information available to the Issuer on or about 19 November 2024. 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 19 November 2024.

<sup>4</sup> 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.

<sup>5</sup> Please note that the Gap Premium is calculated on a 360-day basis.

<sup>6</sup> These costs are embedded within the Leverage Inverse Strategy. Please note that the Stock Borrowing Cost may be changed on giving 5 Business Days' notice to investors. Any change in the Stock Borrowing Cost will be announced on the SGXNET.

Expected Listing Date:	20 November 2024
Last Trading Date:	The date falling 5 Business Days immediately preceding the Expiry Date, currently being 21 May 2026
Expiry Date:	29 May 2026 (if the Expiry Date is not a Business Day, then the Expiry Date shall fall on the preceding Business Day and subject to adjustment of the Valuation Date upon the occurrence of Market Disruption Events as set out in the Conditions of the Certificates)
Board Lot:	100 Certificates
Valuation Date:	28 May 2026 or if such day is not an Exchange Business Day, the immediately preceding Exchange Business Day.
Exercise:	<p>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.</p>
Cash Settlement Amount:	<p>In respect of each Certificate, shall be an amount (if positive) payable in the Settlement Currency equal to:</p> <p>Closing Level multiplied by the Notional Amount per Certificate</p> <p>Please refer to the “Information relating to the European Style Cash Settled Short 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.</p>
Hedging Fee Factor:	<p>In respect of each Certificate, shall be an amount calculated as: Product (for t from Expected Listing Date to Valuation Date) of <math>(1 - \text{Management Fee} \times (\text{ACT}(t-1;t) \div 360)) \times (1 - \text{Gap Premium}(t-1) \times (\text{ACT}(t-1;t) \div 360))</math>, where:</p>

“**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 Short 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 Inverse Strategy (as described below) on the Valuation Date

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

Initial Exchange Rate<sup>3</sup>: 0.1720790069

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 Inverse Strategy and which is designed to reduce the Leverage Inverse Strategy exposure to the Underlying Stock during extreme market conditions. If the Underlying Stock rises by 15% or more (“**Air Bag Trigger Price**”) during the trading day (which represents approximately 75% loss after a 5 times inverse leverage), the Air Bag Mechanism is triggered and the Leverage Inverse Strategy is adjusted intra-day. The Air Bag Mechanism reduces the

impact on the Leverage Inverse Strategy if the Underlying Stock rises further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to fall 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 Inverse 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 (" <b>HKD</b> ")
Settlement Currency:	Singapore Dollar (" <b>SGD</b> ")
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 (" <b>SGX-ST</b> ")
Relevant Stock Exchange for the Underlying Stock:	HKEX
Business Day, Settlement Business Day and Exchange Business Day:	<p>A "<b>Business Day</b>" or a "<b>Settlement Business Day</b>" 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.</p> <p>An "<b>Exchange Business Day</b>" 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.</p>

Warrant Agent:	The Central Depository (Pte) Limited (“CDP”)
Clearing System:	CDP
Fees and Charges:	<p>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.</p> <p>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 Inverse Strategy including the Stock Borrowing 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.</p>
Further Information:	Please refer to the website at <a href="http://dlc.ubs.com">http://dlc.ubs.com</a> 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 Inverse Strategy**

#### **Description of the Leverage Inverse Strategy**

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

At the end of each trading day of the Underlying Stock, the exposure of the Leverage Inverse Strategy to the Underlying Stock is reset within the Leverage Inverse Strategy in order to retain a daily leverage of 5 times the inverse 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 Inverse 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 Inverse Strategy Formula**

**LSL<sub>t</sub>** means the Leverage Inverse Strategy Level as of the Leverage Reset Time (t), calculated in accordance with the following formulae:

On Leverage Reset Time(1):

$$LSL_1 = 1000$$

On each subsequent Leverage Reset Time(t):

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

**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).

**LR<sub>r(t),t</sub>** means the Leveraged Return of the Underlying Stock between Leverage Reset Time r(t) and Leverage Reset Time (t), calculated as follows:

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

**FC<sub>r(t),t</sub>** 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,

$$FC_{r(t),t} = (\text{Leverage} - 1) \times \frac{\text{Rate}_{r(t)} \times \text{ACT}(r(t), t)}{\text{DayCountBasisRate}}$$

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

**SB<sub>r(t),t</sub>** means the Stock Borrowing 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,

$$SB_{r(t),t} = -\text{Leverage} \times \frac{\text{CB} \times \text{ACT}(r(t), t)}{\text{DayCountBasisRate}}$$

Otherwise,  $SB_{r(t),t} = 0$

**CB** means the Cost of Borrowing applicable that is equal to: 4.00%



**RC<sub>r(t),t</sub>** means the Rebalancing Cost of the Leverage Inverse Strategy as at Leverage Reset Time (t), calculated as follows :

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

**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<sub>t</sub>** 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<sub>t</sub> is the Closing Price of the Underlying Stock as of such Observation Date.

Otherwise,

S<sub>t</sub> is the highest price of the Underlying Stock during the respective Intraday Restrike Observation Period.

**Rfactor<sub>t</sub>** 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,

$$Rfactor_t = 1 - \frac{Div_t}{S_{r(t)}}$$

Otherwise,

$$Rfactor_t = 1$$

Where

Div<sub>t</sub> 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 gross of any applicable withholding taxes.

**Rate<sub>t</sub>** means, in respect of the Observation Date of Leverage Reset Time (t), the Overnight HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing,

as published on Reuters RIC HIKKDOND= or any successor page, being the rate as of day (t), provided that if such rate is not available, then the 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.

**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 increase 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 Inverse Strategy Level.

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

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

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

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

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

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

## TERMS AND CONDITIONS OF THE EUROPEAN STYLE CASH SETTLED LONG/SHORT CERTIFICATES ON SINGLE EQUITIES

### 1. Form, Status, Transfer and Title

- (a) *Form.* The Certificates (which expression shall, unless the context otherwise requires, include any further certificates issued pursuant to Condition 11) are issued subject to and with the benefit of:-
- (i) a master instrument by way of deed poll (the "**Master Instrument**") dated 28 June 2024, made by UBS AG (the "**Issuer**") acting through its London Branch; and
  - (ii) a warrant agent agreement (the "**Master Warrant Agent Agreement**" or "**Warrant Agent Agreement**") dated any time on or before the Closing Date, made between the Issuer and the Warrant Agent for the Certificates.

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

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

- (b) *Status.* The Certificates constitute direct, general and unsecured contractual obligations of the Issuer and rank, and will rank, equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (save for statutorily preferred exceptions). The Certificates provide for cash settlement on exercise and, in particular, the Certificates will not be secured by any underlying assets. The Certificates do not entitle Certificate Holders to the delivery of any Underlying Stock, are not secured by the Underlying Stock and do not entitle Certificate Holders to any interest in any Underlying Stock.
- (c) *Transfer.* The Certificates are represented by a global warrant certificate ("**Global Warrant**") which will be deposited with The Central Depository (Pte) Limited ("**CDP**"). Certificates in definitive form will not be issued. Transfers of Certificates may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records maintained by CDP.
- (d) *Title.* Each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates shall be treated by the Issuer and the Warrant Agent as the holder and absolute owner of such number of Certificates, notwithstanding any notice to the contrary. The expression "**Certificate Holder**" shall be construed accordingly.

## 2. Certificate Rights and Exercise Expenses

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

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

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

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

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:	Meituan
The Certificates:	European Style Cash Settled Short Certificates relating to the Underlying Stock
Number:	32,000,000 Certificates
Form:	The Certificates will be issued subject to, and with the benefit of, a master instrument by way of deed poll dated 28 June 2024 (the “ <b>Master Instrument</b> ”) and executed by the Issuer and a master warrant agent agreement dated 27 February 2008 (the “ <b>Master Warrant Agent Agreement</b> ”) 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 20 November 2024.
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 SHORT CERTIFICATES ON SINGLE EQUITIES

#### **What are European Style Cash Settled Short Certificates on Single Equities?**

European style cash settled short 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 Inverse 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 decrease and are seeking short-term leveraged inverse exposure to the Underlying Stock.

#### **B) Trading the Certificates before Expiry**

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

- (i) For Certificate Holders who trade the Certificates intraday: shall pay normal transaction and brokerage fees for the trading of the Certificates on the SGX-ST, and may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred; and
- (ii) For Certificate Holders who hold the Certificates overnight: in addition to the normal transaction and brokerage fees and applicable stamp taxes, would also be required to bear the Management Fee and Gap Premium as well as certain costs embedded within the Leverage Inverse Strategy including the Stock Borrowing Cost and the Rebalancing Cost.

### Illustration of the Calculation of Hedging Fee Factor

Hedging Fee Factor	=	Product of the Daily Fees
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Daily Fees	=	<b>Daily Management Fee Adjustment</b>
		$1 - \text{Management Fee} \times \text{ACT} (t-1;t) / 360$
		x
		<b>Daily Gap Premium Adjustment</b>
		$1 - \text{Gap Premium} (t-1) \times \text{ACT} (t-1;t) / 360$

### Illustration of the Calculation of Cash Settlement Amount

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

Value of Certificates	=	<table><tr><td>t'=0</td></tr><tr><td>Notional Amount</td></tr></table> x	t'=0	Notional Amount	<table><tr><td>t=1</td></tr><tr><td>Leverage Inverse Strategy daily performance<sup>8</sup></td></tr><tr><td>Daily Fees</td></tr></table> x	t=1	Leverage Inverse Strategy daily performance <sup>8</sup>	Daily Fees	<table><tr><td>t=2</td></tr><tr><td>Leverage Inverse Strategy daily performance</td></tr><tr><td>Daily Fees</td></tr></table> x ...	t=2	Leverage Inverse Strategy daily performance	Daily Fees	<table><tr><td>t=i</td></tr><tr><td>Leverage Inverse Strategy Daily performance</td></tr><tr><td>Daily Fees</td></tr></table>	t=i	Leverage Inverse Strategy Daily performance	Daily Fees		
t'=0																		
Notional Amount																		
t=1																		
Leverage Inverse Strategy daily performance <sup>8</sup>																		
Daily Fees																		
t=2																		
Leverage Inverse Strategy daily performance																		
Daily Fees																		
t=i																		
Leverage Inverse Strategy Daily performance																		
Daily Fees																		
Value of Certificates	=	<table><tr><td>t=0</td></tr><tr><td>Notional Amount</td></tr></table> x	t=0	Notional Amount	<table><tr><td colspan="2">Product of the daily Leverage Inverse Strategy Performance</td></tr><tr><td>Leverage Inverse Strategy daily performance</td><td>x</td></tr><tr><td>Leverage Inverse Strategy daily performance</td><td></td></tr></table> x	Product of the daily Leverage Inverse Strategy Performance		Leverage Inverse Strategy daily performance	x	Leverage Inverse Strategy daily performance		<table><tr><td colspan="2">Product of the Daily Fees (Hedging Fee Factor)</td></tr><tr><td>Daily Fees</td><td>x</td></tr><tr><td>Daily Fees</td><td></td></tr></table>	Product of the Daily Fees (Hedging Fee Factor)		Daily Fees	x	Daily Fees	
t=0																		
Notional Amount																		
Product of the daily Leverage Inverse Strategy Performance																		
Leverage Inverse Strategy daily performance	x																	
Leverage Inverse Strategy daily performance																		
Product of the Daily Fees (Hedging Fee Factor)																		
Daily Fees	x																	
Daily Fees																		
Final Value of Certificates	=	<table><tr><td>t=0</td></tr><tr><td>Notional Amount</td></tr></table> x	t=0	Notional Amount	<table><tr><td colspan="2">Final Reference Level x Final Exchange Rate</td></tr><tr><td colspan="2">÷</td></tr><tr><td colspan="2">Initial Reference Level x Initial Exchange Rate</td></tr></table> x	Final Reference Level x Final Exchange Rate		÷		Initial Reference Level x Initial Exchange Rate		<table><tr><td colspan="2">Hedging Fee Factor</td></tr></table>	Hedging Fee Factor					
t=0																		
Notional Amount																		
Final Reference Level x Final Exchange Rate																		
÷																		
Initial Reference Level x Initial Exchange Rate																		
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.

<sup>7</sup> "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.

<sup>8</sup> Leverage Inverse Strategy daily performance is computed as the Leverage Inverse Strategy Level on Business Day (t) divided by the Leverage Inverse 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:	<b>Class B ordinary shares of Meituan traded in HKD</b>
Expected Listing Date:	<b>01/02/2021</b>
Expiry Date:	<b>16/02/2021</b>
Initial Reference Level:	<b>1,000</b>
Initial Exchange Rate:	<b>1</b>
Final Reference Level:	<b>1,200</b>
Final Exchange Rate:	<b>1</b>
Issue Price:	<b>1.05 SGD</b>
Notional Amount per Certificate:	<b>1.05 SGD</b>
Management Fee (p.a.):	<b>0.40%</b>
Gap Premium (p.a.):	<b>12.75%</b>
Strike Level:	<b>Zero</b>

### Hedging Fee Factor

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

$$\text{HFF}(0) = 100\%$$

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

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

$$\text{HFF}(1) = 100\% \times \left(1 - 0.40\% \times \frac{1}{360}\right) \times \left(1 - 12.75\% \times \frac{1}{360}\right)$$

$$\text{HFF}(1) = 100\% \times 99.9989\% \times 99.9646\% \approx 99.9635\%$$

Assuming 2<sup>nd</sup> Underlying Stock Business Day falls 3 Calendar Days after 1<sup>st</sup> Underlying Stock Business Day:

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

$$\text{HFF (2)} = 99.9635\% \times \left(1 - 0.40\% \times \frac{3}{360}\right) \times \left(1 - 12.75\% \times \frac{3}{360}\right)$$

$$\text{HFF (2)} = 99.9635\% \times 99.9967\% \times 99.8938\% \approx 99.8539\%$$

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 99.4534% as illustrated below:

Date	HFF
2/1/2021	100.0000%
2/2/2021	99.9635%
2/3/2021	99.9270%
2/4/2021	99.8905%
2/5/2021	99.8540%
2/8/2021	99.7446%
2/9/2021	99.7081%
2/10/2021	99.6717%
2/11/2021	99.6353%
2/12/2021	99.5989%
2/15/2021	99.4898%
2/16/2021	99.4534%

### Cash Settlement Amount

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

$$\begin{aligned} \text{Closing Level} &= [(\text{Final Reference Level} \times \text{Final Exchange Rate}) / (\text{Initial Reference Level} \times \text{Initial Exchange Rate}) - \text{Strike Level}] \times \text{Hedging Fee Factor} \\ &= [(1200 \times 1) / (1000 \times 1) - 0] \times 99.4534\% \\ &= 119.34\% \end{aligned}$$

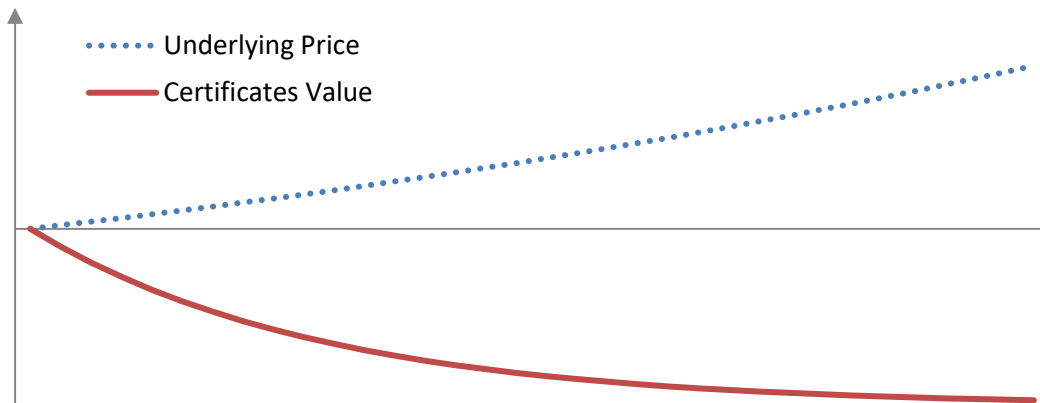
$$\begin{aligned} \text{Cash Settlement Amount} &= \text{Closing Level} \times \text{Notional Amount per Certificate} \\ &= 119.34\% \times 1.05 \text{ SGD} \\ &= \mathbf{1.253 \text{ SGD}} \end{aligned}$$

### Illustration on how returns and losses can occur under different scenarios

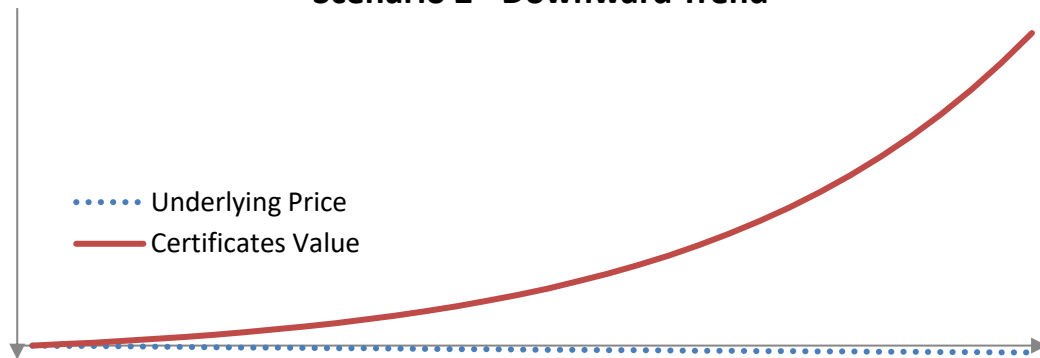
The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of the Underlying Stock performance on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, dividends,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

#### 1. Illustrative examples

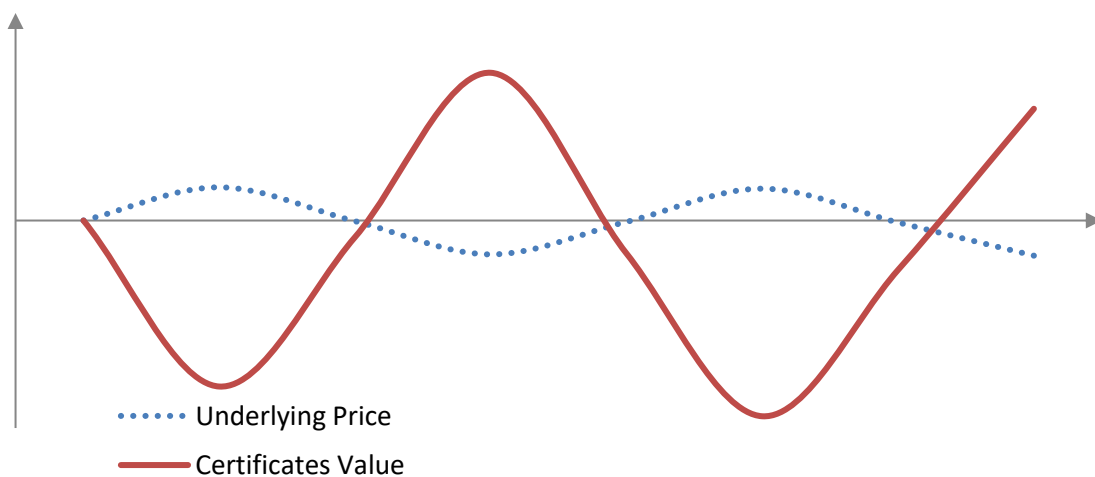
##### Scenario 1 - Upward Trend



##### Scenario 2 - Downward Trend



##### Scenario 3 - Volatile Market



## 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	1.05	0.95	0.85	0.77	0.69	0.62
Accumulated Return		-10.00%	-19.00%	-27.10%	-34.39%	-40.95%

**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	1.05	1.16	1.27	1.40	1.54	1.69
Accumulated Return		10.00%	21.00%	33.10%	46.41%	61.05%

**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	1.05	0.95	1.04	1.14	1.03	0.93
Accumulated Return		-10.00%	-1.00%	8.90%	-1.99%	-11.79%

### 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 maximum 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 Inverse Strategy is reset using the maximum 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 Inverse 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.

The performance of the Leverage Inverse Strategy will be the inverse of the Underlying Stock.

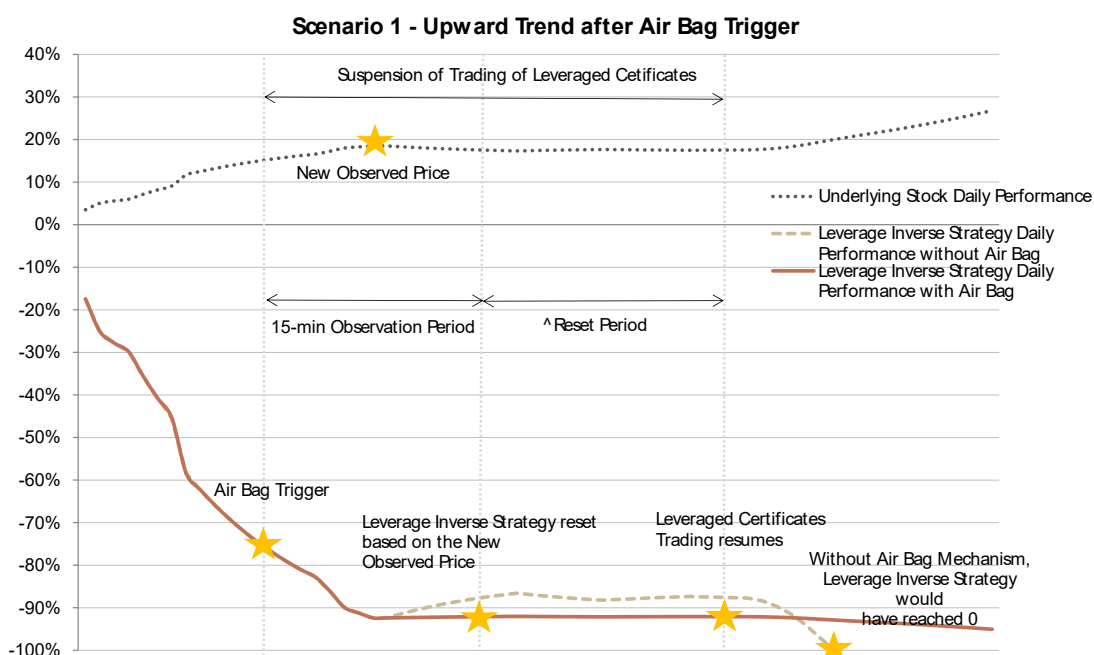
For the avoidance of doubt, if the Air Bag Mechanism was triggered with more than 60 minutes of continuous trading before Market Close, trading of Certificates will resume the same trading day after the Reset Period has elapsed, subject to the SGX-ST's approval to resume trading. If the Air Bag Mechanism 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.

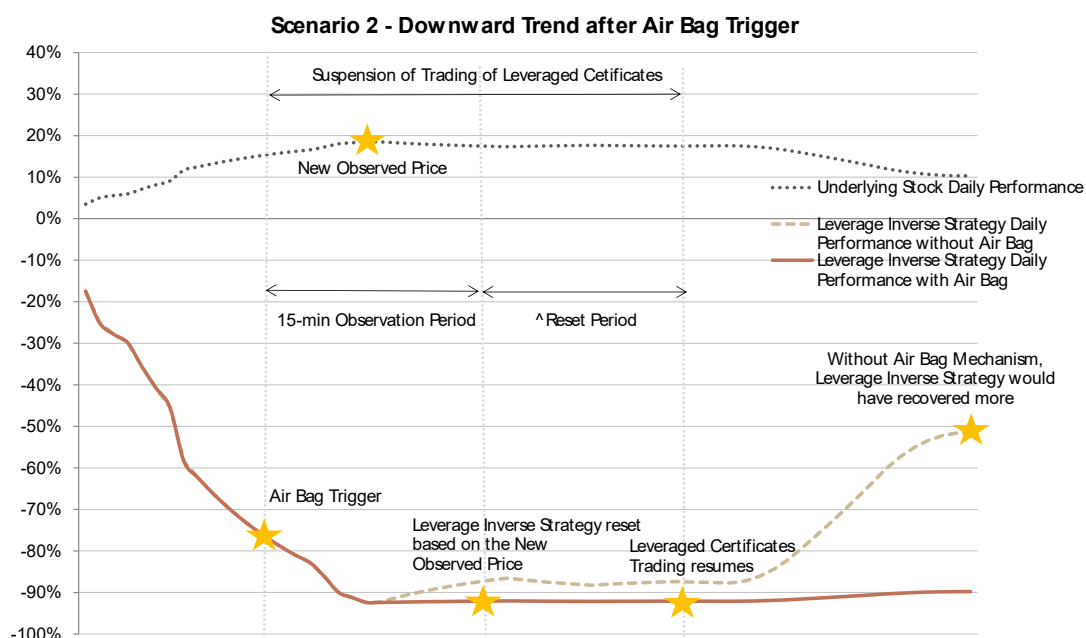
With **Market Close** defined as:

- 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

### Illustrative examples of the Air Bag Mechanism<sup>9</sup>



<sup>^</sup> 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.



<sup>^</sup> 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.

<sup>9</sup> The illustrative examples are not exhaustive.

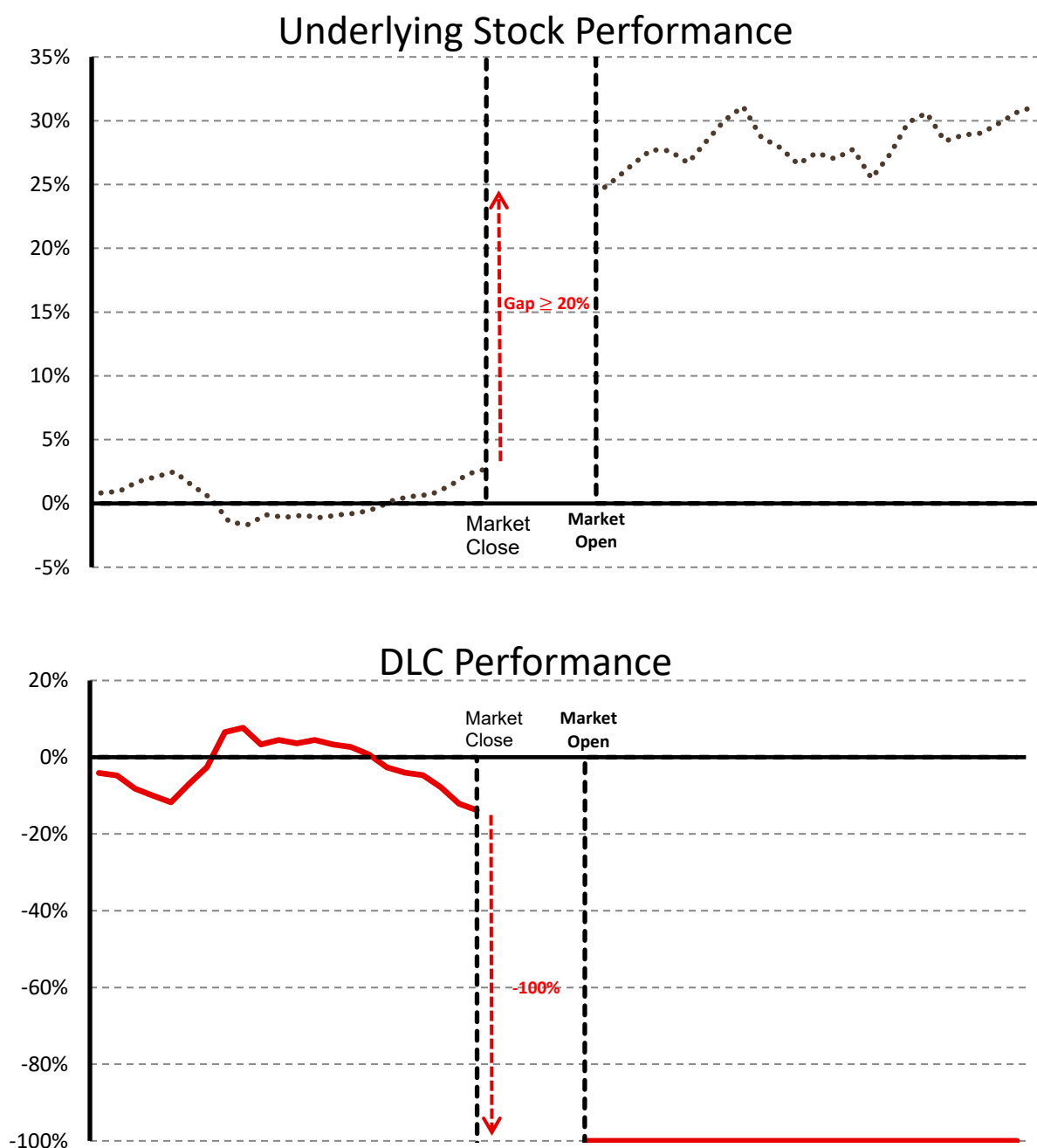


### Scenarios where the investor may lose the entire value of the investment

*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.*

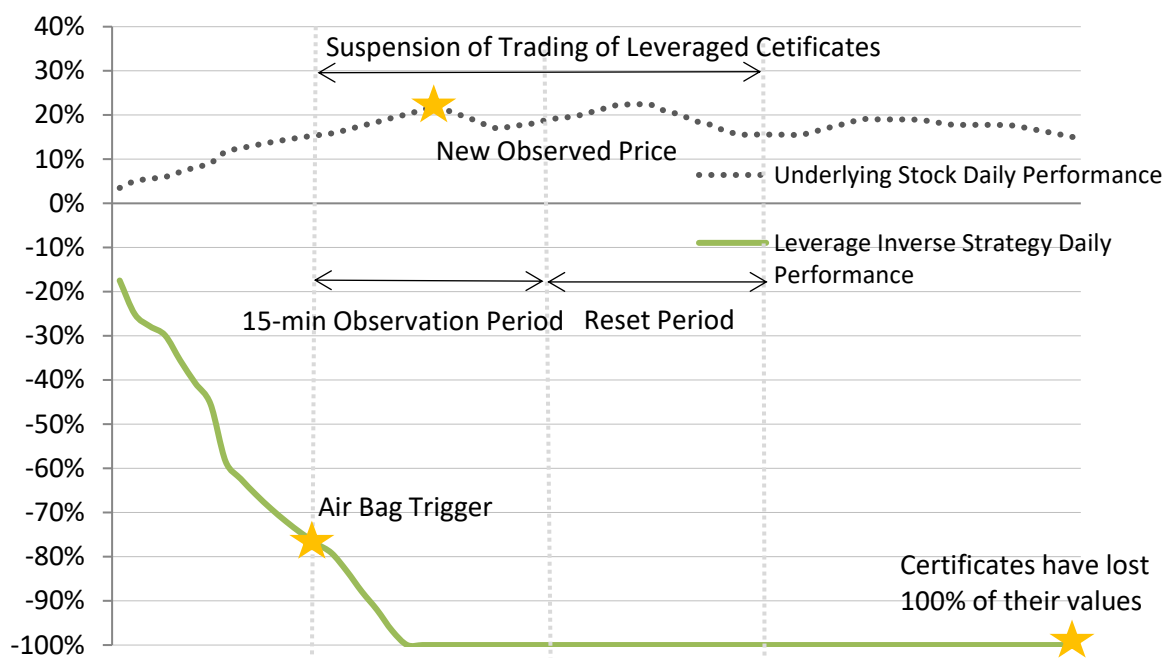
#### Scenario 1 – Overnight rise of the Underlying Stock

On any business day, the opening price of the Underlying Stock may be higher or lower than the closing price on the previous day. The difference between the previous closing price and the opening price of the Underlying Stock is termed a “gap”. If the opening price of the Underlying Stock is 20% or more above the previous 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 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 rise 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 rises 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 :

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

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 rises by 15% exclusively because of the dilutive effect of a corporate action.

Where:

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

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

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

### 1. 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):

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

$$S_t = \$51$$

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

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

$$M = 1 \text{ (i.e. 1 new Shares for 1 existing Share)}$$

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

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

As a consequence:

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

$S_{r(t)}$	$S_{r(t)} \times Rfactor_t$	$S_t$	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)
1.05	0.945	-10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to \$57.5, which is 15% above \$50, the Underlying Stock Reference Price.

## 2. Share Consolidation

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

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

$$S_t = \$202$$

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

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

$$M = -0.5 \text{ (i.e. 0.5 Shares canceled for each 1 existing Share)}$$

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

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

As a consequence:

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

$S_{r(t)}$	$S_{r(t)} \times Rfactor_t$	$S_t$	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)
1.05	0.9975	-5%

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to \$230, which is 15% above \$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.

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

$$S_t = \$84$$

$$Div_t = \$0$$

$$DivExc_t = \$0$$

$$R = \$40 \text{ (i.e. subscription price of \$40)}$$

$$M = 0.5 \text{ (i.e. 1 new share for every 2 existing shares)}$$

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

As a consequence:

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

$S_{r(t)}$	$S_{r(t)} \times Rfactor_t$	$S_t$	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)
1.05	0.7875	-25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to \$92, which is 15% above \$80, the Underlying Stock Reference Price.

#### 4. Bonus Issues

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

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

$$S_t = \$85$$

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

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

$$R = \$0$$

$$M = 0.2 \text{ (i.e. 1 new share for 5 existing shares)}$$

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

As a consequence:

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

$S_{r(t)}$	$S_{r(t)} \times Rfactor_t$	$S_t$	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)
1.05	0.945	-10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to \$95.83, which is 15% above \$83.33, the Underlying Stock Reference Price.

#### 5. Extraordinary Dividend

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

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

$$S_t = \$84$$

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

$$\text{DivExc}_t = \$20$$

$$R = \$0$$

$$M = 0$$

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

As a consequence:

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

$S_{r(t)}$	$S_{r(t)} \times Rfactor_t$	$S_t$	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)
1.05	0.7875	-25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to \$92, which is 15% above \$80, the Underlying Stock Reference Price.

## INFORMATION RELATING TO THE COMPANY

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

Meituan (the “**Company**”) formerly Meituan Dianping, is a China-based e-commerce platform providing life services. The Company connects consumers and businesses to provide services satisfying people's daily eating needs. The Company owns an instant food ordering and delivery brand, Meituan, as well as provides services through its mobile application, Meituan. The Company is also engaged in the operation of a bike-sharing brand, Mobike.

The information set out in Appendix I of this document relates to the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2024 and has been extracted and reproduced from an announcement by the Company released on 23 September 2024 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 third quarter ended 30 September 2024.

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](mailto:OL-HKWarrants@ubs.com).



## SUPPLEMENTAL GENERAL INFORMATION

The information set out herein is supplemental to, and should be read in conjunction with, the information set out on page 268 of the Base Listing Document.

1. Save as disclosed in the Base Listing Document and herein, there is no litigation, arbitration or administrative proceedings relating to claims or amounts which are material in the context of the issue of the Certificates to which the Issuer is a party nor, to the best of its knowledge and belief, is there any threatened litigation, arbitration or administrative proceedings relating to claims or amounts which are material in the context of the issue of the Certificates which would in either case jeopardise its ability to discharge its obligations in respect of the Certificates.
2. UBS AG, Singapore Branch at 9 Penang Road, Singapore 238459, has been authorised to accept, on behalf of the Issuer, service of process and any other notices required to be served on the Issuer. Any notices required to be served on the Issuer should be sent to UBS AG, Singapore Branch at the above address for the attention of Han-Kiat Tan, Legal & Compliance.
3. Settlement of trades done on a normal “ready basis” on the SGX-ST generally take place on the second Business Day following the transaction. Dealing in the Certificates will take place in board lots of 100 Certificates in Singapore dollars. For further details on the transfer of Certificates and their exercise, please refer to the section headed “Summary of the Issue” above.
4. It is not the current intention of the Issuer to apply for a listing of the Certificates on any stock exchange other than the SGX-ST.
5. There has been no adverse change, material in the context of the issue of the Certificates, in the financial position of the Issuer since 30 September 2024.
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 UNAUDITED INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2024 OF  
MEITUAN AND ITS SUBSIDIARIES**

## INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended June 30, 2024

Unaudited			
Six months ended June 30,			
		2024	2023
	Note	RMB'000	RMB'000
<b>Revenues</b>	5, 6	<b>155,526,961</b>	126,582,096
Including: Interest revenue		1,095,116	625,776
Cost of revenues	7	(95,940,377)	(81,366,666)
<b>Gross profit</b>		<b>59,586,584</b>	45,215,430
Selling and marketing expenses	7	(28,720,750)	(24,986,265)
Research and development expenses	7	(10,339,833)	(10,454,563)
General and administrative expenses	7	(4,993,254)	(4,134,001)
Net provisions for impairment losses on financial and contract assets		(451,817)	(450,611)
Fair value changes of other financial investments at fair value through profit or loss	16	(637,153)	267,790
Other gains, net	8	2,022,504	2,840,940
<b>Operating profit</b>	5	<b>16,466,281</b>	8,298,720
Finance income	9	624,249	401,608
Finance costs	9	(607,236)	(707,482)
Share of profits of investments accounted for using the equity method	10	655,401	72,647
<b>Profit before income tax</b>		<b>17,138,695</b>	8,065,493
Income tax expenses	11	(417,378)	(18,383)
<b>Profit for the period</b>		<b>16,721,317</b>	8,047,110
<b>Profit for the period attributable to:</b>			
Equity holders of the Company		16,720,459	8,046,103
Non-controlling interests		858	1,007
		<b>16,721,317</b>	<b>8,047,110</b>
<b>Earnings per share for profit for the period</b>			
attributable to the equity holders of the Company	12		
Basic earnings per share (RMB)		2.70	1.30
Diluted earnings per share (RMB)		2.58	1.21

The accompanying notes on pages 64 to 110 are an integral part of this interim financial information.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2024

	Note	Unaudited	
		Six months ended June 30,	
		2024	2023
		RMB'000	RMB'000
<b>Profit for the period</b>		<b>16,721,317</b>	<b>8,047,110</b>
<b>Other comprehensive income, net of tax:</b>			
<i>Items that may be reclassified to profit or loss</i>			
Share of other comprehensive (loss)/income of investments accounted for using the equity method	10, 23	(3,599)	4,835
Fair value changes of debt instruments at fair value through other comprehensive income	23	(48,551)	165,128
Net (reversal)/provisions for impairment losses on debt instruments at fair value through other comprehensive income	23	(74,843)	11,122
<i>Items that will not be reclassified to profit or loss</i>			
Currency translation differences	23	761,967	628,799
Share of other comprehensive (loss)/income of investments accounted for using the equity method	10, 23	(30,694)	36,438
Fair value changes of other financial investments at fair value through other comprehensive income	17, 23	(185,045)	(224,750)
<b>Other comprehensive income for the period</b>		<b>419,235</b>	<b>621,572</b>
<b>Total comprehensive income for the period</b>		<b>17,140,552</b>	<b>8,668,682</b>
<b>Total comprehensive income for the period attributable to:</b>			
Equity holders of the Company		17,139,694	8,667,675
Non-controlling interests		858	1,007
		<b>17,140,552</b>	<b>8,668,682</b>

The accompanying notes on pages 64 to 110 are an integral part of this interim financial information.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2024

		Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
	Note		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	29,493,278	25,977,845
Intangible assets	14	30,311,940	30,397,947
Deferred tax assets	15(a)	1,846,994	1,914,449
Long-term treasury investments	18	9,621,042	8,527,142
Other financial investments at fair value through profit or loss	16	18,565,047	18,481,104
Investments accounted for using the equity method	10	19,481,806	18,289,183
Other financial investments at fair value through other comprehensive income	17	2,275,197	2,314,536
Prepayments, deposits and other assets	19	3,695,391	4,011,247
		<u>115,290,695</u>	<u>109,913,453</u>
<b>Current assets</b>			
Inventories	20	1,421,295	1,304,595
Trade receivables	21	2,934,479	2,742,999
Prepayments, deposits and other assets	19	13,547,766	14,534,923
Short-term treasury investments	18	78,548,049	111,820,679
Restricted cash		19,111,918	19,373,229
Cash and cash equivalents		54,704,168	33,339,754
		<u>170,267,675</u>	<u>183,116,179</u>
<b>Total assets</b>		<u><u>285,558,370</u></u>	<u><u>293,029,632</u></u>
<b>EQUITY</b>			
Share capital	22	417	418
Share premium	22	325,916,058	325,578,612
Treasury shares	22	(6,314,176)	–
Shares held for shares award scheme	22	(1)	–
Other reserves	23	(150,530)	2,051,062
Accumulated losses		<u>(158,896,426)</u>	<u>(175,616,885)</u>
<b>Equity attributable to equity holders of the Company</b>		<u>160,555,342</u>	<u>152,013,207</u>
<b>Non-controlling interests</b>		<u>(55,982)</u>	<u>(56,840)</u>
<b>Total equity</b>		<u><u>160,499,360</u></u>	<u><u>151,956,367</u></u>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2024

		Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
	Note		
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities	15(b)	939,422	968,230
Financial liabilities at fair value through profit or loss		657,010	378,720
Borrowings	27	816,894	610,103
Notes payable	28	25,190,723	34,610,966
Lease liabilities		3,180,050	3,598,252
Other non-current liabilities		18,962	32,899
		<u>30,803,061</u>	<u>40,199,170</u>
<b>Current liabilities</b>			
Trade payables	25	23,021,223	22,980,506
Payables to merchants		24,753,978	23,798,004
Advances from transacting users		8,816,187	8,547,635
Other payables and accruals	26	18,051,645	17,942,215
Borrowings	27	698,790	19,321,793
Notes payable	28	10,765,105	–
Deferred revenues	24	5,606,663	5,598,132
Lease liabilities		2,398,698	2,479,785
Income tax liabilities		143,660	206,025
		<u>94,255,949</u>	<u>100,874,095</u>
<b>Total liabilities</b>		<u>125,059,010</u>	<u>141,073,265</u>
<b>Total equity and liabilities</b>		<u>285,558,370</u>	<u>293,029,632</u>

The accompanying notes on pages 64 to 110 are an integral part of this interim financial information.

On behalf of the Board

Wang Xing  
Director

Mu Rongjun  
Director

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2024

		Unaudited								
					Shares held for shares award scheme	Other reserves	Accumulated losses	Equity attributable to equity holders of the Company	Non- controlling interests	Total
	Note	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of January 1, 2024		418	325,578,612	-	-	2,051,062	(175,616,885)	152,013,207	(56,840)	151,956,367
Comprehensive income										
Profit for the period		-	-	-	-	-	16,720,459	16,720,459	858	16,721,317
Other comprehensive income, net of tax										
Share of other comprehensive loss of investments accounted for using the equity method	10, 23	-	-	-	-	(34,293)	-	(34,293)	-	(34,293)
Fair value changes of other financial investments at fair value through other comprehensive income	17, 23	-	-	-	-	(185,045)	-	(185,045)	-	(185,045)
Fair value changes of debt instruments at fair value through other comprehensive income	23	-	-	-	-	(48,551)	-	(48,551)	-	(48,551)
Net reversal for impairment losses on debt instruments at fair value through other comprehensive income	23	-	-	-	-	(74,843)	-	(74,843)	-	(74,843)
Currency translation differences	23	-	-	-	-	761,967	-	761,967	-	761,967
Total comprehensive income		-	-	-	-	419,235	16,720,459	17,139,694	858	17,140,552
Share of other changes in net assets of associates	10, 23	-	-	-	-	205,230	-	205,230	-	205,230
Transaction with owners in their capacity as owners										
Equity-settled share-based payments	23, 29	-	-	-	-	3,925,394	-	3,925,394	-	3,925,394
Shares held for shares award scheme	22	4	-	-	(4)	-	-	-	-	-
Repurchase of ordinary shares	22	-	-	(12,917,466)	-	-	-	(12,917,466)	-	(12,917,466)
Cancellation of ordinary shares	22	(6)	(6,605,936)	6,603,290	-	-	-	(2,652)	-	(2,652)
Exercise of share options and RSUs vesting	22, 23	1	6,943,382	-	3	(6,920,435)	-	22,951	-	22,951
Tax benefit from share-based payments	23	-	-	-	-	168,984	-	168,984	-	168,984
Total transaction with owners in their capacity as owners		(1)	337,446	(6,314,176)	(1)	(2,826,057)	-	(8,802,789)	-	(8,802,789)
As of June 30, 2024		417	325,916,058	(6,314,176)	(1)	(150,530)	(158,896,426)	160,555,342	(55,982)	160,499,360



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2024

		Unaudited							
				Shares held for shares award scheme	Other reserves	Accumulated losses	Equity attributable to equity holders of the Company	Non- controlling interests	Total
	Note	Share capital RMB'000	Share premium RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of January 1, 2023		415	316,743,344	–	1,484,187	(189,466,336)	128,761,610	(55,893)	128,705,717
Comprehensive income									
Profit for the period		–	–	–	–	8,046,103	8,046,103	1,007	8,047,110
Other comprehensive income, net of tax									
Share of other comprehensive income of investments accounted for using the equity method	10, 23	–	–	–	41,273	–	41,273	–	41,273
Fair value changes of other financial investments at fair value through other comprehensive income	17, 23	–	–	–	(224,750)	–	(224,750)	–	(224,750)
Fair value changes of debt instruments at fair value through other comprehensive income	23	–	–	–	165,128	–	165,128	–	165,128
Net provisions for impairment losses on debt instruments at fair value through other comprehensive income	23	–	–	–	11,122	–	11,122	–	11,122
Currency translation differences	23	–	–	–	628,799	–	628,799	–	628,799
Total comprehensive income		–	–	–	621,572	8,046,103	8,667,675	1,007	8,668,682
Share of other changes in net assets of associates	10, 23	–	–	–	160,231	–	160,231	–	160,231
Transaction with owners in their capacity as owners									
Equity-settled share-based payments	23, 29	–	–	–	4,392,782	–	4,392,782	–	4,392,782
Shares held for shares award scheme	22	2	–	(2)	–	–	–	–	–
Exercise of share options and RSUs vesting	22, 23	1	6,071,220	1	(6,051,521)	–	19,701	–	19,701
Tax benefit from share-based payments	23	–	–	–	91,172	–	91,172	–	91,172
Total transaction with owners in their capacity as owners		3	6,071,220	(1)	(1,567,567)	–	4,503,655	–	4,503,655
As of June 30, 2023		418	322,814,564	(1)	698,423	(181,420,233)	142,093,171	(54,886)	142,038,285

The accompanying notes on pages 64 to 110 are an integral part of this interim financial information.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2024

	Unaudited	
	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
<b>Cash flows from operating activities</b>		
Cash generated from operations	25,292,946	19,060,031
Income tax paid	(254,609)	(143,608)
Net cash flows generated from operating activities	25,038,337	18,916,423
<b>Cash flows from investing activities</b>		
Purchases and prepayments of property, plant and equipment and intangible assets	(5,770,528)	(1,942,244)
Proceeds from disposals of property, plant and equipment and intangible assets	286,851	125,144
Acquisitions of businesses, net of cash acquired	(36,158)	(8,903)
Purchases of treasury investments and others	(92,087,727)	(63,973,924)
Sales or maturities of treasury investments and others	124,225,353	55,256,758
Purchases of investments accounted for using the equity method	–	(60,000)
Proceeds from disposals of investments in associates and others	13,547	90,052
Purchases and prepayments of other financial investments at fair value	(631,301)	(1,704,397)
Gains received from treasury investments and other financial instruments	2,536,156	945,721
Dividends received	35,682	18,510
Loans payments to investees and others	–	(200,000)
Loans repayments from investees and others	–	905,028
Net cash flows generated from/(used in) investing activities	28,571,875	(10,548,255)

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2024

	Unaudited	
	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	2,306,776	8,357,508
Repayments of borrowings	(20,791,985)	(8,749,119)
Finance costs paid	(219,468)	(220,563)
Proceeds from exercise of share options	24,644	116,877
Payments of lease liabilities	(1,559,332)	(1,480,645)
Receipt amount in other financial liabilities	278,290	278,720
Repurchase and cancellation of ordinary shares	(12,452,616)	—
Net cash flows used in financing activities	(32,413,691)	(1,697,222)
<b>Net increase in cash and cash equivalents</b>	<b>21,196,521</b>	<b>6,670,946</b>
Cash and cash equivalents at the beginning of the period	33,339,754	20,158,606
Exchange gains on cash and cash equivalents	167,893	173,486
<b>Cash and cash equivalents at the end of the period</b>	<b>54,704,168</b>	<b>27,003,038</b>

The accompanying notes on pages 64 to 110 are an integral part of this interim financial information.



## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 1 GENERAL INFORMATION

Meituan (“the Company”) was incorporated in the Cayman Islands on September 25, 2015 as an exempted company with limited liability under the laws of the Cayman Islands. The registered office is at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company’s Class B shares have been listed on the Main Board of the Hong Kong Stock Exchange since September 20, 2018.

The Company is an investment holding company. The Company and its subsidiaries, together with structured entities (collectively, the “Group”), offers diversified daily goods and services in the broader retail by leveraging technology.

The interim condensed consolidated financial information comprises the interim condensed consolidated statement of financial position as of June 30, 2024, the interim condensed consolidated income statement and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six months then ended, and selected explanatory notes (the “Interim Financial Information”). The Interim Financial Information is presented in Renminbi (“RMB”), unless otherwise stated.

### 2 BASIS OF PREPARATION

This Interim Financial Information for the six months ended June 30, 2024 has been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting.

The Interim Financial Information does not include all the notes of the type normally included in the annual financial statements. Accordingly, it should be read in conjunction with the annual consolidated financial statements of the Group for the year ended December 31, 2023, which have been prepared in accordance with International Financial Reporting Standards, as set out in the 2023 annual report of the Group dated March 22, 2024 (the “2023 Financial Statements”).

The accounting policies adopted in the preparation of the Interim Financial Information are consistent with those followed in the preparation of the 2023 Financial Statements, except for the adoption of new and amended standards as set out below.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 2 BASIS OF PREPARATION *(Continued)*

#### (a) New amendments adopted by the Group

The Group has applied the following new amendments for the first time commencing January 1, 2024:

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

The adoption of the above new amendments did not have any significant financial impact on the interim condensed consolidated financial statements.

#### (b) New standards and amendments not yet adopted by the Group

The following new standards and amendments to standards have not come into effect for the financial year beginning on January 1, 2024 and have not been early adopted by the Group in preparing the interim condensed consolidated financial statements. As of the date of approval of this Interim Financial Information, the Group is still in the process of assessing the effects of adopting these new standards and amendments to standards and has not identified any significant effect on its financial statements. The Group will continue to assess the effects of these new and amended standards.

		Effective for financial year beginning on or after
Amendments to IAS 28 and IFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to IAS 21	Lack of Exchangeability	January 1, 2025
Amendment to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	January 1, 2026
Amendment to IFRS accounting standards	Annual Improvements – Volume 11 IFRS accounting standards	January 1, 2026
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	January 1, 2027

### 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Interim Financial Information requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the Interim Financial Information, the significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the 2023 Financial Statements.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 4 FINANCIAL RISK MANAGEMENT

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

#### (a) Financial risk factors

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's financial information as set out in the 2023 Financial Statements.

There have been no changes in the risk management policies during the six months ended June 30, 2024.

#### (b) Fair value estimation

##### (i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the interim condensed consolidated financial statements. To provide an indication about the reliability of the inputs used in determining the fair values, the Group has classified its financial instruments into three levels prescribed under the accounting standards.

The Group analyses its financial instruments carried at fair value by level of the inputs to valuation techniques used to measure the fair values. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Level 1: unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices);
- Level 3: inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs).

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 4 FINANCIAL RISK MANAGEMENT (Continued)

#### (b) Fair value estimation (Continued)

##### (i) Fair value hierarchy (Continued)

The following tables present the Group's assets and liabilities that are measured at fair value as of June 30, 2024 and December 31, 2023.

	Unaudited			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<b>As of June 30, 2024</b>				
<b>Financial assets</b>				
Treasury investments at fair value through profit or loss (Note 18)	–	–	76,171,457	76,171,457
Treasury investments at fair value through other comprehensive income (Note 18)	–	5,443,986	4,625,535	10,069,521
Loan receivables at fair value through other comprehensive income (Note 19)	–	–	5,186,976	5,186,976
Other financial investments at fair value through profit or loss (Note 16)	–	–	18,565,047	18,565,047
Other financial investments at fair value through other comprehensive income (Note 17)	738,197*	–	1,537,000	2,275,197
	<u>738,197</u>	<u>5,443,986</u>	<u>106,086,015</u>	<u>112,268,198</u>
<b>Financial liabilities</b>				
Financial liabilities at fair value through profit or loss	–	–	657,010	657,010



## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 4 FINANCIAL RISK MANAGEMENT (Continued)

#### (b) Fair value estimation (Continued)

##### (i) Fair value hierarchy (Continued)

	Audited			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As of December 31, 2023				
Financial assets				
Treasury investments at fair value through profit or loss (Note 18)	–	–	91,193,316	91,193,316
Treasury investments at fair value through other comprehensive income (Note 18)	–	7,963,958	12,630,261	20,594,219
Loan receivables at fair value through other comprehensive income (Note 19)	–	–	7,798,413	7,798,413
Other financial investments at fair value through profit or loss (Note 16)	–	–	18,481,104	18,481,104
Other financial investments at fair value through other comprehensive income (Note 17)	901,536*	–	1,413,000	2,314,536
	<u>901,536</u>	<u>7,963,958</u>	<u>131,516,094</u>	<u>140,381,588</u>
Financial liabilities				
Financial liabilities at fair value through profit or loss	–	–	378,720	378,720

\* This presents investments in listed entities with observable quoted price.



### 4 FINANCIAL RISK MANAGEMENT *(Continued)*

#### (b) Fair value estimation *(Continued)*

##### *(ii) Valuation techniques used to determine fair values*

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

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

Specific valuation techniques used to measure financial instruments of level 2 and level 3 include:

- The use of quoted market prices or dealer quotes for similar instruments;
- The discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate;
- The latest round financing, i.e. the prior transaction price or the third-party pricing information; and
- A combination of observable and unobservable inputs, including risk-free rate, expected volatility, discount rate for lack of marketability, market multiples, etc.

There was no change to valuation techniques in use during the six months ended June 30, 2024.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 4 FINANCIAL RISK MANAGEMENT (Continued)

#### (b) Fair value estimation (Continued)

##### (iii) Fair value measurements using significant unobservable inputs (level 3)

The following tables present the movement of level 3 items which use significant unobservable inputs in determining their fair values for the six months ended June 30, 2024 and 2023. The Group determines transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfer.

	Unaudited					
	Treasury	Treasury	Loan	Other financial	Other financial	Financial
	investments	investments	receivables	investments	investments	liabilities at
	at fair value	at fair value	at fair value	at fair value	at fair value	fair value
	through other	through other	through other	through other	through other	through
	comprehensive	comprehensive	comprehensive	comprehensive	comprehensive	comprehensive
	profit or loss	profit or loss	profit or loss	profit or loss	profit or loss	profit or loss
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of January 1, 2024	91,193,316	12,630,261	7,798,413	18,481,104	1,413,000	378,720
Additions	90,553,915	600,025	58,879,275	512,301	124,000	278,290
Deductions	(107,561,622)	(8,912,269)	(61,510,706)	(9,971)	-	-
Changes in fair values	1,502,796	216,632	19,994	(637,153)	-	-
Currency translation differences	483,052	90,886	-	218,766	-	-
As of June 30, 2024	<u>76,171,457</u>	<u>4,625,535</u>	<u>5,186,976</u>	<u>18,565,047</u>	<u>1,537,000</u>	<u>657,010</u>
Net unrealised gains/(losses)						
for the period	<u>777,502</u>	<u>81,185</u>	<u>19,994</u>	<u>(637,153)</u>	<u>-</u>	<u>-</u>

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 4 FINANCIAL RISK MANAGEMENT (Continued)

#### (b) Fair value estimation (Continued)

##### (iii) Fair value measurements using significant unobservable inputs (level 3) (Continued)

	Unaudited					
	Treasury	Treasury	Loan	Other financial	Other financial	Financial
	investments	investments	receivables	investments	investments	liabilities
	at fair value	at fair value	at fair value	at fair value	at fair value	at fair value
	through other	through other	through other	through other	through other	through other
	comprehensive	comprehensive	comprehensive	comprehensive	comprehensive	comprehensive
	income	income	income	profit or loss	income	profit or loss
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of January 1, 2023	77,845,116	6,307,707	7,124,305	15,073,013	1,413,000	100,000
Additions	47,245,602	7,598,583	64,826,745	1,996,632	-	278,720
Deductions	(45,489,298)	(1,082,923)	(65,061,256)	(85,065)	-	-
Transfers, net	-	-	-	(400,261)	-	-
Changes in fair values	1,715,243	133,201	(8,619)	267,790	-	-
Currency translation differences	645,535	109,922	-	221,061	-	-
As of June 30, 2023	<u>81,962,198</u>	<u>13,066,490</u>	<u>6,881,175</u>	<u>17,073,170</u>	<u>1,413,000</u>	<u>378,720</u>
Net unrealised gains/(losses) for the period	<u>1,324,633</u>	<u>109,780</u>	<u>(8,619)</u>	<u>257,739</u>	<u>-</u>	<u>-</u>

##### (iv) Valuation process, inputs and relationships to fair value

The Group has a team that manages the valuation of financial instruments for financial reporting purposes. The team manages the valuation exercise of the investments on a case by case basis. At least once every year, the team would use valuation techniques to determine the fair values of the Group's level 2 and level 3 instruments. External valuation experts will be involved when necessary.

The Group's level 3 instruments are listed in the table in Note 4(b)(iii). As these instruments are not traded in active markets, their fair values have been determined using various applicable valuation techniques, including discounted cash flow, market approach, etc.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 4 FINANCIAL RISK MANAGEMENT (Continued)

#### (b) Fair value estimation (Continued)

##### (iv) Valuation process, inputs and relationships to fair value (Continued)

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

Description	Fair values	Fair values	Unobservable inputs	Range of inputs		
	as of	as of		As of	As of	Relationships of
	June 30, 2024	December 31, 2023		June 30, 2024	December 31, 2023	unobservable inputs to fair value
	RMB'000 (Unaudited)	RMB'000 (Audited)				
Other financial investments at fair value	20,102,047	19,894,104	Expected volatility	37%-59%	31%-65%	Note (i)
			Discount for lack of marketability ("DLOM")	10%-20%	15%-30%	The higher the DLOM, the lower the fair value
Treasury investments at fair value through profit or loss	76,171,457	91,193,316	Expected rate of return	0.00%~9.21%	0.00%-9.34%	The higher the expected rate of return, the higher the fair value
Treasury investments at fair value through other comprehensive income	4,625,535	12,630,261	Expected rate of return	0.14%~6.72%	0.94%-4.17%	The higher the expected rate of return, the higher the fair value
Loan receivables at fair value through other comprehensive income	5,186,976	7,798,413	Note (ii)	Note (ii)	Note (ii)	The higher the risk-adjusted discount rate, the lower the fair value
Financial liabilities at fair value through profit or loss	657,010	378,720	Note (iii)	Note (iii)	Note (iii)	Note (iii)

### 4 FINANCIAL RISK MANAGEMENT *(Continued)*

#### (b) Fair value estimation *(Continued)*

##### *(iv) Valuation process, inputs and relationships to fair value (Continued)*

Note (i): Other financial investments at fair value

The unobservable inputs of expected volatility is used in the valuation of other financial investments at fair value. The relationship between them is uncertain.

Note (ii): Loan receivables at fair value through other comprehensive income

For loan receivables at fair value through other comprehensive income, the fair values are determined based on discounted cash flow model using unobservable discount rates that reflect credit risk and market risk.

Note (iii): Financial liabilities at fair value through profit or loss

In December 2022, the Group established and consolidated a limited partnership investment fund (“the Fund”) with limited life. The Fund invested in private companies in the form of ordinary shares or preferred shares that are measured at fair value through profit or loss. The Group designates the returns to other limited partners as financial liabilities at fair value through profit or loss. These returns are calculated based on the fair value of underlying investments and the predetermined distribution mechanism of returns set out in the agreement of the Fund.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 5 SEGMENT REPORTING

#### 5.1 Description of segments and principal activities

The Group's business activities, for which discrete financial information is available, are regularly reviewed and evaluated by the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resource and assessing performance of the operating segments, mainly includes the executive Directors of the Company that make strategic decisions. The Group evaluated its operating segments separately or aggregately, and determined that it has reportable segments as follows.

The CODM assesses the performance of the operating segments mainly based on revenues and operating profit or loss of each operating segment. Thus, segment result would present revenues, cost of revenues and operating expenses, and operating profit or loss for each segment, which is in line with CODM's performance review. There were no material inter-segment sales during the six months ended June 30, 2024 and 2023.

The revenues from customers reported to CODM are measured as revenues in each segment. The operating profit or loss in each segment reported to CODM are measured as cost of revenues and operating expenses deducted from its revenues. Certain unallocated items are not allocated to each segment as they are not directly relevant to the operating results used in the performance measurement and resource allocation by the CODM.

##### *Core local commerce*

The Core local commerce segment includes food delivery, Meituan Instashopping, in-store, hotel and travel businesses. The food delivery and Meituan Instashopping businesses primarily help consumers place orders of food and grocery prepared by merchants through the Group's online tools, mainly various of mobile apps, and offers On-demand Delivery services. The in-store, hotel and travel businesses primarily help consumers purchase local consumer services provided by merchants in numerous in-store categories or make reservations for hotels, attraction ticketing and transportation ticketing. Revenues from the Core local commerce segment primarily consist of (a) delivery services from both merchants and consumers, (b) commission from technology service charged to merchants and third-party agent partners, and (c) online marketing services in various formats provided to merchants. The cost of revenues and operating expenses for the Core local commerce segment primarily consist of (a) delivery related costs, (b) promotion, advertising and user incentives, and (c) employee benefits expenses.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 5 SEGMENT REPORTING (Continued)

#### 5.1 Description of segments and principal activities (Continued)

##### *New initiatives*

The Group continually develops various New initiatives, including Meituan Select, Xiaoxiang Supermarket, B2B food distribution (“Kuailv”) etc., to satisfy consumers’ diverse needs in different consumption scenarios. Revenues from the New initiatives segment primarily consist of (a) sales of goods primarily from B2B food distribution (“Kuailv”) and Xiaoxiang Supermarket, and (b) various services rendered by various businesses such as Meituan Select, bike sharing, e-moped sharing, power banks and micro-credit. The cost of revenues and operating expenses for the New initiatives segment primarily consist of (a) transaction costs, (b) other outsourcing costs, (c) employee benefits expenses, and (d) promotion, advertising and user incentives.

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

The Group’s revenues are mainly generated in the PRC.

The segment information provided to the Group’s CODM for the reportable segments for the relevant periods is as follows:

	Unaudited			
	Six months ended June 30, 2024			
	Core local commerce RMB’000	New initiatives RMB’000	Unallocated items* RMB’000	Total RMB’000
Delivery services	44,086,329	–	–	44,086,329
Commission	42,142,408	1,340,143	–	43,482,551
Online marketing services	22,570,149	180,597	–	22,750,746
Other services and sales (including interest revenue)	6,508,679	38,698,656	–	45,207,335
<b>Total revenues</b>	<b>115,307,565</b>	<b>40,219,396</b>	<b>–</b>	<b>155,526,961</b>
Cost of revenues, operating expenses and unallocated items	(90,375,133)	(44,290,654)	(4,394,893)	(139,060,680)
<b>Operating profit/(loss)</b>	<b>24,932,432</b>	<b>(4,071,258)</b>	<b>(4,394,893)</b>	<b>16,466,281</b>

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 5 SEGMENT REPORTING (Continued)

#### 5.1 Description of segments and principal activities (Continued)

	Unaudited			
	Six months ended June 30, 2023			
	Core local commerce RMB'000	New initiatives RMB'000	Unallocated items* RMB'000	Total RMB'000
Delivery services	37,280,261	–	–	37,280,261
Commission	34,217,481	938,049	–	35,155,530
Online marketing services	17,990,214	99,780	–	18,089,994
Other services and sales (including interest revenue)	<u>4,597,326</u>	<u>31,458,985</u>	<u>–</u>	<u>36,056,311</u>
Total revenues	94,085,282	32,496,814	–	126,582,096
Cost of revenues, operating expenses and unallocated items	<u>(73,501,691)</u>	<u>(42,718,630)</u>	<u>(2,063,055)</u>	<u>(118,283,376)</u>
Operating profit/(loss)	20,583,591	(10,221,816)	(2,063,055)	8,298,720

\* Unallocated items mainly include (i) share-based compensation expenses, (ii) amortisation of intangible assets resulting from acquisitions, (iii) fair value changes of other financial investments at fair value through profit or loss, (iv) other gains, net and (v) certain corporate administrative expenses and other items. They are not allocated to individual segments.

There is no concentration risk as no revenue from a single external customer was more than 10% of the Group's total revenues for the six months ended June 30, 2024 and 2023.

The reconciliation from operating profit to profit before income tax during the six months ended June 30, 2024 and 2023 is shown in the interim condensed consolidated income statement.

#### 5.2 Segment assets

As of June 30, 2024 and December 31, 2023, substantially all of the non-current assets of the Group were located in the PRC.



## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 6 REVENUES BY TYPE

	Unaudited	
	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Delivery services	44,086,329	37,280,261
Commission	43,482,551	35,155,530
Online marketing services	22,750,746	18,089,994
Other services and sales (including interest revenue)	45,207,335	36,056,311
	<u>155,526,961</u>	<u>126,582,096</u>

Further analysis of revenues disaggregation is included in Note 5.

### 7 EXPENSES BY NATURE

	Unaudited	
	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Delivery related costs	48,034,761	40,305,534
Employee benefits expenses	22,361,745	20,724,480
Transaction costs (Note (i))	22,147,932	18,023,151
Promotion, advertising and user incentives	16,600,385	14,899,067
Other outsourcing costs	15,337,227	12,448,143
Depreciation of property, plant and equipment (Note 13)	3,818,732	3,840,638
Amortisation of intangible assets (Note 14)	118,457	191,480
Auditor's remuneration		
– Audit and audit-related services	16,518	16,957
– Non-audit services	3,289	1,072

Note (i): Transaction costs consist of cost of inventories sold and certain costs for services rendered.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 8 OTHER GAINS, NET

	Unaudited	
	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Fair value changes and gains from treasury investments	2,147,663	2,042,838
Foreign exchange (losses)/gains, net	(166,024)	99,720
Others	40,865	698,382
	<u>2,022,504</u>	<u>2,840,940</u>

### 9 FINANCE INCOME AND COSTS

	Unaudited	
	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
<b>Finance income</b>		
Interest income from bank deposits	<u>624,249</u>	<u>401,608</u>
<b>Finance costs</b>		
Interest expenses on bank borrowings and notes payable	(499,870)	(575,495)
Interest in respect of lease liabilities	(107,311)	(131,987)
Others	<u>(55)</u>	<u>—</u>
	<u>(607,236)</u>	<u>(707,482)</u>

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 10 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Associates (a)	19,481,806	18,289,183
Joint ventures	—	—
	<u>19,481,806</u>	<u>18,289,183</u>

#### (a) Investments in associates accounted for using the equity method

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Investments in associates		
– listed entities	17,520,602	16,321,321
– unlisted entities	<u>1,961,204</u>	<u>1,967,862</u>
	<u>19,481,806</u>	<u>18,289,183</u>

The quoted fair value of the investments in listed entities was RMB19,036 million and RMB36,429 million as of June 30, 2024 and December 31, 2023, respectively.

	Unaudited Six months ended June 30,	
	2024 RMB'000	2023 RMB'000
At the beginning of the period	18,289,183	16,568,451
Share of profits of investments accounted for using the equity method	655,401	72,647
Share of other changes in equity	172,235	204,149
Dilution losses	(81,303)	—
Dividends from associates	(15,341)	(13,729)
Impairment provision	—	(185,564)
Currency translation differences	<u>461,631</u>	<u>499,365</u>
At the end of the period	<u>19,481,806</u>	<u>17,145,319</u>

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 11 TAXATION

#### (a) Value Added Tax

The Group is mainly subject to VAT rate of 6% for services revenues or 13% for revenues of inventories sales, and relevant surcharges on VAT payments according to mainland China tax law.

#### (b) Income tax

##### *Cayman Islands*

Under the current laws of the Cayman Islands, the Company and its subsidiaries incorporated in the Cayman Islands are not subject to tax on their income or capital gains. Additionally, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

##### *British Virgin Islands*

Under the current laws of the British Virgin Islands, entities incorporated in the British Virgin Islands are not subject to tax on their income or capital gains. Additionally, the British Virgin Islands does not impose a withholding tax on payments of dividends to shareholders.

##### *Hong Kong*

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

##### *Mainland China corporate income tax ("CIT")*

CIT provision was made on the estimated assessable profit of entities within the Group incorporated in mainland China and was calculated in accordance with the relevant regulations of mainland China after considering the available tax benefits from refunds and allowances. The general mainland China CIT rate was 25% during the six months ended June 30, 2024 and 2023.

Certain subsidiaries of the Group in mainland China are subject to "high and new technology enterprises", whose preferential income tax rate was 15% for the six months ended June 30, 2024 and 2023. Certain mainland China subsidiaries located in western region and engaged in certain encouraged industries were eligible for a preferential income tax rate of 15% for the six months ended June 30, 2024 and 2023. In addition, certain mainland China subsidiaries of the Group are subject to "small and thin-profit enterprises" under the CIT Law, whose preferential income tax rate was 20% for the six months ended June 30, 2024 and 2023.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 11 TAXATION (Continued)

#### (b) Income tax (Continued)

##### *Withholding tax on undistributed dividends*

Pursuant to the CIT Law, a 10% withholding tax is levied on dividends declared by companies established in mainland China to foreign investors effective from January 1, 2008. The withholding tax rate may be lowered to a minimum of 5% if there is a tax arrangement between mainland China and the jurisdiction of the foreign investors. However, the 5% withholding tax rate does not automatically apply and certain requirements must be satisfied.

	Unaudited	
	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Current income tax expenses	(290,362)	(110,941)
Deferred income tax (expenses)/credits (Note 15)	(127,016)	92,558
Total income tax expenses	<u>(417,378)</u>	<u>(18,383)</u>

Income tax expenses are recognised based on management's best knowledge of the income tax rates that would be applicable to the full financial year.

### 12 EARNINGS PER SHARE

Basic earnings per share for the six months ended June 30, 2024 and 2023 were calculated by dividing the profit attributable to the Company's equity holders by the weighted average number of ordinary shares outstanding during the reporting period.

	Unaudited	
	Six months ended June 30,	
	2024	2023
Profit for the period attributable to the equity holders of the Company (RMB'000)	16,720,459	8,046,103
Weighted average number of ordinary shares outstanding (thousands)	<u>6,195,147</u>	<u>6,193,279</u>
Basic earnings per share (RMB)	<u>2.70</u>	<u>1.30</u>

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 12 EARNINGS PER SHARE (Continued)

The Company has three categories of dilutive potential ordinary shares: share options, RSUs and convertible bonds. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares (denominator) outstanding to assume conversion of all potential dilutive ordinary shares arising from share options and RSUs granted by the Company. As the inclusion of potential ordinary shares from the convertible bonds would be anti-dilutive, it is not included in the calculation of diluted earnings per share. In addition, profit for the period attributable to the equity holders of the Company (numerator) has been adjusted by all the dilutive effects.

	Unaudited	
	Six months ended June 30,	
	2024	2023
Profit for the period attributable to the equity holders of the Company (RMB'000)	16,720,459	8,046,103
Dilutive effect arising from share options and RSUs granted by associates (RMB'000)	<u>(573,182)</u>	<u>(472,340)</u>
Profit for the period attributable to the equity holders of the Company used as the numerator in calculating diluted earnings per share (RMB'000)	<u>16,147,277</u>	<u>7,573,763</u>
Weighted average number of ordinary shares outstanding (thousands)	6,195,147	6,193,279
Adjustments for the dilutive impact of share options and RSUs (thousands)	<u>62,590</u>	<u>85,019</u>
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share (thousands)	<u>6,257,737</u>	<u>6,278,298</u>
Diluted earnings per share (RMB)	<u>2.58</u>	<u>1.21</u>

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 13 PROPERTY, PLANT AND EQUIPMENT

			Unaudited			
	Electronic equipment RMB'000	Bikes and electric mopeds RMB'000	Assets under construction RMB'000	Right-of-use assets RMB'000	Others RMB'000	Total RMB'000
<b>As of January 1, 2024</b>						
Cost	16,194,832	8,826,992	1,770,228	16,963,677	3,977,767	47,733,496
Accumulated depreciation and impairment	(8,326,271)	(6,688,339)	(7,598)	(4,584,261)	(2,149,182)	(21,755,651)
Net book amount	<u>7,868,561</u>	<u>2,138,653</u>	<u>1,762,630</u>	<u>12,379,416</u>	<u>1,828,585</u>	<u>25,977,845</u>
<b>Six months ended June 30, 2024</b>						
Opening net book amount	7,868,561	2,138,653	1,762,630	12,379,416	1,828,585	25,977,845
Additions	4,320,947	–	2,178,683	1,142,732	153,542	7,795,904
Transfers	(115,626)	1,490,662	(1,747,314)	–	372,278	–
Disposals	(34,751)	(67,283)	(3,510)	(192,038)	(92,145)	(389,727)
Depreciation charges	(1,279,925)	(622,438)	–	(1,509,567)	(479,430)	(3,891,360)
Impairment charges	–	–	–	–	(87)	(87)
Currency translation differences	389	–	–	314	–	703
Ending net book amount	<u>10,759,595</u>	<u>2,939,594</u>	<u>2,190,489</u>	<u>11,820,857</u>	<u>1,782,743</u>	<u>29,493,278</u>
<b>As of June 30, 2024</b>						
Cost	19,927,770	8,059,527	2,192,443	17,190,411	4,517,153	51,887,304
Accumulated depreciation and impairment	(9,168,175)	(5,119,933)	(1,954)	(5,369,554)	(2,734,410)	(22,394,026)
Net book amount	<u>10,759,595</u>	<u>2,939,594</u>	<u>2,190,489</u>	<u>11,820,857</u>	<u>1,782,743</u>	<u>29,493,278</u>

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 13 PROPERTY, PLANT AND EQUIPMENT (Continued)

			Unaudited			
	Electronic equipment RMB'000	Bikes and electric mopeds RMB'000	Assets under construction RMB'000	Right-of-use assets RMB'000	Others RMB'000	Total RMB'000
<b>As of January 1, 2023</b>						
Cost	12,166,263	9,391,090	1,250,535	15,227,521	3,204,135	41,239,544
Accumulated depreciation and impairment	(7,214,796)	(6,683,432)	(86,840)	(3,583,263)	(1,469,954)	(19,038,285)
Net book amount	<u>4,951,467</u>	<u>2,707,658</u>	<u>1,163,695</u>	<u>11,644,258</u>	<u>1,734,181</u>	<u>22,201,259</u>
<b>Six months ended June 30, 2023</b>						
Opening net book amount	4,951,467	2,707,658	1,163,695	11,644,258	1,734,181	22,201,259
Additions	1,143,043	–	1,482,252	1,727,187	150,957	4,503,439
Transfers	1,901	831,242	(1,217,354)	–	384,211	–
Disposals	(29,534)	(74,124)	(10,666)	(705,039)	(56,556)	(875,919)
Depreciation charges	(719,239)	(1,396,275)	–	(1,362,572)	(432,828)	(3,910,914)
Impairment charges	–	–	–	–	(19)	(19)
Currency translation differences	118	–	–	144	–	262
Ending net book amount	<u>5,347,756</u>	<u>2,068,501</u>	<u>1,417,927</u>	<u>11,303,978</u>	<u>1,779,946</u>	<u>21,918,108</u>
<b>As of June 30, 2023</b>						
Cost	13,241,078	9,369,959	1,485,427	15,399,908	3,544,852	43,041,224
Accumulated depreciation and impairment	(7,893,322)	(7,301,458)	(67,500)	(4,095,930)	(1,764,906)	(21,123,116)
Net book amount	<u>5,347,756</u>	<u>2,068,501</u>	<u>1,417,927</u>	<u>11,303,978</u>	<u>1,779,946</u>	<u>21,918,108</u>



## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 13 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Depreciation charges were expensed or capitalised in the following categories in the interim condensed consolidated income statement or the interim condensed consolidated statement of financial position respectively:

	Unaudited	
	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Cost of revenues	2,511,912	2,703,495
Selling and marketing expenses	886,159	752,620
Research and development expenses	277,130	343,960
General and administrative expenses	143,531	40,563
Assets under construction	72,628	70,276
	<u>3,891,360</u>	<u>3,910,914</u>

#### (a) Leases

The carrying amounts of right-of-use assets by category are as follows:

	Unaudited	Audited
	As of	As of
	June 30,	December 31,
	2024	2023
	RMB'000	RMB'000
Land use rights	6,507,660	6,579,764
Offices	3,689,843	4,043,206
Others	1,623,354	1,756,446
	<u>11,820,857</u>	<u>12,379,416</u>

The interim condensed consolidated financial statement shows the following amounts relating to leases:

	Unaudited	
	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Depreciation charges of right-of-use assets	1,509,567	1,362,572
Interest expenses (included in finance costs)	107,311	131,987

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 14 INTANGIBLE ASSETS

	Unaudited			
	Other intangible assets arising from business combinations			Total
	Goodwill RMB'000	RMB'000	Software and others RMB'000	RMB'000
<b>As of January 1, 2024</b>				
Cost	27,975,138	7,731,891	2,066,631	37,773,660
Accumulated amortisation and impairment	(201,587)	(5,206,260)	(1,967,866)	(7,375,713)
Net book amount	<u>27,773,551</u>	<u>2,525,631</u>	<u>98,765</u>	<u>30,397,947</u>
<b>Six months ended June 30, 2024</b>				
Opening net book amount	27,773,551	2,525,631	98,765	30,397,947
Additions	–	–	32,767	32,767
Amortisation charges	–	(85,681)	(33,093)	(118,774)
Ending net book amount	<u>27,773,551</u>	<u>2,439,950</u>	<u>98,439</u>	<u>30,311,940</u>
<b>As of June 30, 2024</b>				
Cost	27,975,138	7,731,891	2,096,516	37,803,545
Accumulated amortisation and impairment	(201,587)	(5,291,941)	(1,998,077)	(7,491,605)
Net book amount	<u>27,773,551</u>	<u>2,439,950</u>	<u>98,439</u>	<u>30,311,940</u>

As of June 30, 2024, no indicators for impairment of goodwill have been identified.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 14 INTANGIBLE ASSETS (Continued)

	Unaudited			
	Goodwill	Other intangible assets arising from business combinations	Software and others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<b>As of January 1, 2023</b>				
Cost	27,975,138	7,730,260	2,016,238	37,721,636
Accumulated amortisation and impairment	(201,587)	(4,960,070)	(1,917,004)	(7,078,661)
Net book amount	<u>27,773,551</u>	<u>2,770,190</u>	<u>99,234</u>	<u>30,642,975</u>
<b>Six months ended June 30, 2023</b>				
Opening net book amount	27,773,551	2,770,190	99,234	30,642,975
Additions	–	231	36,001	36,232
Amortisation charges	–	(160,572)	(30,908)	(191,480)
Ending net book amount	<u>27,773,551</u>	<u>2,609,849</u>	<u>104,327</u>	<u>30,487,727</u>
<b>As of June 30, 2023</b>				
Cost	27,975,138	7,730,491	2,046,143	37,751,772
Accumulated amortisation and impairment	(201,587)	(5,120,642)	(1,941,816)	(7,264,045)
Net book amount	<u>27,773,551</u>	<u>2,609,849</u>	<u>104,327</u>	<u>30,487,727</u>

Amortisation charges were expensed or capitalised in the following categories in the interim condensed consolidated income statement or the interim condensed consolidated statement of financial position respectively:

	Unaudited	
	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Cost of revenues	13,801	47,010
Selling and marketing expenses	1,384	42,706
Research and development expenses	16,899	13,741
General and administrative expenses	86,373	88,023
Assets under construction	<u>317</u>	<u>–</u>
	<u>118,774</u>	<u>191,480</u>

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 15 DEFERRED INCOME TAXES

The following amounts, determined after appropriate offsetting, are shown in the interim condensed consolidated statement of financial position:

#### (a) Deferred tax assets

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
The balance comprises temporary differences attributable to:		
– Tax losses	2,417,846	2,669,381
– Lease liabilities	1,212,178	1,310,968
– Others	155,582	111,242
Total gross deferred tax assets	3,785,606	4,091,591
Set-off of deferred tax assets pursuant to set-off provisions	(1,938,612)	(2,177,142)
Net deferred tax assets	1,846,994	1,914,449

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 15 DEFERRED INCOME TAXES (Continued)

#### (a) Deferred tax assets (Continued)

The movement on the gross deferred tax assets is as follows:

	Tax losses RMB'000	Unaudited		Total RMB'000
		Lease liabilities RMB'000	Others RMB'000	
As of January 1, 2024	2,669,381	1,310,968	111,242	4,091,591
(Charged)/credited to the interim condensed consolidated income statement	(322,176)	(98,790)	34,174	(386,792)
Credited to other reserves	70,641	–	10,166	80,807
As of June 30, 2024	<u>2,417,846</u>	<u>1,212,178</u>	<u>155,582</u>	<u>3,785,606</u>
As of January 1, 2023	1,836,236	1,050,416	405,282	3,291,934
Credited/(charged) to the interim condensed consolidated income statement	216,649	36,039	(64,976)	187,712
Credited to other reserves	56,599	–	224	56,823
As of June 30, 2023	<u>2,109,484</u>	<u>1,086,455</u>	<u>340,530</u>	<u>3,536,469</u>

The Group only recognises deferred tax assets for cumulative tax losses if it is probable that future taxable income will be available to utilise those tax losses. Management will continue to assess the recognition of deferred tax assets in future reporting periods. As of June 30, 2024 and December 31, 2023, the Group did not recognise deferred tax assets of RMB13,450 million and RMB14,290 million in respect of cumulative tax losses amounting to RMB81,458 million and RMB88,482 million including the tax losses arising from the excess deduction of share-based payments. These tax losses will expire from 2024 to 2028, and the expiration of tax losses of certain subsidiaries of the Group may extend to 2033.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 15 DEFERRED INCOME TAXES (Continued)

#### (b) Deferred tax liabilities

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
The balance comprises temporary differences attributable to:		
– Other intangible assets arising from business combinations	(361,587)	(374,250)
– Investments accounted for using the equity method or at fair value	(1,062,495)	(1,088,421)
– Right-of-use assets	(1,199,890)	(1,296,868)
– Others	(254,062)	(385,833)
Total gross deferred tax liabilities	<u>(2,878,034)</u>	<u>(3,145,372)</u>
Set-off of deferred tax liabilities pursuant to set-off provisions	<u>1,938,612</u>	<u>2,177,142</u>
Net deferred tax liabilities	<u>(939,422)</u>	<u>(968,230)</u>

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 15 DEFERRED INCOME TAXES (Continued)

#### (b) Deferred tax liabilities (Continued)

The movement on the gross deferred tax liabilities is as follows:

	Unaudited				
	Other intangible assets arising from business combinations RMB'000	Investments accounted for using the equity method or at fair value RMB'000	Right-of-use assets RMB'000	Others RMB'000	Total RMB'000
As of January 1, 2024	(374,250)	(1,088,421)	(1,296,868)	(385,833)	(3,145,372)
Credited to the interim condensed consolidated income statement	12,663	50,051	96,978	100,084	259,776
Credited/(charged) to other reserves	–	(24,125)	–	31,687	7,562
As of June 30, 2024	<u>(361,587)</u>	<u>(1,062,495)</u>	<u>(1,199,890)</u>	<u>(254,062)</u>	<u>(2,878,034)</u>
As of January 1, 2023	(410,827)	(999,646)	(1,048,294)	(182,164)	(2,640,931)
(Charged)/credited to the interim condensed consolidated income statement	23,914	(48,918)	(36,320)	(33,830)	(95,154)
Charged to other reserves	–	(31,467)	–	(12,653)	(44,120)
As of June 30, 2023	<u>(386,913)</u>	<u>(1,080,031)</u>	<u>(1,084,614)</u>	<u>(228,647)</u>	<u>(2,780,205)</u>

The Group has undistributed earnings which, if paid out as dividends, would be subject to tax in the hands of the recipient. An assessable temporary difference exists, but no deferred tax liability has been recognised as the Company is able to control the timing of distributions from subsidiaries and is not expected to distribute these profits in the foreseeable future.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 16 OTHER FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Associates (a)	10,677,735	10,719,380
Other investees (b)	7,887,312	7,761,724
	<u>18,565,047</u>	<u>18,481,104</u>

#### (a) Associates

	Unaudited Six months ended June 30,	
	2024 RMB'000	2023 RMB'000
At the beginning of the period	10,719,380	7,901,487
Additions	475,301	1,248,097
Changes in fair values	(609,487)	107,869
Disposals	(9,971)	(85,065)
Currency translation differences	102,512	91,087
At the end of the period	<u>10,677,735</u>	<u>9,263,475</u>



## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 16 OTHER FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

#### (b) Other investees

	Unaudited	
	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
At the beginning of the period	7,761,724	7,171,526
Additions	37,000	748,535
Changes in fair values	(27,666)	159,921
Transfers, net	–	(400,261)
Currency translation differences	116,254	129,974
At the end of the period	<u>7,887,312</u>	<u>7,809,695</u>

The Group also has interests in certain investee companies in the form of preferred and ordinary shares without significant influence, which are managed and whose performance are evaluated on a fair value basis.

### 17 OTHER FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Unaudited	Audited
	As of	As of
	June 30,	December 31,
	2024	2023
	RMB'000	RMB'000
Equity investments in listed entities	738,197	901,536
Equity investments in unlisted entities	<u>1,537,000</u>	<u>1,413,000</u>
	<u>2,275,197</u>	<u>2,314,536</u>

	Unaudited	
	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
At the beginning of the period	2,314,536	2,321,865
Addition	124,000	–
Changes in fair values	(185,045)	(224,750)
Transfers, net	–	400,261
Currency translation differences	21,706	34,425
At the end of the period	<u>2,275,197</u>	<u>2,531,801</u>

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 18 TREASURY INVESTMENTS

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Long-term treasury investments at		
– Amortised cost	767,732	729,656
– Fair value through profit or loss	8,853,310	7,797,486
	<u>9,621,042</u>	<u>8,527,142</u>
Short-term treasury investments at		
– Amortised cost	1,160,381	7,830,630
– Fair value through profit or loss	67,318,147	83,395,830
– Fair value through other comprehensive income	10,069,521	20,594,219
	<u>78,548,049</u>	<u>111,820,679</u>

Treasury investments at amortised cost were term deposits. Treasury investments at fair value through profit or loss were primarily wealth management products on which the principal and returns were not guaranteed. Treasury investments at fair value through other comprehensive income were large-denomination negotiable certificates of term deposits and other financial products.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 19 PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
<b>Non-current</b>		
Loan receivables (Note (i))	1,948,102	2,375,377
Rental deposits	454,257	449,792
Prepayments for PP&E and other assets	340,395	813,390
Others	952,637	372,688
	<u>3,695,391</u>	<u>4,011,247</u>
<b>Current</b>		
Loan receivables (Note (i))	4,564,439	6,043,377
Contract assets	1,986,081	2,115,482
Prepayments to merchants	1,608,651	1,711,802
Deductible value-added tax	1,177,285	1,303,839
Prepayments on behalf of third parties	1,139,311	891,442
Receivables upon share-based payments vesting or exercise	1,121,332	623,089
Prepayments for goods or services	938,320	685,739
Deposits in third-party payment processors	227,716	360,971
Amounts due from related parties (Note 32)	96,277	70,211
Others	688,354	728,971
	<u>13,547,766</u>	<u>14,534,923</u>

Note (i): Loan receivables are derived from micro-credit business and are initially measured at fair value. Depending on the business models in which the loan receivables are held, the subsequent measurement could be at amortised cost or at fair value through other comprehensive income.

As of June 30, 2024 and December 31, 2023, the carrying value of prepayments, deposits and other assets was primarily denominated in RMB.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 20 INVENTORIES

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Finished goods	1,382,304	1,238,098
Raw materials	76,501	101,712
	<u>1,458,805</u>	<u>1,339,810</u>
Less: provisions for impairment	<u>(37,510)</u>	<u>(35,215)</u>
	<u><u>1,421,295</u></u>	<u><u>1,304,595</u></u>

Inventories recognised in profit or loss during the six months ended June 30, 2024 amounted to RMB18,324 million.

### 21 TRADE RECEIVABLES

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Trade receivables	3,249,077	3,034,648
Less: allowance for impairment	<u>(314,598)</u>	<u>(291,649)</u>
	<u><u>2,934,479</u></u>	<u><u>2,742,999</u></u>

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 21 TRADE RECEIVABLES (Continued)

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

	Unaudited	
	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
At the beginning of the period	(291,649)	(315,226)
Credit loss allowance recognised, net	(40,726)	(21,092)
Write-offs	17,777	1,505
At the end of the period	<u>(314,598)</u>	<u>(334,813)</u>

The Group considered that the carrying amounts of the trade receivables approximated their fair value as of June 30, 2024 and December 31, 2023.

The Group allows a credit period of 30 to 180 days to its customers. Aging analysis of trade receivables (net of allowance for impairment of trade receivables) based on invoice date is as follows:

	Unaudited	Audited
	As of	As of
	June 30,	December 31,
	2024	2023
	RMB'000	RMB'000
Trade receivables		
Within 3 months	2,628,638	2,411,778
3 to 6 months	246,994	250,334
6 months to 1 year	45,367	66,861
Over 1 year	13,480	14,026
	<u>2,934,479</u>	<u>2,742,999</u>

The majority of the Group's trade receivables was denominated in RMB.

The maximum exposure to credit risk as of June 30, 2024 and December 31, 2023 was the carrying value of the trade receivables. The Group did not hold any collateral as security.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 22 SHARE CAPITAL, SHARE PREMIUM, TREASURY SHARES AND SHARES HELD FOR SHARES AWARD SCHEME

As of June 30, 2024 and 2023, the total number of authorised shares of the Company is 10,000,000,000 with par value of USD0.00001 per share, comprising of 735,568,783 Class A Shares and 9,264,431,217 Class B Shares, respectively. Each Class A Share will entitle the holder to exercise ten votes, and each Class B Share will entitle the holder to exercise one vote, respectively, on any resolution tabled at the Company's general meetings, except for resolutions with respect to a limited number of reserved matters, in relation to which each Share is entitled to one vote. Class A Shares may be converted into Class B Shares on a one to one ratio. The weighted voting rights attached to the Company's Class A Shares will cease when none of the holders of the Class A Shares have beneficial ownership of any of our Class A Shares.

#### Issued and fully paid:

	Number of ordinary shares '000	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Shares held for shares award scheme RMB'000
As of January 1, 2024	6,244,549	418	325,578,612	-	-
Exercise of share options and RSUs vesting	1,056	1	6,943,382	-	3
Repurchase of ordinary shares (Note (i))	-	-	-	(12,917,466)	-
Cancellation of ordinary shares (Note (i))	(82,508)	(6)	(6,605,936)	6,603,290	-
Shares held for shares award scheme	58,567	4	-	-	(4)
<b>As of June 30, 2024</b>	<b>6,221,664</b>	<b>417</b>	<b>325,916,058</b>	<b>(6,314,176)</b>	<b>(1)</b>
As of January 1, 2023	6,193,151	415	316,743,344	-	-
Exercise of share options and RSUs vesting	9,292	1	6,071,220	-	1
Shares held for shares award scheme	39,860	2	-	-	(2)
<b>As of June 30, 2023</b>	<b>6,242,303</b>	<b>418</b>	<b>322,814,564</b>	<b>-</b>	<b>(1)</b>

As of June 30, 2024, there were 596,590,940 Class A Shares amongst the total issued Shares of the Company and the remainders were Class B Shares (including treasury shares).

Note (i): During the six months ended June 30, 2024, the Company repurchased 141,333,000 of Class B Shares in the open market, out of which, 82,508,300 shares has been cancelled as of June 30, 2024. The repurchase prices ranged from HKD68.20 to HK120.00 per share, with an average price of HKD98.68 per share.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 23 OTHER RESERVES

	Unaudited					
	Capital	Share-based	Currency	Conversion		
	reserve	payments	translation	option of	Others	Total
	RMB'000	RMB'000	differences	convertible	RMB'000	RMB'000
			RMB'000	bonds		
As of January 1, 2024	20	9,976,464	(10,430,194)	1,513,938	990,834	2,051,062
Equity-settled share-based payments	-	3,925,394	-	-	-	3,925,394
Exercise of share options and RSUs vesting	-	(6,920,435)	-	-	-	(6,920,435)
Share of changes in net assets of associates	-	-	-	-	170,937	170,937
Fair value changes of and net provisions for impairment losses on financial assets	-	-	-	-	(308,439)	(308,439)
Tax benefit from share-based payments	-	-	-	-	168,984	168,984
Currency translation differences	-	-	761,967	-	-	761,967
As of June 30, 2024	20	6,981,423	(9,668,227)	1,513,938	1,022,316	(150,530)

	Unaudited					
	Capital	Share-based	Currency	Conversion		
	reserve	payments	translation	option of	Others	Total
	RMB'000	RMB'000	differences	convertible	RMB'000	RMB'000
			RMB'000	bonds		
As of January 1, 2023	20	10,322,138	(10,705,249)	1,513,938	353,340	1,484,187
Equity-settled share-based payments	-	4,392,782	-	-	-	4,392,782
Exercise of share options and RSUs vesting	-	(6,051,521)	-	-	-	(6,051,521)
Share of changes in net assets of associates	-	-	-	-	201,504	201,504
Fair value changes of and net provisions for impairment losses on financial assets	-	-	-	-	(48,500)	(48,500)
Tax benefit from share-based payments	-	-	-	-	91,172	91,172
Currency translation differences	-	-	628,799	-	-	628,799
As of June 30, 2023	20	8,663,399	(10,076,450)	1,513,938	597,516	698,423

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 24 DEFERRED REVENUES

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Online marketing services and others	5,529,406	5,538,424
Various packages for bike-sharing and e-moped sharing services	77,257	59,708
	<u>5,606,663</u>	<u>5,598,132</u>

The following table shows the amount of the revenues recognised in the current reporting period relating to carried-forward deferred revenues:

	Unaudited Six months ended June 30,	
	2024 RMB'000	2023 RMB'000
Revenues recognised that was included in the deferred revenues balance at the beginning of the period		
Online marketing services and others	3,843,000	3,362,473
Various packages for bike-sharing and e-moped sharing services	59,708	40,182
	<u>3,902,708</u>	<u>3,402,655</u>



## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 25 TRADE PAYABLES

As of June 30, 2024 and December 31, 2023, the aging analysis of the trade payables based on invoice date is as follows:

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Trade payables		
Within 3 months	22,328,250	22,467,344
3 to 6 months	219,536	194,288
6 months to 1 year	219,210	129,805
Over 1 year	254,227	189,069
	<u>23,021,223</u>	<u>22,980,506</u>

The Group's trade payables was primarily denominated in RMB.

### 26 OTHER PAYABLES AND ACCRUALS

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Deposits from merchants and transacting users	6,163,606	5,941,154
Employee payroll and benefits payables	4,326,603	6,468,239
Amounts collected on behalf of third parties	2,103,679	1,846,855
Taxes and surcharges payables	1,752,900	738,151
Customer advances	827,466	778,055
Accrued expenses	578,055	624,740
Payables for repurchase of ordinary shares	468,010	—
Amounts due to related parties (Note 32)	257,169	360,139
Others	1,574,157	1,184,882
	<u>18,051,645</u>	<u>17,942,215</u>

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 27 BORROWINGS

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Included in non-current liabilities:		
RMB bank borrowings – secured (Note (i))	<u>816,894</u>	<u>610,103</u>
Included in current liabilities:		
RMB bank borrowings – unsecured	<u>698,790</u>	<u>19,321,793</u>

Note (i): As of June 30, 2024, the Group's land use rights with an original book value and a net book value of RMB6,920 million and RMB6,508 million respectively (December 31, 2023: RMB6,738 million and RMB6,398 million, respectively) had been charged as collateral for borrowings.

### 28 NOTES PAYABLE

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Included in non-current liabilities:		
Non-current portion of long-term USD senior notes (a)	14,546,201	14,112,131
Non-current portion of long-term USD convertible bonds (b)	<u>10,644,522</u>	<u>20,498,835</u>
	<u>25,190,723</u>	<u>34,610,966</u>
Included in current liabilities:		
Current portion of long-term USD convertible bonds (b)	10,696,065	–
Current portion of long-term USD senior notes (a)	<u>69,040</u>	<u>67,009</u>
	<u>10,765,105</u>	<u>67,009</u>

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 28 NOTES PAYABLE (Continued)

The notes payable were repayable as follows:

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
Within 1 year	10,765,105	67,009
Between 1 and 2 years	16,108,088	15,581,442
Between 2 and 5 years	–	10,216,809
More than 5 years	9,082,635	8,812,715
	<u>35,955,828</u>	<u>34,677,975</u>

All of these notes payable issued by the Group were unsecured.

- (a) On October 29, 2020, the Company issued senior notes on the Hong Kong Stock Exchange which were comprised of 2.125% senior notes in the aggregate principal amount of US\$750 million due October 28, 2025 and 3.05% senior notes in the aggregate principal amount of US\$1,250 million due October 28, 2030.

As of June 30, 2024, the fair value of the senior notes was RMB13,097 million (December 31, 2023: RMB12,498 million). The respective fair values were assessed based on the quoted market price of these senior notes at the end of each reporting period.

The undue interests accrued for long-term USD senior notes of RMB67 million was included in other payables and accruals as of December 31, 2023.

- (b) On April 27, 2021, the Company completed the issuance of US\$1,483,600,000 zero coupon convertible bonds (“Series 1 Bonds”) due on April 27, 2027 and US\$1,500,000,000 zero coupon convertible bonds (“Series 2 Bonds”) due on April 27, 2028 (together, the “Bonds”) to third party professional investors (the “Bondholders”).

The Bonds will, at the option of the Bondholders, be convertible on or after June 7, 2021 up to the 10 days prior to the Maturity date (both days inclusive) into Class B ordinary shares of the Company at a conversion price of HK\$431.24 per Class B share, subject to adjustments. The Company will, at the option of the Bondholders, redeem all or some only of such Bondholder’s Series 1 Bonds on April 27, 2025 at 100.37% of the principal amount of the Series 1 Bonds, and redeem all or some only of such Bondholder’s Series 2 Bonds on April 27, 2026 at 101.28% of the principal amount of the Series 2 Bonds.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 28 NOTES PAYABLE (Continued)

Subsequent to the initial recognition, the liability component of the Bonds was carried at amortised cost using the effective interest rate method. The effective interest rates of the liability component of the Series 1 Bonds and the Series 2 Bonds were 1.94% per annum and 2.26% per annum, respectively.

The movement of the liability component of the Bonds for the six months ended June 30, 2024 and 2023 is set out below:

	Unaudited	
	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
At the beginning of the period	20,498,835	19,742,317
Interest expenses	216,047	204,827
Currency translation differences	625,705	749,277
At the end of the period	<u>21,340,587</u>	<u>20,696,421</u>

The equity component of the Bonds of RMB1,514 million was included in “Other reserves” (Note 23) of the Group as of June 30, 2024 and December 31, 2023.

As of June 30, 2024, the total fair value of the Bonds was RMB20,189 million (December 31, 2023: RMB18,839 million). Such fair values were assessed based on the quoted market price of these Bonds at the end of each reporting period.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 29 SHARE-BASED PAYMENTS

As of June 30, 2024, there was a total of 490,026,099 share options and RSUs available for further grant under all schemes of the Company.

#### Share options

Share options granted typically expire in 10 years from the respective grant dates, and vest in tranches from the vesting commence date over the vesting period, on condition that participants remain in service without any performance requirements.

The share options may not be exercised until vested subject to the terms of the award agreement and are exercisable for a maximum period of 10 years after the date of grant.

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

	Unaudited Number of share options	Weighted average exercise price per share option (HKD)
Outstanding as of January 1, 2024	21,893,044	37.14
Granted during the period	56,113,263	93.30
Forfeited during the period	(21,334)	186.10
Exercised during the period	<u>(1,055,818)</u>	23.91
Outstanding as of June 30, 2024	<u>76,929,155</u>	78.25
Vested and exercisable as of June 30, 2024	<u>20,584,101</u>	36.65
Outstanding as of January 1, 2023	27,067,581	38.31
Granted during the period	—	—
Forfeited during the period	(1,764,160)	49.22
Exercised during the period	<u>(1,021,152)</u>	22.00
Outstanding as of June 30, 2023	<u>24,282,269</u>	38.21
Vested and exercisable as of June 30, 2023	<u>20,604,424</u>	34.73

The weighted average remaining contractual life of outstanding share options was 8.0 years as of June 30, 2024 (December 31, 2023: 3.7 years). The weighted average price of the shares at the time these share options were exercised was HKD80.85 per share (equivalent to approximately RMB74.55 per share) for the six months ended June 30, 2024.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 29 SHARE-BASED PAYMENTS *(Continued)*

#### Fair value of share options

The Group has used Black-Scholes model to determine the fair value of the share option as of the grant date. Significant estimates on assumptions are made by the management. Key assumptions for the six months ended June 30, 2024 are set as below. There was no option granted for the six months ended June 30, 2023.

	Unaudited Six months ended June 30, 2024
Risk-free interest rates	3.4%-3.5%
Expected volatility	43.6%-44.3%
Fair value of share options per share (HKD)	46.74
Exercise price (HKD)	93.30

The weighted average fair value of granted options was HKD46.74 per share for the six months ended June 30, 2024.

#### RSUs

The Company also grants RSUs to employee participants and service providers under the Post-IPO Share Award Scheme. The RSUs awarded vest in tranches from the vesting commence date over a certain service period. Once the vesting conditions of RSUs are met, the RSUs are considered duly and validly issued to the holder, and free of restrictions on transfer.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 29 SHARE-BASED PAYMENTS (Continued)

#### RSUs (Continued)

Movements in the number of RSUs and the respective weighted average grant date fair value are as follows:

	Unaudited Number of RSUs	Weighted average grant date fair value per RSU (HKD)
Outstanding as of January 1, 2024	119,992,525	167.29
Granted during the period	65,936,822	100.70
Vested during the period	(43,930,930)	169.62
Forfeited during the period	<u>(8,802,072)</u>	159.12
Outstanding as of June 30, 2024	<u>133,196,345</u>	134.10
Outstanding as of January 1, 2023	132,202,319	188.60
Granted during the period	50,471,719	132.66
Vested during the period	(37,615,243)	177.77
Forfeited during the period	<u>(19,271,272)</u>	122.58
Outstanding as of June 30, 2023	<u>125,787,523</u>	179.50

The fair value of each RSU at the grant dates is determined by reference to the fair value of the underlying ordinary shares on the date of grant.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 29 SHARE-BASED PAYMENTS *(Continued)*

The total share-based payments charges were expensed or capitalised in the following categories in the interim condensed consolidated income statement or the interim condensed consolidated statement of financial position respectively:

	Unaudited	
	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
RSUs	3,742,627	4,396,726
Share options	182,767	(3,944)
Total share-based payments charges	3,925,394	4,392,782
Amount capitalised	(5,055)	(5,294)
Share-based compensation expenses	3,920,339	4,387,488

### 30 DIVIDENDS

No dividends have been paid or declared by the Company during the six months ended June 30, 2024 and 2023.

### 31 CAPITAL COMMITMENTS

	Unaudited	Audited
	As of	As of
	June 30,	December 31,
	2024	2023
	RMB'000	RMB'000
Purchase of property, plant and equipment	6,301,244	10,483,811
Investments	893,612	1,167,823
	7,194,856	11,651,634



## 32 RELATED PARTY TRANSACTIONS

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

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

### (a) Names of and the Group's relationship with related parties

The following companies are significant related parties of the Group that had transactions with the Group during the six months ended June 30, 2024 and 2023, and/or balances with the Group as of June 30, 2024 and December 31, 2023.

Name of related parties	Relationship
Dalian Tongda Enterprise Management Co., Ltd.	Associate of the Group
Guangxi Dossen Hotel Management Group Co., Ltd.	Associate of the Group
Tianjin Maoyan and its subsidiaries	Associate of the Group

### (b) Significant transactions with related parties

		Unaudited	
		Six months ended June 30,	
		2024	2023
		RMB'000	RMB'000
(i)	Sales of services		
	Associates of the Group	216,900	217,613
(ii)	Purchases of goods and services		
	Associates of the Group	669,105	646,776

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 32 RELATED PARTY TRANSACTIONS (Continued)

#### (c) Balances with related parties

	Unaudited As of June 30, 2024 RMB'000	Audited As of December 31, 2023 RMB'000
(i) Due from related parties Associates of the Group	96,277	70,211
(ii) Due to related parties Associates of the Group	257,169	360,139

#### (d) Key management compensation

	Unaudited Six months ended June 30, 2024 RMB'000	2023 RMB'000
Fees	1,001	748
Basic salaries and bonuses	12,720	11,423
Pension costs and other employee benefits	449	400
Share-based compensation expenses	365,394	121,799
	<u>379,564</u>	<u>134,370</u>

### 33 CONTINGENCIES

The Group did not have any material contingent liabilities as of June 30, 2024.

### 34 SUBSEQUENT EVENTS

The Company repurchased 80,777,000 of Class B Shares in the open market in July 2024. Such Class B Shares were repurchased at prices ranging from HKD105.20 to HKD120.10 per share.

Save as aforesaid, there were no other material subsequent events during the period from July 1, 2024 to the approval date of the Interim Financial Information by the Board on August 28, 2024.

## **APPENDIX II**

### **RISK FACTORS RELATING TO**

### **THE OPERATING ENVIRONMENT AND STRATEGY OF UBS AG**

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

## Risks relating to UBS

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

### **Strategy, management and operational risks**

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

UBS Group AG acquired Credit Suisse Group AG under exceptional circumstances of volatile financial markets and the continued outflows and deteriorating overall financial position of Credit Suisse, in order to avert a failure of Credit Suisse and thus damage to the Swiss financial center 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 direct and indirect subsidiaries of Credit Suisse Group AG. 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 investigation risks, as described in further detail below.

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

The ability of the UBS AG Group to successfully integrate 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;
- achieve cost reductions at the levels and in the time frame it plans;
- enhance, integrate, and, where necessary, remediate risk management and financial control and other systems and frameworks, including to remediate the material weaknesses in Credit Suisse's internal controls over financial reporting;
- successfully execute the wind-down of the assets and liabilities in its Non-core and Legacy division and release capital and resources for other purposes; 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.

Further investigation and planning for integration is taking place, and risks that the UBS AG Group does not currently consider to be material, or of which it is not currently aware, could also adversely affect it.

The level of success in the absorption of Credit Suisse, in the integration of the two groups and their businesses, particularly in the area of the Swiss domestic bank, as well as the domestic and international wealth management businesses, the execution of the planned strategy regarding cost reductions and divestment of any non-core assets, and the level of resulting impairments and write-downs, may impact the operational results, share price and the credit rating of UBS entities. The past financial performance of each of UBS Group AG and Credit Suisse may not be indicative of their future financial performance. The combined group will be required to devote significant management attention and resources to integrating its business practices and support functions. The diversion of management's attention and any delays or difficulties encountered in connection with the transaction and the coordination of the two companies' operations could have an adverse effect on the business, financial results, financial condition or the share price of the combined group following the transaction. The coordination process may also result in additional and unforeseen expenses.

#### ***The reputation of UBS AG Group is critical to its success***

The reputation of the UBS AG Group is critical to the success of its strategic plans, business and prospects. Reputational damage is difficult to reverse, and improvements tend to be slow and difficult to measure. In the past, the reputation of the UBS AG Group has been adversely affected by its losses during the 2008 financial crisis, investigations into its cross-border private banking services, criminal resolutions of LIBOR-related and foreign

exchange matters, as well as other matters. The UBS AG Group believes that reputational damage as a result of these events was an important factor in its loss of clients and client assets across its asset-gathering businesses. The Credit Suisse Group was more recently subject to significant litigation and regulatory matters and to financial losses that adversely affected its reputation and the confidence of clients, which played a significant role in the events leading to the acquisition of the Credit Suisse Group in March 2023. These events, or new events that cause reputational damage could have a material adverse effect on the UBS AG Group's results of operation and financial condition, as well as its ability to achieve its strategic goals and financial targets.

#### ***Operational risks affect the business of the UBS AG Group***

The businesses of the UBS AG Group depend on its ability to process a large number of transactions, many of which are complex, across multiple and diverse markets in different currencies, to comply with requirements of many different legal and regulatory regimes to which it is subject and to prevent, or promptly detect and stop, unauthorized, fictitious or fraudulent transactions. It 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. The operational risk management and control systems and processes of the UBS AG Group are designed to help ensure that the risks associated with its activities – including those arising from process error, failed execution, misconduct, unauthorized trading, fraud, system failures, financial crime, cyberattacks, breaches of information security, inadequate or ineffective access controls and failure of security and physical protection – are appropriately controlled. If the UBS AG Group's internal controls fail or prove ineffective in identifying and remedying these risks, it could suffer operational failures that might result in material losses, such as the substantial loss it incurred from the unauthorized trading incident announced in September 2011. The acquisition of the Credit Suisse Group may elevate these risks, particularly during the first phases of integration, as the firms have historically operated under different procedures, IT systems, risk policies and structures of governance.

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

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

The UBS AG Group may not be able to anticipate, detect or recognize threats to its systems or data and its preventative measures may not be effective to prevent an attack or a security breach. In the event of a security breach, notwithstanding its preventative measures, the UBS AG Group may not immediately detect a particular breach or attack. The acquisition of the Credit Suisse Group may elevate and intensify these risks as would-be attackers have a larger potential target in the combined bank and differences in systems, policies, and platforms could make threat detection more difficult. In addition, the implementation of the large-scale technological change program that is necessary to integrate the combined bank's systems at pace may also result in increased risks. Once a particular attack is detected, time may be required to investigate and assess the nature and extent of the attack, and to restore and test systems and data. If a successful attack occurs at a service provider, as the UBS AG Group has recently experienced,

the UBS AG Group may be dependent on the service provider's ability to detect the attack, investigate and assess the attack and successfully restore the relevant systems and data. A successful breach or circumvention of security of its systems or data or those of a service provider 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 it 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 it conducts its business. In the event that it fails to comply with applicable laws, the UBS AG Group may be exposed to regulatory fines and penalties and other sanctions. It 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 its 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. It is also subject to laws and regulations related to corrupt and illegal payments to government officials by others, such as the US Foreign Corrupt Practices Act and the UK Bribery Act. The UBS AG Group has implemented policies, procedures and internal controls that are designed to comply with such laws and regulations. Notwithstanding this, US regulators have found deficiencies in the design and operation of anti-money laundering programs in the UBS AG Group's US operations. The UBS AG Group has undertaken a significant program to address these regulatory findings with the objective of fully meeting regulatory expectations for its programs. Failure to maintain and implement adequate programs to combat money laundering, terrorist financing or corruption, or any failure of the UBS AG Group's programs in these areas, could have serious consequences both from legal enforcement action and from damage to its reputation. Frequent changes in sanctions imposed and increasingly complex sanctions imposed on countries, entities and individuals, as exemplified by the breadth and scope of the sanctions imposed in relation to the war in Ukraine, increase the UBS AG Group's cost of monitoring and complying with sanctions requirements and increase the risk that it will not identify in a timely manner client activity that is subject to a sanction.

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

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

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

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

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

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

- it does not fully identify the risks in its portfolio, in particular risk concentrations and correlated risks;
- its assessment of the risks identified, or its response to negative trends, proves to be untimely, inadequate,

- insufficient or incorrect;
- its risk models prove insufficient to predict the scale of financial risks the bank faces;
- markets move in ways that the UBS AG Group 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 the UBS AG Group 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 the UBS AG Group's 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, is increasing, materially, the portfolio of business that are outside of the UBS AG Group's risk appetite and subject to exit that will be managed in the Non-core and Legacy segment.

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

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

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

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

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

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

Constraints on the amount or structure of employee compensation, higher levels of deferral, performance conditions and other circumstances triggering the forfeiture of unvested awards may adversely affect the UBS AG Group's ability 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 UBS AG Group's ability to execute its strategy and to successfully improve its operating and control environment, and could affect its business performance. This risk is intensified by elevated levels of attrition among Credit Suisse employees. Swiss law requires that shareholders approve the compensation of the UBS Group AG Board of Directors (the "Group Board") and the UBS Group AG Executive Board ("GEB") each year. If UBS Group AG's shareholders fail to approve the compensation for the GEB or the Group Board, this could have an adverse effect on the UBS AG Group's ability to retain experienced directors and its senior management.

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

UBS AG's ability to pay its obligations in the future will depend on the level of funding, dividends and other distributions, if any, received from UBS Switzerland AG and other subsidiaries. The ability of such subsidiaries to make loans or distributions, directly or indirectly, to UBS AG may be restricted as a result of several factors, including restrictions in financing agreements and the requirements of applicable law and regulatory, fiscal or other restrictions.

In particular, UBS AG's direct and indirect subsidiaries, including UBS Switzerland AG, UBS Americas Holding LLC, UBS Europe SE, and Credit Suisse International are subject to laws and regulations requiring the entities to maintain minimum levels of capital and liquidity, that restrict dividend payments, authorize regulatory bodies to block or reduce the flow of funds from those subsidiaries to UBS AG, or could affect their ability to repay any loans made to, or other investments in, such subsidiary by UBS AG or another member of the UBS AG Group. For example, in the early stages of the COVID-19 pandemic, the European Central Bank ordered all banks under its supervision to cease dividend distributions and the Board of Governors of the Federal Reserve System limited capital distributions by bank holding companies and intermediate holding companies. Restrictions and regulatory actions could impede access to funds that UBS AG may need to meet its obligations. In addition, UBS AG's right to participate in a distribution of assets upon a subsidiary's liquidation or reorganization is subject to all prior claims of the subsidiary's creditors.

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

### **Market, credit and macroeconomic risks**

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

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

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

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

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

Terrorist activity and escalating armed conflict in the Middle East, as well as the continuing Russia-Ukraine war, may have significant impacts on global markets, exacerbate global inflationary pressures, and slow global growth. In addition, the ongoing conflicts may continue to cause significant population displacement, and lead to shortages of vital commodities, including energy shortages and food insecurity outside the areas immediately involved in armed conflict. Governmental responses to the armed conflicts, including, with respect to the Russia/Ukraine war, coordinated successive sets of sanctions on Russia and Belarus, and Russian and Belarusian entities and nationals, and the uncertainty as to whether the ongoing conflicts will widen and intensify, may continue to have significant adverse effects on the market and macroeconomic conditions, including in ways that cannot be anticipated. If individual countries impose restrictions on cross-border payments or trade, or other exchange or capital controls, or change their currency (for example, if one or more countries should leave the Eurozone, as a result of the imposition



of sanctions on individuals, entities or countries, or escalation of trade restrictions and other actions between the US, or other countries, and China), the UBS AG Group could suffer adverse effects on its business, losses from enforced default by counterparties, be unable to access its own assets or be unable to effectively manage its risks.

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

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

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

Credit risk is an integral part of many of the UBS AG Group's activities, including lending, underwriting and derivatives activities. Adverse economic or market conditions, or the imposition of sanctions or other restrictions on clients, counterparties or financial institutions, may lead to impairments and defaults on these credit exposures. Losses may be exacerbated by declines in the value of collateral securing loans and other exposures. In its prime brokerage, securities finance and Lombard lending businesses, the UBS AG Group 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 UBS AG Group's ability to settle existing transactions or to realize on collateral, which may result in unexpected increases in exposures. The UBS AG Group's Swiss mortgage and corporate lending portfolios are a large part of its overall lending. It 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, return to negative interest rates applied by the Swiss National Bank, economic conditions within the Eurozone or the EU, and the evolution of agreements between Switzerland and the EU or EEA, which represent Switzerland's largest export market. The UBS AG Group has exposures related to real estate in various countries, including a substantial Swiss mortgage portfolio. Although it believes this portfolio is prudently managed, the UBS AG Group 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 IFRS 9 expected credit loss ("ECL") regime, credit loss expenses may increase rapidly at the onset of an economic downturn as a result of higher levels of credit impairments (stage 3), as well as higher ECL from stages 1 and 2. Substantial increases in ECL could exceed expected loss for regulatory capital purposes and adversely affect the UBS AG Group's common equity tier 1 ("CET1") capital and regulatory capital ratios.

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

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

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

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

The UBS AG Group is subject to currency fluctuation risks as a substantial portion of its assets and liabilities are

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

## **Regulatory and legal risks**

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

As a global financial services firm operating in more than 50 countries, the UBS AG Group is subject to many different legal, tax and regulatory regimes, including extensive regulatory oversight, and is exposed to significant liability risk. It 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, as noted above, the UBS Group 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 the UBS AG Group's financial exposure to these and other matters is material and could substantially exceed the level of provisions that it has established. The UBS AG Group is not able to predict the financial and non-financial consequences these matters may have when resolved.

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

Litigation, regulatory and similar matters may also result in non-monetary penalties and consequences. Among other things, a guilty plea to, or conviction of, a crime (including as a result of termination of the Deferred Prosecution Agreement Credit Suisse entered into with the US Department of Justice in 2021 to resolve its Mozambique matter) could have material consequences for 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 authorizations, and may permit financial market utilities to limit, suspend or terminate the UBS AG Group's participation in them. Failure to obtain such waivers, or any limitation, suspension or termination of licenses, authorizations or participations, could have material adverse consequences for the UBS AG Group.

The UBS AG Group's settlements with governmental authorities in connection with foreign exchange, London Interbank Offered Rates ("**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 the UBS AG Group 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 and to certain regulatory measures that constrain its strategic flexibility. The UBS AG Group believes it has remediated the deficiencies that led to significant losses in the past and made substantial changes in its controls and conduct risk frameworks to address the issues highlighted by the LIBOR-related, foreign exchange and precious metals regulatory resolutions. It has also undertaken extensive efforts to implement new regulatory requirements and meet heightened expectations.

Credit Suisse and UBS have become the target of lawsuits, and may become the target of further litigation, in connection with the merger transaction and/or the regulatory and other actions taken in connection with the merger transaction, all of which could result in substantial costs.

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, the UBS AG Group's level of risk with respect to regulatory enforcement may be greater than that of some of its peers.

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

Since the financial crisis of 2008, the UBS AG Group has been subject to significant regulatory requirements, including recovery and resolution planning, changes in capital and prudential standards, changes in taxation regimes as a result of changes in governmental administrations, new and revised market standards and fiduciary duties, as well as new and developing environmental, social and governance ("**ESG**") standards and requirements.

Notwithstanding attempts by regulators to align their efforts, the measures adopted or proposed for banking regulation differ significantly across the major jurisdictions, making it increasingly difficult to manage a global institution. Regulatory reviews of the events leading to the failures of US banks and the acquisition of Credit Suisse by the UBS Group in 2023, as well as regulatory measures to complete the implementation of the Basel 3 standards, may increase capital, liquidity and other requirements applicable to banks, including UBS AG. In addition, 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 centers. This could put Swiss banks, such as UBS AG, at a disadvantage when competing with peer financial institutions subject to more lenient regulation or with unregulated non-bank competitors.

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

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

These changes create operational, capital, liquidity, funding and tax inefficiencies. The UBS AG Group's operations 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 its operational flexibility and negatively affect its ability to benefit from synergies between business units and to distribute earnings to the Group.

Under the Swiss too-big-to-fail ("**TBTF**") framework, the UBS AG Group is required to put in place viable emergency plans to preserve the operation of systemically important functions in the event of a failure. Moreover, under this framework and similar regulations in the US, the UK, the EU and other jurisdictions in which it operates, the UBS AG Group 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 or the operations in a host country through resolution or insolvency proceedings. If a recovery or resolution plan that the UBS AG Group 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 the UBS AG Group's business in that jurisdiction, or oblige the UBS AG Group 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 promulgated lessons learned from the Credit Suisse Group and the US regional bank failures, which may result in additional requirements regarding capital, liquidity, resolution planning and early intervention tools for authorities. In connection with these reviews, FINMA has announced that it will not provide an assessment of the UBS resolution plans in 2024 as it expects to make adjustments to resolution plan requirements based on lessons learned reviews as well as potential changes in its recovery and resolution authority under amendments that are expected to be proposed to Swiss law.

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

The UBS AG Group expects its risk-weighted assets ("**RWA**") to further increase as the effective date for additional capital standards promulgated by the Basel Committee on Banking Supervision (the "**BCBS**") draws nearer. In connection with the acquisition of the Credit Suisse Group, FINMA has permitted Credit Suisse entities to continue to apply certain prior interpretations and has provided supervisory rulings on the treatment of certain items for RWA or capital purposes. In general, these interpretations require that UBS phase out the treatment over the next several years. In addition, FINMA has agreed that the additional capital requirement applicable to Swiss systemically relevant banks, which is based on market share in Switzerland and leverage ratio denominator ("**LRD**"), will not increase as a result of the acquisition of the Credit Suisse Group before the end of 2025. The phase-out or end of these periods will likely increase the UBS AG Group's overall capital requirements upon the merger with Credit Suisse AG, which increase may be substantial. In addition, the report of the Swiss Federal Council on the failure of Credit Suisse includes recommendation of changes to Swiss capital regulation that, if adopted, may have the effect of substantially increasing the capital requirements of the UBS AG Group. The Swiss Federal Council has indicated that it will publish proposed amendments to law and revisions to banking ordinances for public comment in early 2025.

Increases in capital and liquidity standards could significantly curtail the UBS AG Group's ability to pursue strategic opportunities.

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

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

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

***If UBS experiences 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 the entity is over-indebted, has serious liquidity problems or, after the expiration of any relevant deadline, no longer fulfills 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 Group AG, UBS AG or UBS Switzerland AG from paying dividends or making payments on debt obligations.

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

If restructuring proceedings are opened with respect to UBS 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 / or (iii) partially or fully write down the equity capital and regulatory capital instruments and, if such regulatory capital is fully written down, write down or convert into equity the other debt instruments of the entity subject to proceedings. Shareholders and creditors would have no right to reject, or to seek the suspension of, any restructuring plan pursuant to which such resolution powers are exercised. They would have only limited rights to challenge any decision to exercise resolution powers or to have that decision reviewed by a judicial or administrative process or otherwise.

Upon full or partial write-down of the equity and regulatory capital instruments of the entity subject to restructuring proceedings, the relevant shareholders and creditors would receive no payment in respect of 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 the UBS AG Group's business and impact its ability to fully realise its goals***

The UBS AG Group has set ambitious goals for ESG matters. These goals include the UBS AG Group's ambitions for environmental sustainability in its operations, including carbon emissions, in the business it does with clients and in products that it offers. They also include goals or aspirations for diversity in its workforce and supply chain, and support for the United Nations Sustainable Development Goals. 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 it has set, and many of those goals and objectives are only achievable with a combination of government and private action. National and international standards and expectations, industry and scientific practices, regulatory taxonomies, and disclosure obligations addressing these matters are relatively immature and are rapidly evolving. In addition, there are significant limitations in the data available to measure the UBS AG Group's climate and other goals. Although it 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 conflict with one another, (ii) that the current standards will not be interpreted differently than the understanding of the UBS AG Group 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 businesses of the UBS AG Group may be adversely affected if it is considered as discriminating against companies based on ESG considerations, or if further anti-ESG rules are developed or broadened.

***Material weaknesses of Credit Suisse controls over financial reporting***

The Credit Suisse Group delayed its reporting for the year ending 2022 stating that it had identified material weaknesses in its internal controls over financial reporting as a result of which the Credit Suisse Group management had concluded that, as of 31 December 2022, its internal controls over financial reporting were not effective, and for the same reasons, it reached the same conclusion regarding 31 December 2021. A material weakness is a deficiency or a combination of deficiencies in internal controls over financial reporting such that there is a reasonable possibility that a material misstatement of a registrant's financial statements will not be prevented or detected on a timely basis. There is a risk that a material error may not be detected by UBS Group AG's internal control structure that could result in a material misstatement to Credit Suisse's reported financial results, which are consolidated with UBS Group AG's results. Since the acquisition, UBS Group AG has undertaken a review of the processes and systems giving rise to the material weaknesses and the remediation program undertaken. This review is ongoing, and UBS expects to adopt and implement further controls and procedures following the completion of such review and discussions with regulators. Based on this assessment, management believes that, as of 31 December 2023, the UBS AG Group's internal control over financial reporting was effective. Management has excluded Credit Suisse, which UBS Group AG acquired in 2023, from the scope of its assessment of internal control over financial reporting, as permitted by SEC guidance for acquired businesses. Following the merger of Credit Suisse AG and UBS AG, UBS AG's assessment of its internal control over financial reporting for 2024 will include the acquired business of Credit Suisse AG, including the effectiveness of remediation measures.

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

The UBS AG prepares its consolidated financial statements in accordance with IFRS Accounting Standards. The application of these accounting standards requires the use of judgment based on estimates and assumptions that may involve significant uncertainty at the time they are made. This is the case, for example, with respect to the measurement of fair value of financial instruments, the recognition of deferred tax assets ("DTAs"), the assessment of the impairment of goodwill, expected credit losses and estimation of provisions for litigation, regulatory and

similar matters. Such judgments, including the underlying estimates and assumptions, which encompass historical experience, expectations of the future and other factors, are regularly evaluated to determine their continuing relevance based on current conditions. Using different assumptions could cause the reported results to differ. Changes in assumptions, or failure to make the changes necessary to reflect evolving market conditions, may have a significant effect on the financial statements in the periods when changes occur. Estimates of provisions may be subject to a wide range of potential outcomes and significant uncertainty. For example, the broad range of potential outcomes in the UBS AG Group's legal proceedings in France and in a number of Credit Suisse's legal proceedings increase the uncertainty associated with assessing the appropriate provision. If the estimates and assumptions in future periods deviate from the current outlook, the UBS AG Group's financial results may also be negatively affected. Changes to IFRS Accounting Standards or interpretations thereof may cause future reported results and financial positions to differ from current expectations, or historical results to differ from those previously reported due to the adoption of accounting standards on a retrospective basis. Such changes may also affect the UBS AG Group's regulatory capital and ratios. For example, the introduction of the ECL regime under IFRS 9 in 2018 fundamentally changed how credit risk arising from loans, loan commitments, guarantees and certain revocable facilities is accounted for. Under the ECL regime, credit loss expenses may increase rapidly at the onset of an economic downturn as a result of higher levels of credit impairments (stage 3), as well as higher ECL from stages 1 and 2, only gradually diminishing once the economic outlook improves. As the UBS AG Group observed in 2020, this effect may be more pronounced in a deteriorating economic environment. Substantial increases in ECL could exceed expected loss for regulatory capital purposes and adversely affect the UBS AG Group's CET1 capital and regulatory capital ratios.

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

Capital strength enables the UBS AG Group to grow its businesses and absorb increases in regulatory and capital requirements. Its ability 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 its control. The results of its businesses may be adversely affected by events arising from other risk factors described herein. In some cases, such as litigation and regulatory risk and operational risk events, losses may be sudden and large.

The UBS AG Group's eligible capital may be reduced by losses recognized within net profit or other comprehensive income. Eligible capital may also be reduced for other reasons, including acquisitions that change the level of goodwill, changes in temporary differences related to DTAs included in capital, adverse currency movements affecting the value of equity, prudential adjustments that may be required due to the valuation uncertainty associated with certain types of positions, 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 the UBS AG Group's net defined benefit obligation recognized in other comprehensive income.

RWA are driven by the UBS AG Group's business activities, by changes in the risk profile of its exposures, by changes in its foreign currency exposures and foreign exchange rates, and by regulation. For instance, substantial market volatility, a widening of credit spreads, adverse currency movements, increased counterparty risk, deterioration in the economic environment or increased operational risk could result in an increase in RWA. Changes in the calculation of RWA, the imposition of additional supplemental RWA charges or multipliers applied to certain exposures and other methodology changes, as well as the finalization of the Basel III framework and Fundamental Review of the Trading Book promulgated by the BCBS, are expected to increase 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 it satisfies other risk-based capital requirements. Its LRD is driven by, among other things, the level of client activity, including deposits and loans, foreign exchange rates, interest rates, other market factors and changes in required liquidity. Many of these factors are wholly or partly outside of its control.

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

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

particularly in the US, which would cause the expected future tax benefit from items such as tax loss carry-forwards in the affected locations to diminish in value. This, in turn, would cause a write-down of the associated DTAs. Conversely, an increase in US corporate tax rates would result in an increase in the UBS AG Group's DTAs.

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

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

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

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

#### ***The UBS AG Group may incur material future tax liabilities in connection with the acquisition of the Credit Suisse Group***

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. As a result of the acquisition of the Credit Suisse Group, tax acquisition costs of certain participations held by Credit Suisse Group AG and its subsidiaries have been or will be transferred to or within the UBS AG Group as a result of company mergers and restructurings. UBS 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 the UBS AG Group'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. Its funding sources have generally been stable, but could change in the future because of, among other things, general market disruptions or widening credit spreads, which could also influence the cost of funding. A substantial part of the UBS AG Group's liquidity and funding requirements are met using short-term unsecured funding sources, including retail and wholesale deposits and the regular issuance of money market securities. A change in the availability of short-term funding could occur quickly.

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

Reductions in the UBS AG Group'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 Moody's Investors Service Ltd. downgrade of UBS AG's long-term debt rating in June 2012, rating downgrades can require the UBS AG Group to post additional collateral or make additional cash payments under trading agreements. The

UBS AG Group'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 the UBS AG Group's businesses. The acquisition of the Credit Suisse Group has elevated these risks and may cause these risks to intensify. Upon the close the acquisition in June 2023, Fitch Ratings Ireland Limited downgraded the Long-Term Issuer Default Ratings (IDRs) of UBS AG to "A+" from "AA-".

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



## APPENDIX III

### RECENT DEVELOPMENTS IN THE ISSUER'S BUSINESS

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

#### 1. Overview

UBS AG ("**Issuer**") with its subsidiaries (together, "**UBS AG consolidated**", or "**UBS AG Group**"; and UBS Group AG (which is the holding company of the Issuer) and its subsidiaries (including the Issuer and its subsidiaries) is referred to herein as "**UBS**", the "**UBS Group**" or the "**Group**") provides financial advice and solutions to private, institutional and corporate clients worldwide, as well as private clients in Switzerland. 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 30 September 2024, the UBS AG consolidated CET1 capital ratio was 16.4%, the CET1 leverage ratio was 5.2%, and the total loss-absorbing capacity ratio was 38.2%.<sup>1</sup> On the same date, invested assets stood at USD 6,199 billion and equity attributable to UBS AG shareholders was USD 96,943 million. As of 30 September 2024, UBS AG Group employed 69,185 people.<sup>2</sup>

The rating agencies S&P Global Ratings Europe Limited ("**S&P**"), Moody's Investors Service Ltd. ("**Moody's**"), and Fitch Ratings Ireland Limited ("**Fitch**") have published solicited credit ratings reflecting their assessment of the creditworthiness of UBS AG, i.e. its ability to fulfil in a timely manner payment obligations, such as principal or interest payments on long-term loans, also known as debt servicing. The ratings from Fitch and S&P may be attributed a plus or minus sign, and those from Moody's a number. These supplementary attributes indicate the relative position within the respective rating class. UBS AG has a long-term counterparty credit rating of A+ from S&P, long-term senior debt rating of Aa2 from Moody's, and long-term issuer default rating of A+ from Fitch.

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

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<sup>1</sup> All figures based on the Swiss systemically relevant bank framework. Refer to the "Capital management" section of the Annual Report 2023 and of the UBS AG Third Quarter 2024 Report for more information.

<sup>2</sup> Full-time equivalents.

the UK CRA Regulation and currently appear on the list of credit rating agencies registered or certified with the FCA published on its website.

No profit forecasts or estimates are included in this document.

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

## **2. Information about the Issuer**

### **2.1 Corporate Information**

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

The Issuer was incorporated under the name SBC AG on 28 February 1978 for an unlimited duration and entered in the Commercial Register of Canton Basel-City on that day. The Issuer in its present form was created on 29 June 1998 by the merger of Union Bank of Switzerland (founded 1862) and Swiss Bank Corporation (founded 1872). UBS AG is entered in the Commercial Registers of Canton Zurich and Canton Basel-City. The registration number is CHE-101.329.561. On 31 May 2024, Credit Suisse AG merged with and into UBS AG.

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

According to article 2 of the articles of association of UBS AG dated as of 23 April 2024 ("**Articles of Association**"), the purpose of UBS AG is the operation of a bank. Its scope of operations extends to all types of banking, financial, advisory, trading and service activities in Switzerland and abroad. UBS AG may establish branches and representative offices as well as banks, finance companies and other enterprises of any kind in Switzerland and abroad, hold equity interests in these companies, and conduct their management. UBS AG is authorized to acquire, mortgage and sell real estate and building rights in Switzerland and abroad. UBS AG may borrow and invest money on the capital markets. UBS AG is part of the group of companies controlled by the group parent company UBS Group AG. It may promote the interests of the group parent company or other group companies. It may provide loans, guarantees and other kinds of financing and security for group companies.

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

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

For information on UBS's expected financing of its business activities, please refer to "*Liquidity and funding management*" in the "*Capital, liquidity and funding, and balance sheet*" section of the UBS AG Annual Report 2023 published on 28 March 2024 ("**Annual Report 2023**"), and in the "*Risk, capital, liquidity and funding, and balance sheet*" section of the UBS AG Third Quarter Report 2024.

## **3. Business Overview**

### **3.1 Organisational Structure of the Issuer**

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

In 2014, UBS began adapting its legal entity structure in response to too-big-to-fail requirements and other regulatory initiatives. First, UBS Group AG was established as the ultimate parent holding company for the Group. In 2015, UBS AG transferred its personal & corporate banking and Swiss-

booked wealth management businesses to the newly established UBS Switzerland AG, a banking subsidiary of UBS AG in Switzerland. That same year, UBS Business Solutions AG, a wholly owned subsidiary of UBS Group AG, was established and acts as the Group service company. In 2016, UBS Americas Holding LLC became the intermediate holding company for UBS's US subsidiaries and UBS's wealth management subsidiaries across Europe were merged into UBS Europe SE, UBS's German-headquartered European subsidiary. In 2019, UBS Limited, UBS's UK headquartered subsidiary, was merged into UBS Europe SE.

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

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

UBS AG's interests in subsidiaries and other entities as of 31 December 2023, including interests in significant subsidiaries, are discussed in "Note 28 Interests in subsidiaries and other entities" to UBS AG's consolidated financial statements included in the Annual Report 2023. As a result of the merger of UBS AG with Credit Suisse AG on 31 May 2024, the subsidiaries of Credit Suisse AG have become subsidiaries of UBS AG.

### **3.2 Principal activities**

UBS AG businesses are organised globally into five business divisions: Global Wealth Management, Personal & Corporate Banking, Asset Management, the Investment Bank, and Non-core and Legacy. UBS Group functions are support and control functions that provide services to the Group. 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 businesses" in the "Our business model and environment" section of the Annual Report 2023 and under "Our businesses" in the "Business divisions and Group Items" section of the Third Quarter 2024 Report.

- *Global Wealth Management* provides financial services, advice and solutions to private wealth clients. Its offering ranges from investment management to estate planning and corporate finance advice, in addition to specific wealth management and banking products and services.
- *Personal & Corporate Banking* serves its private, corporate, and institutional clients' needs, from banking to retirement, financing, investments and strategic transactions, in Switzerland, through its branch network and digital channels.
- *Asset Management* is a global, large-scale and diversified asset manager. It offers investment capabilities and styles across all major traditional and alternative asset classes, as well as advisory support to institutions, wholesale intermediaries and wealth management clients.
- *The Investment Bank* provides a range of services to institutional, corporate and wealth management clients globally, to help them raise capital, grow their businesses, invest and manage risks. Its offering includes research, advisory services, facilitating clients raising debt and equity from the public and private markets and capital markets, cash and derivatives trading across equities and fixed income, and financing.
- *Non-core and Legacy* includes positions and businesses not aligned with UBS's strategy and

policies. Those consist of the assets and liabilities that prior to the acquisition were reported as part of the former Capital Release Unit (Credit Suisse) and certain assets and liabilities of the former Investment Bank (Credit Suisse), the former Corporate Center (Credit Suisse) and other former Credit Suisse business divisions. Non-core and legacy also includes the remaining assets and liabilities of UBS's Non-core and Legacy Portfolio previously reported in Group Functions (which has been renamed Group Items), and smaller amounts of assets and liabilities of UBS's business divisions that have been assessed as not strategic in light of the acquisition of the Credit Suisse Group.

- *Group functions* are support and control functions that provide services to the Group. Virtually all costs incurred by the support and control functions are allocated to the business divisions, leaving a residual amount, mainly related to certain Group funding and hedging items, that UBS AG refers to as Group Items in its segment reporting. Group functions is made up of the following major areas: Group Services (which consists of the Group Operations and Technology Office, Corporate Services, Compliance, Regulatory & Governance, Finance, Risk Control, Human Resources, Communications & Branding, Legal, the Group Integration Office, Group Sustainability and Impact, and 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 2023 and 2022 from the Annual Report 2023. The selected consolidated financial information included in the table below for the nine months ended 30 September 2024 and 30 September 2023 was derived from the UBS AG Third Quarter 2024 Report.

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**"). Information for the years ended 31 December 2023 and 2022 which is indicated as being unaudited in the table below was included in the Annual Report 2023 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 2023 and the UBS AG Third Quarter 2024 Report and should not rely solely on the summarized information set out below.

	As of or for the nine months ended		As of or for the year ended	
<i>USD million, except where indicated</i>	30.9.24	30.9.23	31.12.23	31.12.22
	<i>Unaudited</i>		<i>audited, except where indicated</i>	
<b>Results</b>				
<b>Income statement**</b>				
Total revenues	31,006	25,661	33,675	34,915
Net interest income	3,088	3,678	4,566	6,517
Other net income from financial instruments measured at fair value through profit or loss	9,809	7,476	9,934	7,493
Net fee and commission income	17,084	13,883	18,610	19,023
Other income	1,025	624	566	1,882
Credit loss expense / (release)	303	80	143	29
Operating expenses	28,329	21,393	29,011	25,927
Operating profit / (loss) before tax	2,374	4,188	4,521	8,960
Net profit / (loss) attributable to shareholders	1,738	3,055	3,290	7,084
<b>Balance sheet***</b>				
Total assets	1,626,893	1,097,536	1,156,016	1,105,436
<i>of which: Loans and advances to customers</i>	625,249	386,315	405,633	390,027
Total financial liabilities measured at amortized cost	1,101,933	716,283	762,840	705,442
<i>of which: customer deposits</i>	779,604	521,540	555,673	527,171
<i>of which: debt issued measured at amortized cost</i>	109,460	65,285	69,784	59,499
<i>of which: subordinated debt</i>	720	2,988	3,008	2,968
Total financial liabilities measured at fair value through profit or loss	410,875	319,962	328,401	333,382
<i>of which: debt issued designated at fair value</i>	106,527	83,601	86,341	71,842
Total liabilities	1,529,071	1,044,355	1,100,448	1,048,496
Total equity	97,822	53,181	55,569	56,940
<i>of which: Equity attributable to shareholders</i>	96,943	52,836	55,234	56,598
<b>Profitability and growth</b>				
Return on equity (%) <sup>1</sup>	3.1	7.4	6.0*	12.6*
Return on tangible equity (%) <sup>2</sup>	3.4	8.3	6.7*	14.2*
Return on common equity tier 1 capital (%) <sup>3</sup>	3.6	9.5	7.6*	16.8*
Return on leverage ratio denominator, gross (%) <sup>4</sup>	3.1	3.3	3.2*	3.4*
Cost / income ratio (%) <sup>5</sup>	91.4	83.4	86.2*	74.3*
Net profit growth (%) <sup>6</sup>	(43.1)	(45.1)	(53.6)*	0.7*
<b>Resources</b>				
Common equity tier 1 capital <sup>7</sup>	84,423	43,378	44,130	42,929
Risk-weighted assets <sup>7</sup>	515,520	321,134		317,823*

			333,979*	
Common equity tier 1 capital ratio (%) <sup>7</sup>	16.4	13.5	13.2*	13.5*
Going concern capital ratio (%) <sup>7</sup>	19.5	17.1	17.0*	17.2*
Total loss-absorbing capacity ratio (%) <sup>7</sup>	38.2	33.8	33.3*	32.0*
Leverage ratio denominator <sup>7</sup>	1,611,151	1,042,106	1,104,408*	1,029,561*
Common equity tier 1 leverage ratio (%) <sup>7</sup>	5.2	4.2	4.0*	4.2*
Liquidity coverage ratio (%) <sup>8</sup>	196.3	176.6	189.7*	
Net stable funding ratio (%)	126.8	121.7	119.6*	
<b>Other</b>				
Invested assets (USD billion) <sup>9</sup>	6,199	4,227	4,505	3,981
Personnel (full-time equivalents)	69,185	48,015	47,590*	47,628*

\* unaudited

\*\* Income statement information for the nine months ended 30 September 2024 includes nine months of data for UBS AG and four months (following the parent bank merger on 31 May 2024) for Credit Suisse AG. Comparative year-to-date information for 2023 includes pre-merger UBS AG data only.

\*\*\* . Balance sheet dates prior to 30 June 2024 reflect pre-merger UBS AG information only.

<sup>1</sup> Calculated as annualized net profit attributable to shareholders divided by average equity attributable to shareholders. This measure provides information about the profitability of the business in relation to equity.

<sup>2</sup> Calculated as annualized net profit attributable to shareholders divided by average equity attributable to shareholders less average goodwill and intangible assets. This measure provides information about the profitability of the business in relation to tangible equity.

<sup>3</sup> Calculated as annualized net profit attributable to shareholders divided by average common equity tier 1 capital. This measure provides information about the profitability of the business in relation to common equity tier 1 capital.

<sup>4</sup> Calculated as annualized total revenues divided by average leverage ratio denominator. This measure provides information about the revenues of the business in relation to the leverage ratio denominator.

<sup>5</sup> Calculated as operating expenses divided by total revenues. This measure provides information about the efficiency of the business by comparing operating expenses with gross income.

<sup>6</sup> 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.

<sup>7</sup> Based on the applicable Swiss systemically relevant bank framework as of 1 January 2020.

<sup>8</sup> The disclosed ratios represent quarterly averages for the quarters presented and are calculated based on an average of 65 data points in the third quarter of 2024, 61 data points in the second quarter of 2024, of which 40 data points were before the merger of UBS AG and Credit Suisse AG (i.e., from 2 April 2024 until 30 May 2024), and 21 data points were after the merger (i.e., from 31 May 2024 until 30 June 2024), 61 data points in the first quarter of 2024, 63 data points in the fourth quarter of 2023 and 63 data points in the third quarter of 2023.

<sup>9</sup> Consists of invested assets for Global Wealth Management, Asset Management and Personal & Corporate Banking. Calculated as the sum of managed fund assets, managed institutional assets, discretionary and advisory wealth management portfolios, fiduciary deposits, time deposits, savings accounts, and wealth management securities or brokerage accounts. This measure provides information about the volume of client assets managed by or deposited with UBS for investment purposes. Starting with the second quarter of 2023, invested assets include invested assets from associates in the Asset Management business division, to better reflect the business strategy. Comparative figures for the year ended 31 December 2022 have been restated to reflect this change.

### 3.4.2 Regulatory, legal and other developments

Refer to “Recent developments” in the UBS AG Third Quarter 2024 Report, as well as to “Our environment” and “Regulatory and legal developments” in the Annual Report 2023, for information on key regulatory, legal and other developments.

## 3.5 Trend Information

For information on trends, refer to the sections “Recent developments” and “Outlook” in the Third Quarter 2024 Report as well as to “Our environment”, to “Top and emerging risks” in the “Risk management and control” section and to “Regulatory and legal developments” of the Annual Report 2023. In addition, please refer to the section “Risk factors” in the Annual Report 2023 for more information.

## 4. Administrative, Management and Supervisory Bodies of the Issuer

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

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

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

### 4.1 Board of Directors

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

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

#### 4.1.1 Members of the Board of Directors

The current members of the BoD are listed below.

Member	Title	Term of office	Current principal activities outside UBS AG
Colm Kelleher	Chairman	2025	Chairman of the Board of Directors of UBS Group AG; member of the Board of Norfolk Southern Corporation (Chair of the finance and risk management committee); member of the Board of Directors of the Bretton Woods Committee; member of the Board of the Swiss Finance Council; member of the Board of the International Monetary Conference; member of the Board of the Bank Policy

			Institute; member of the Board of Americans for Oxford; Visiting Professor of Banking and Finance, Loughborough Business School; member of the European Financial Services Round Table; member of the European Banking Group; member of the International Advisory Council of the China Securities Regulatory Commission; member of the Chief Executive's Advisory Council (Hong Kong).
Lukas Gähwiler	Vice Chairman	2025	Vice Chairman of the Board of Directors of UBS Group AG; Vice Chairman of the Board of Directors of Pilatus Aircraft Ltd; member of the Board of Directors of Ringier AG; member of the Board and Board Committee of economiesuisse; Chairman of the Employers Association of Banks in Switzerland; member of the Board of Directors of the Swiss Employers Association; member of the Board of Directors and the Board of Directors Committee of the Swiss Bankers Association; member of the Board of the Swiss Finance Council; member of the Board of Trustees of Avenir Suisse.
Jeremy Anderson	Member	2025	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.
Claudia Böckstiegel	Member	2025	Member of the Board of Directors of UBS Group AG; General Counsel; member of the Enlarged Executive Committee of Roche Holding AG; Member of the Chairman's Committee of the Board of the Chamber of Commerce Germany-Switzerland.
William C. Dudley	Member	2025	Member of the Board of Directors of UBS Group AG; member of the Advisory Board of Suade Labs; Senior Advisor to the Griswold Center for Economic Policy Studies at Princeton University; member of the Group of Thirty; member of the Council on Foreign Relations; Chairman of the Bretton Woods Committee Board of Directors; member of the Board of the Council for Economic Education.
Patrick Firmenich	Member	2025	Member of the Board of Directors of UBS Group AG; Vice Chairman of the Board of dsm-firmenich (Chair of the Governance and Nomination Committee); member of the Board of INSEAD and INSEAD World Foundation; member of the Advisory Council of the Swiss Board Institute.
Fred Hu	Member	2025	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); Board Member of Industrial and Commercial Bank of China (ICBC), Chairman of the Nomination Committee; Chairman of Primavera Capital Ltd; Trustee of the China Medical Board; Co-Chairman of the Nature Conservancy Asia Pacific Council; member of the Board of Trustees of the Institute for Advanced Study;
Mark Hughes	Member	2025	Member of the Board of Directors of UBS Group AG; Chair of the Board of Directors of the Global Risk Institute; Senior Advisor to McKinsey & Company.
Gail Kelly	Member	2025	Member of the Board of Directors of UBS Group AG; member of the Board of Singtel Communications



			(Chairperson of the Executive Resource and Compensation); member of the Group of Thirty; member of the Board of Directors of the Bretton Woods Committee; member of the Board of Directors of the Australia Philanthropic Services; member of the Australian American Leadership Dialogue Advisory Board; senior advisor to McKinsey & Company.
Nathalie Rachou	Member	2025	Member of the Board of Directors of UBS Group AG; member of the Board of Euronext N.V. (Chair of the Remuneration Committee); member of the Board of the African Financial Institutions Investment Platform; member of the Board of Directors of Fondation Leopold Bellan.
Julie G. Richardson	Member	2025	Member of the Board of Directors of UBS Group AG; member of the Board of Yext (Chair of the Audit Committee); member of the Board of Datadog (Chair of the Audit Committee); member of the Board of Fivetran; member of the Board of Coalition, Inc.
Jeanette Wong	Member	2025	Member of the Board of Directors of UBS Group AG; member of the Board of Prudential plc; member of the Board of Singapore Airlines Limited; member of the Board of GIC Pte Ltd; member of the Board of PSA International; member of the board of Pavilion Capital Holdings Pte Ltd; Chairman of the CareShield Life Council; member of the Securities Industry Council; member of the Board of Trustees of the National University of Singapore.

## 4.2 Executive Board (“EB”)

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

### 4.2.1 Members of the Executive Board

The current members of the EB are listed below.

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

UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland		
Michelle Bereaux  UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland	Integration Officer	Member of the Group Executive Board and Group Integration Officer of UBS Group AG
Mike Dargan  UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland	Chief Operations and Technology Officer	Member of the Group Executive Board and Group Chief Operations and Technology Officer of UBS Group AG; President of the Executive Board and board member of UBS Business Solutions AG; member of the Board of Directors and President of the Executive Board of Credit Suisse Services AG; member of the Board of UBS Optimus Foundation; Member of the Advisory Board of SCION Association.
Aleksandar Ivanovic UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland	President Asset Management	Member of the Group Executive Board and President Asset Management of UBS Group AG; Chairman of UBS Asset Management AG; Chairman of UBS Asset Management Switzerland AG.
Robert Karofsky  UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland	President UBS Americas and Co-President Global Wealth Management	Member of the Group Executive Board and President UBS Americas and Co-President Global Wealth Management; member of the board of UBS Americas Holding LLC; member of the board of UBS Optimus Foundation.
Iqbal Khan  UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland	Co-President Global Wealth Management and President UBS Asia Pacific	Member of the Group Executive Board and Co-President Global Wealth Management of UBS Group AG, President UBS Asia Pacific of UBS Group AG; member of the Board of UBS Optimus Foundation.
Barbara Levi  UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland	General Counsel	Member of the Group Executive Board and Group General Counsel of UBS Group AG; member of the Board of Directors of the European General Counsel Association; member of the Legal Committee of the Swiss-American Chamber of Commerce.
Beatriz Martin Jimenez  UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland	Head Non-Core and Legacy and President UBS Europe, Middle East and Africa	Member of the Group Executive Board, Head Non-Core and Legacy and President UBS Europe, Middle East and Africa of UBS Group AG; member of the Supervisory Board of UBS Europe SE; member of the Board of Directors of Credit Suisse International; Chair of the Board of UBS Optimus Foundation; member of the Advisory Board of the Frankfurt School of Finance & Management.
Markus Ronner	Chief Compliance and	Member of the Group Executive Board and Group Chief Compliance and Governance Officer of

UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland	Governance Officer	UBS Group AG.
Stefan Seiler  UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland	Head Human Resources & Corporate Services	Member of the Group Executive Board and Head Group Human Resources & Corporate Services of UBS Group AG; member of the Foundation Board of the UBS Swiss Pension Fund; member of the UBS Center for Economics in Society at the University of Zurich Foundation Council; chairman of the Foundation Board of the Swiss Finance Institute; member of the IMD Foundation Board; Adjunct Professor for Leadership and Strategic Human Resource Management, Nanyang Technological University (NTU) Singapore.
Todd Tuckner  UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland	Chief Financial Officer	Member of the Group Executive Board and Group Chief Financial Officer of UBS Group AG.
Marco Valla  UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland	Co-President Investment Bank	Member of the Group Executive Board and Co-President Investment Bank of UBS Group AG; Member of the Board of Directors of Good Shepherd Services; Member of the Board of the Mount Sinai Department of Urology
Damian Vogel  UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland	Chief Risk Officer	Member of the Group Executive Board and Chief Risk Officer for UBS Group AG; Member of the Board of UBS Switzerland AG; Member of the Foundation Board of the International Financial Risk Institute (IFRI)

### 4.3 Potential Conflicts of Interest

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

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

## 5. Auditors

Based on article 31 of the Articles of Association, UBS AG shareholders elect the auditors for a term of office of one year. At the AGMs on 4 April 2023 and 23 April 2024, 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 2023 and 2022 is available in the section "*Consolidated financial statements*" of the Annual Report 2023 and in UBS AG's standalone financial statements for the year ended 31 December 2023 (the "**Standalone Financial Statements 2023**"). 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 2023 and 2022 were audited by Ernst & Young. The reports of the auditors on the consolidated financial statements can be found on pages 127 and following of the Annual Report 2023. The reports of the auditors on the standalone financial statements of UBS AG can be found on pages 35-41 (inclusive) of the Standalone Financial Statements 2023.

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 2022 and 31 December 2023.

### **7.3 Interim Financial Information**

Reference is also made to the UBS AG third quarter 2024 report published on 8 November 2024 ("**UBS AG Third Quarter 2024 Report**"), which contains information on the financial condition and results of operations, including the interim financial statements, of UBS AG consolidated as of and for the period ended 30 September 2024. The interim consolidated financial statements are not audited.

### **7.4 Litigation, Regulatory and Similar Matters**

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

Specific litigation, regulatory and other matters, including all such matters that management considers to be material and others that management believes to be of significance due to potential financial, reputational and other effects, are described in "*Note 16 Provisions and contingent liabilities*" to UBS AG's consolidated financial statements included in the UBS AG Third Quarter 2024 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 30 September 2024.

## **8. Share Capital**

As reflected in the Articles of Association most recently registered with the Commercial Register of the Canton of Zurich and the Commercial Register of Basel-City, UBS AG has (i) fully paid and issued share capital of USD 385,840,846.60, divided into 3,858,408,466 registered shares with a par value of USD 0.10 each (article 4); (ii) conditional capital in the amount of USD 38,000,000, comprising 380,000,000 registered shares with a par value of USD 0.10 each that can be issued upon the voluntary or mandatory exercise of conversion rights and/or warrants (article 4a); and (iii) conversion capital in the amount of USD 70,000,000 through the issuance of a maximum of 700,000,000

registered shares with a par value of USD 0.10 each, through the mandatory conversion of claims arising upon the occurrence of one or more trigger events under financial market instruments with contingent conversion features (article 4b).

#### **9. Documents Available**

The most recent Articles of Association of UBS AG are available on UBS's Corporate Governance website, at <https://www.ubs.com/global/en/our-firm/governance/ubs-ag/articles-of-association.html>. Save as otherwise indicated herein, information on or accessible through the Group's corporate website, [www.ubs.com](http://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 THIRD QUARTER ENDED 30 SEPTEMBER 2024**

# UBS AG interim consolidated financial statements (unaudited)

## Income statement

USD m	Note	For the quarter ended			Year-to-date	
		30.9.24	30.6.24	30.9.23	30.9.24	30.9.23
Interest income from financial instruments measured at amortized cost and fair value through other comprehensive income	4	8,335	6,892	5,974	21,467	16,272
Interest expense from financial instruments measured at amortized cost	4	(8,820)	(7,080)	(5,357)	(21,952)	(13,818)
Net interest income from financial instruments measured at fair value through profit or loss and other	4	2,045	910	368	3,573	1,224
Net interest income	4	1,560	722	984	3,088	3,678
Other net income from financial instruments measured at fair value through profit or loss		3,592	3,271	2,467	9,809	7,476
Fee and commission income	5	6,986	6,190	5,097	18,783	15,180
Fee and commission expense	5	(652)	(589)	(431)	(1,699)	(1,297)
Net fee and commission income	5	6,334	5,601	4,666	17,084	13,883
Other income	6	510	306	231	1,025	624
<b>Total revenues</b>		<b>11,997</b>	<b>9,900</b>	<b>8,348</b>	<b>31,006</b>	<b>25,661</b>
<b>Credit loss expense / (release)</b>	9	<b>167</b>	<b>84</b>	<b>27</b>	<b>303</b>	<b>80</b>
Personnel expenses	7	5,788	4,797	3,951	14,746	11,697
General and administrative expenses	8	4,014	4,584	2,585	11,584	8,011
Depreciation, amortization and impairment of non-financial assets		838	631	510	2,000	1,686
<b>Operating expenses</b>		<b>10,640</b>	<b>10,012</b>	<b>7,047</b>	<b>28,329</b>	<b>21,393</b>
<b>Operating profit / (loss) before tax</b>		<b>1,191</b>	<b>(196)</b>	<b>1,275</b>	<b>2,374</b>	<b>4,188</b>
Tax expense / (benefit)		194	28	339	587	1,115
<b>Net profit / (loss)</b>		<b>997</b>	<b>(224)</b>	<b>936</b>	<b>1,787</b>	<b>3,072</b>
Net profit / (loss) attributable to non-controlling interests		1	40	5	49	17
<b>Net profit / (loss) attributable to shareholders</b>		<b>996</b>	<b>(264)</b>	<b>932</b>	<b>1,738</b>	<b>3,055</b>



## Statement of comprehensive income

	For the quarter ended			Year-to-date	
USD m	30.9.24	30.6.24	30.9.23	30.9.24	30.9.23
<b>Comprehensive income attributable to shareholders<sup>1</sup></b>					
Net profit / (loss)	996	(264)	932	1,738	3,055
<b>Other comprehensive income that may be reclassified to the income statement</b>					
<b>Foreign currency translation</b>					
Foreign currency translation movements related to net assets of foreign operations, before tax	2,460	(109)	(646)	787	(114)
Effective portion of changes in fair value of hedging instruments designated as net investment hedges, before tax	(1,008)	78	292	(123)	18
Foreign currency translation differences on foreign operations reclassified to the income statement	2	2	2	4	(1)
Effective portion of changes in fair value of hedging instruments designated as net investment hedges reclassified to the income statement	0	0	0	1	(3)
Income tax relating to foreign currency translations, including the effect of net investment hedges	8	2	4	22	(1)
Subtotal foreign currency translation, net of tax	1,461	(27)	(348)	690	(102)
<b>Financial assets measured at fair value through other comprehensive income</b>					
Net unrealized gains / (losses), before tax	2	0	(1)	1	0
Net realized (gains) / losses reclassified to the income statement from equity	0	0	0	0	1
Income tax relating to net unrealized gains / (losses)	0	0	0	0	0
Subtotal financial assets measured at fair value through other comprehensive income, net of tax	2	0	(1)	1	1
<b>Cash flow hedges of interest rate risk</b>					
Effective portion of changes in fair value of derivative instruments designated as cash flow hedges, before tax	1,579	(335)	(940)	169	(1,635)
Net (gains) / losses reclassified to the income statement from equity	388	626	479	1,506	1,241
Income tax relating to cash flow hedges	(374)	2	89	(255)	86
Subtotal cash flow hedges, net of tax	1,593	294	(372)	1,420	(308)
<b>Cost of hedging</b>					
Cost of hedging, before tax	(8)	(20)	(1)	(34)	5
Income tax relating to cost of hedging	0	0	0	0	0
Subtotal cost of hedging, net of tax	(8)	(20)	(1)	(34)	5
<b>Total other comprehensive income that may be reclassified to the income statement, net of tax</b>	<b>3,048</b>	<b>247</b>	<b>(722)</b>	<b>2,077</b>	<b>(405)</b>
<b>Other comprehensive income that will not be reclassified to the income statement</b>					
<b>Defined benefit plans</b>					
Gains / (losses) on defined benefit plans, before tax	(127)	42	6	(50)	26
Income tax relating to defined benefit plans	8	0	(17)	0	(49)
Subtotal defined benefit plans, net of tax	(119)	41	(12)	(49)	(23)
<b>Own credit on financial liabilities designated at fair value</b>					
Gains / (losses) from own credit on financial liabilities designated at fair value, before tax	(317)	228	(312)	(70)	(455)
Income tax relating to own credit on financial liabilities designated at fair value	(6)	(2)	27	(8)	71
Subtotal own credit on financial liabilities designated at fair value, net of tax	(323)	226	(284)	(78)	(384)
<b>Total other comprehensive income that will not be reclassified to the income statement, net of tax</b>	<b>(442)</b>	<b>267</b>	<b>(296)</b>	<b>(128)</b>	<b>(408)</b>
<b>Total other comprehensive income</b>	<b>2,606</b>	<b>514</b>	<b>(1,018)</b>	<b>1,949</b>	<b>(812)</b>
<b>Total comprehensive income attributable to shareholders</b>	<b>3,602</b>	<b>251</b>	<b>(86)</b>	<b>3,687</b>	<b>2,243</b>
<b>Comprehensive income attributable to non-controlling interests</b>					
Net profit / (loss)	1	40	5	49	17
Total other comprehensive income that will not be reclassified to the income statement, net of tax	20	(20)	(11)	(11)	(9)
<b>Total comprehensive income attributable to non-controlling interests</b>	<b>21</b>	<b>20</b>	<b>(6)</b>	<b>37</b>	<b>8</b>
<b>Total comprehensive income</b>					
Net profit / (loss)	997	(224)	936	1,787	3,072
Other comprehensive income	2,626	494	(1,029)	1,937	(822)
of which: other comprehensive income that may be reclassified to the income statement	3,048	247	(722)	2,077	(405)
of which: other comprehensive income that will not be reclassified to the income statement	(422)	247	(307)	(139)	(417)
<b>Total comprehensive income</b>	<b>3,623</b>	<b>271</b>	<b>(93)</b>	<b>3,724</b>	<b>2,251</b>

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

## Balance sheet

USD m	Note	30.9.24	30.6.24	31.12.23
<b>Assets</b>				
Cash and balances at central banks		243,261	248,335	171,806
Amounts due from banks		20,162	20,457	28,206
Receivables from securities financing transactions measured at amortized cost		92,104	82,028	74,128
Cash collateral receivables on derivative instruments	11	47,209	43,637	32,300
Loans and advances to customers	9	625,249	608,910	405,633
Other financial assets measured at amortized cost	12	61,566	60,826	54,334
<b>Total financial assets measured at amortized cost</b>		<b>1,089,553</b>	<b>1,064,192</b>	<b>766,407</b>
Financial assets at fair value held for trading	10	172,190	162,358	135,098
<i>of which: assets pledged as collateral that may be sold or repledged by counterparties</i>		<i>46,601</i>	<i>43,452</i>	<i>44,524</i>
Derivative financial instruments	10, 11	159,720	140,415	131,728
Brokerage receivables	10	24,656	25,273	20,883
Financial assets at fair value not held for trading	10	129,141	123,020	63,754
<b>Total financial assets measured at fair value through profit or loss</b>		<b>485,706</b>	<b>451,065</b>	<b>351,463</b>
<b>Financial assets measured at fair value through other comprehensive income</b>	10	<b>2,179</b>	<b>2,167</b>	<b>2,233</b>
Investments in associates		2,483	2,233	983
Property, equipment and software		12,848	12,990	11,044
Goodwill and intangible assets		6,739	7,023	6,265
Deferred tax assets		9,678	9,877	9,244
Other non-financial assets	12	17,707	15,117	8,377
<b>Total assets</b>		<b>1,626,893</b>	<b>1,564,664</b>	<b>1,156,016</b>
<b>Liabilities</b>				
Amounts due to banks		28,058	26,750	16,720
Payables from securities financing transactions measured at amortized cost		16,358	14,847	5,782
Cash collateral payables on derivative instruments	11	34,267	33,691	34,886
Customer deposits		779,604	760,693	555,673
Funding from UBS Group AG measured at amortized cost	13	112,262	111,725	67,282
Debt issued measured at amortized cost	15	109,460	112,520	69,784
Other financial liabilities measured at amortized cost	12	21,923	22,125	12,713
<b>Total financial liabilities measured at amortized cost</b>		<b>1,101,933</b>	<b>1,082,350</b>	<b>762,840</b>
Financial liabilities at fair value held for trading	10	36,441	33,493	31,712
Derivative financial instruments	10, 11	174,449	149,089	140,707
Brokerage payables designated at fair value	10	52,403	46,198	42,275
Debt issued designated at fair value	10, 14	106,527	108,405	86,341
Other financial liabilities designated at fair value	10, 12	41,055	36,834	27,366
<b>Total financial liabilities measured at fair value through profit or loss</b>		<b>410,875</b>	<b>374,019</b>	<b>328,401</b>
Provisions	16	5,009	4,763	2,524
Other non-financial liabilities	12	11,253	9,285	6,682
<b>Total liabilities</b>		<b>1,529,071</b>	<b>1,470,417</b>	<b>1,100,448</b>
<b>Equity</b>				
Share capital		386	386	386
Share premium		84,776	84,825	24,638
Retained earnings		8,019	7,417	28,235
Other comprehensive income recognized directly in equity, net of tax		3,762	764	1,974
<b>Equity attributable to shareholders</b>		<b>96,943</b>	<b>93,392</b>	<b>55,234</b>
Equity attributable to non-controlling interests		879	855	335
<b>Total equity</b>		<b>97,822</b>	<b>94,247</b>	<b>55,569</b>
<b>Total liabilities and equity</b>		<b>1,626,893</b>	<b>1,564,664</b>	<b>1,156,016</b>

## Statement of changes in equity

<i>USD m</i>	Share capital and share premium	Retained earnings	OCI recognized directly in equity, net of tax <sup>1</sup>	<i>of which: foreign currency translation</i>	<i>of which: cash flow hedges</i>	Total equity attributable to shareholders
<b>Balance as of 1 January 2024<sup>2</sup></b>	<b>25,024</b>	<b>28,235</b>	<b>1,974</b>	<b>4,947</b>	<b>(2,961)</b>	<b>55,234</b>
Equity recognized due to the merger of UBS AG and Credit Suisse AG <sup>3</sup>	60,571	(18,848)	(291)		(291)	41,432
Premium on shares issued and warrants exercised	0					0
Tax (expense) / benefit	8					8
Dividends		(3,000)				(3,000)
Translation effects recognized directly in retained earnings		(3)	3		3	0
Share of changes in retained earnings of associates and joint ventures		(3)				(3)
New consolidations / (deconsolidations) and other increases / (decreases)	(441) <sup>4</sup>	26				(414)
Total comprehensive income for the period		1,610	2,077	690	1,420	3,687
<i>of which: net profit / (loss)</i>		1,738				1,738
<i>of which: OCI, net of tax</i>		(128)	2,077	690	1,420	1,949
<b>Balance as of 30 September 2024<sup>2</sup></b>	<b>85,162</b>	<b>8,019</b>	<b>3,762</b>	<b>5,637</b>	<b>(1,830)</b>	<b>96,943</b>
Non-controlling interests as of 30 September 2024						879 <sup>5</sup>
<b>Total equity as of 30 September 2024</b>						<b>97,822</b>
<b>Balance as of 1 January 2023<sup>2</sup></b>	<b>24,985</b>	<b>31,746</b>	<b>(133)</b>	<b>4,098</b>	<b>(4,234)</b>	<b>56,598</b>
Premium on shares issued and warrants exercised	(5) <sup>6</sup>					(5)
Tax (expense) / benefit	0					0
Dividends		(6,000)				(6,000)
Translation effects recognized directly in retained earnings		18	(18)		(18)	0
Share of changes in retained earnings of associates and joint ventures		(1)				(1)
New consolidations / (deconsolidations) and other increases / (decreases)	0					0
Total comprehensive income for the period		2,648	(405)	(102)	(308)	2,243
<i>of which: net profit / (loss)</i>		3,055				3,055
<i>of which: OCI, net of tax</i>		(408)	(405)	(102)	(308)	(812)
<b>Balance as of 30 September 2023<sup>2</sup></b>	<b>24,981</b>	<b>28,410</b>	<b>(556)</b>	<b>3,996</b>	<b>(4,560)</b>	<b>52,836</b>
Non-controlling interests as of 30 September 2023						345
<b>Total equity as of 30 September 2023</b>						<b>53,181</b>

<sup>1</sup> Excludes other comprehensive income related to defined benefit plans and own credit that is recorded directly in Retained earnings. <sup>2</sup> Excludes non-controlling interests. <sup>3</sup> Refer to Note 2 for more information. <sup>4</sup> Mainly reflecting effects from transactions between Credit Suisse AG and its subsidiaries and UBS AG and its subsidiaries prior to the merger in May 2024. <sup>5</sup> Includes an increase of USD 490m in the second quarter of 2024 due to the merger of UBS AG and Credit Suisse AG. <sup>6</sup> Includes decreases related to recharges by UBS Group AG for share-based compensation awards granted to employees of UBS AG or its subsidiaries.

## Statement of cash flows

	Year-to-date	
USD m	30.9.24	30.9.23
<b>Cash flow from / (used in) operating activities</b>		
Net profit / (loss)	1,787	3,072
<b>Non-cash items included in net profit and other adjustments</b>		
Depreciation, amortization and impairment of non-financial assets	2,000	1,686
Credit loss expense / (release)	303	80
Share of net (profit) / loss of associates and joint ventures and impairment related to associates	(107)	(79)
Deferred tax expense / (benefit)	(477)	(208)
Net loss / (gain) from investing activities	(98)	33
Net loss / (gain) from financing activities	5,574	(423)
Other net adjustments <sup>1</sup>	(5,705)	1,333
<b>Net change in operating assets and liabilities<sup>1,2</sup></b>		
Amounts due from banks and amounts due to banks	2,968	(3,255)
Receivables from securities financing transactions measured at amortized cost	10,729	5,747
Payables from securities financing transactions measured at amortized cost	1,189	2,061
Cash collateral on derivative instruments	(11,320)	(5,375)
Loans and advances to customers	14,141	3,255
Customer deposits	(13,449)	(6,322)
Financial assets and liabilities at fair value held for trading and derivative financial instruments	(11,213)	(15,217)
Brokerage receivables and payables	6,159	(10,726)
Financial assets at fair value not held for trading and other financial assets and liabilities	(15,823)	178
Provisions and other non-financial assets and liabilities	738	370
Income taxes paid, net of refunds	(1,275)	(1,321)
<b>Net cash flow from / (used in) operating activities</b>	<b>(13,879)<sup>3</sup></b>	<b>(25,111)</b>
<b>Cash flow from / (used in) investing activities</b>		
Cash and cash equivalents obtained due to the merger of UBS AG and Credit Suisse AG <sup>4</sup>	121,258	
Purchase of subsidiaries, associates and intangible assets		(1)
Disposal of subsidiaries, associates and intangible assets	166	35
Purchase of property, equipment and software	(1,066)	(947)
Disposal of property, equipment and software	9	33
Net (purchase) / redemption of financial assets measured at fair value through other comprehensive income	28	25
Purchase of debt securities measured at amortized cost	(3,841)	(11,632)
Disposal and redemption of debt securities measured at amortized cost	6,857	7,227
<b>Net cash flow from / (used in) investing activities</b>	<b>123,412</b>	<b>(5,260)</b>
<b>Cash flow from / (used in) financing activities</b>		
Repayment of Swiss National Bank funding	(10,304)	
Net issuance (repayment) of short-term debt measured at amortized cost	(3,882)	6,658
Distributions paid on UBS AG shares	(3,000)	(6,000)
Issuance of debt designated at fair value and long-term debt measured at amortized cost <sup>5</sup>	82,921	84,278
Repayment of debt designated at fair value and long-term debt measured at amortized cost <sup>5</sup>	(98,381)	(65,547)
Inflows from securities financing transactions measured at amortized cost <sup>6</sup>	4,979	
Outflows from securities financing transactions measured at amortized cost <sup>6</sup>	(1,113)	
Net cash flows from other financing activities	(457)	(369)
<b>Net cash flow from / (used in) financing activities</b>	<b>(29,238)</b>	<b>19,020</b>
<b>Total cash flow</b>		
<b>Cash and cash equivalents at the beginning of the period</b>	<b>190,469</b>	<b>195,200</b>
Net cash flow from / (used in) operating, investing and financing activities	80,296	(11,350)
Effects of exchange rate differences on cash and cash equivalents <sup>1</sup>	3,153	(713)
<b>Cash and cash equivalents at the end of the period<sup>7</sup></b>	<b>273,918<sup>8</sup></b>	<b>183,136</b>
<i>of which: cash and balances at central banks<sup>7</sup></i>	<i>243,261</i>	<i>161,640</i>
<i>of which: amounts due from banks<sup>7</sup></i>	<i>18,540</i>	<i>10,950</i>
<i>of which: money market paper<sup>7,9</sup></i>	<i>11,915</i>	<i>10,545</i>

### Additional information

#### Net cash flow from / (used in) operating activities includes:

Interest received in cash	34,522	23,579
Interest paid in cash	30,623	18,052
Dividends on equity investments, investment funds and associates received in cash <sup>10</sup>	2,234	1,812

<sup>1</sup> Foreign currency translation and foreign exchange effects on operating assets and liabilities and on cash and cash equivalents are presented within the Other net adjustments line. Does not include foreign currency hedge effects related to foreign exchange swaps. <sup>2</sup> Excludes non-cash items arising from the accounting for the merger of UBS AG and Credit Suisse AG. Refer to Note 2 for more information. <sup>3</sup> Includes cash receipts from the sale of loans and loan commitments of USD 2,980m within Non-core and Legacy for the nine-month period ended 30 September 2024. <sup>4</sup> Refer to Note 2 for more information about the merger of UBS AG and Credit Suisse AG. <sup>5</sup> Includes funding from UBS Group AG measured at amortized cost (recognized on the balance sheet in Funding from UBS Group AG) and measured at fair value (recognized on the balance sheet in Debt issued designated at fair value and Other financial liabilities designated at fair value). <sup>6</sup> Reflects cash flows from securities financing transactions measured at amortized cost that use UBS debt instruments as the underlying. <sup>7</sup> Includes only balances with an original maturity of three months or less. <sup>8</sup> The balance includes USD 0.2bn related to cash held in Assets of disposal groups held for sale, recognized within Other non-financial assets. <sup>9</sup> Money market paper is included in the balance sheet under Financial assets at fair value not held for trading (30 September 2024: USD 11,130m; 30 September 2023: USD 10,158m), Other financial assets measured at amortized cost (30 September 2024: USD 455m; 30 September 2023: USD 187m) and Financial assets at fair value held for trading (30 September 2024: USD 331m; 30 September 2023: USD 199m). <sup>10</sup> Includes dividends received from associates reported within Net cash flow from / (used in) investing activities.

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

## Note 1 Basis of accounting

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### Basis of preparation

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

In preparing these interim financial statements, the same accounting policies and methods of computation have been applied as in the UBS AG consolidated annual financial statements for the period ended 31 December 2023, except for the changes described in this Note and changes in segment reporting as set out in Note 3. Note 2 sets out the accounting for the merger of UBS AG and Credit Suisse AG. These interim financial statements are unaudited and should be read in conjunction with UBS AG's audited consolidated financial statements in the UBS AG Annual Report 2023 and the "Management report" sections of this report, including the disclosures in "Integration of Credit Suisse" in the "Recent developments" section of this report. In the opinion of management, all necessary adjustments have been made for a fair presentation of UBS AG's financial position, results of operations and cash flows.

Preparation of these interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities. These estimates and assumptions are based on the best available information. Actual results in the future could differ from such estimates and differences may be material to the financial statements. Revisions to estimates, based on regular reviews, are recognized in the period in which they occur. For more information about areas of estimation uncertainty that are considered to require critical judgment, refer to this Note and Note 2, as well as "Note 1a Material accounting policies" in the "Consolidated financial statements" section of the UBS AG Annual Report 2023.

### Amendments to IAS 12, *Income Taxes*

UBS AG has applied for the purposes of these financial statements the exception that was introduced by the amendments to IAS 12, *Income Taxes*, issued in May 2023 in relation to top-up taxes on income under Global Anti-Base Erosion Rules that have been imposed under legislation that has been enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The exception requires that deferred tax assets and deferred tax liabilities be neither recognized nor disclosed in respect of such top-up taxes.

### Other amendments to IFRS Accounting Standards

A number of minor amendments to IFRS Accounting Standards became effective from 1 January 2024 or later and have had no material effect on UBS AG.

### IFRS 18, *Presentation and Disclosure in Financial Statements*

In April 2024, the IASB issued a new standard, IFRS 18, *Presentation and Disclosure in Financial Statements*, which replaces IAS 1, *Presentation of Financial Statements*. The main changes introduced by IFRS 18 relate to:

- the structure of income statements;
- new disclosure requirements for management performance measures; and
- enhanced guidance on aggregation and disaggregation of information on the face of financial statements and in the notes thereto.

## Note 1 Basis of accounting (continued)

IFRS 18 is effective from 1 January 2027 and will also apply to comparative information. UBS AG will first apply these new requirements in the Annual Report 2027 and, for interim reporting, in the first quarter 2027 interim report. UBS AG is assessing the impact of the new requirements on its reporting but expects it to be limited. UBS AG will take the opportunity to refine the grouping of items in the primary financial statements and in the notes thereto based on new principles of aggregation and disaggregation in IFRS 18.

### **Amendments to IFRS 9, *Financial Instruments*, and IFRS 7, *Financial Instruments: Disclosures***

In May 2024, the IASB issued Amendments to the *Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7* (Amendments).

The Amendments relate to:

- derecognition of financial liabilities settled through electronic transfer systems;
- assessment of contractual cash flow characteristics in classifying financial assets, including those with environmental, social and corporate governance and similar features, non-recourse features, and contractually linked instruments; and
- disclosure of information about financial instruments with contingent features that can change the amount of contractual cash flows, as well as equity instruments designated at fair value through other comprehensive income.

The Amendments are effective from 1 January 2026, with early application permitted either for the entire set of amendments or for only those that relate to classification of financial instruments. UBS AG is currently assessing the impact of the new requirements on its financial statements.

### **Incremental accounting policies related to the transactions and activities associated with the merger of UBS AG and Credit Suisse AG**

#### **Business combinations under common control**

UBS AG's material accounting policies in respect of business combinations are set out in "Note 1a Material accounting policies, item 1 Consolidation" in the "Consolidated financial statements" section of the UBS AG Annual Report 2023. The merger of UBS AG and Credit Suisse AG on 31 May 2024 constitutes a business combination under common control as defined in IFRS 3, *Business Combinations*, i.e. a business combination in which the combining entities or businesses are ultimately controlled by the same entity both before and after the business combination and where that control is not transitory. Business combinations under common control are outside the scope of IFRS 3. In the absence of specific accounting requirements in IFRS Accounting Standards, UBS AG has adopted an accounting policy that provides relevant information for the economic decision-making needs of users and is reflective of the economic substance of the transaction.

UBS AG accounts for business combinations under common control using the historic carrying values of assets and liabilities of the transferred entity or business as of the date of the transfer, determined under IFRS Accounting Standards. The balances of each of the equity reserves of the transferred entity, accumulated after that entity becomes part of the UBS Group, are combined with the corresponding equity reserves (*Share premium*, *Retained earnings* and *Other comprehensive income recognized directly in equity, net of tax*) of UBS AG. The difference between the aggregate carrying value of the assets and liabilities and equity reserves is recognized as an adjustment to *Share premium*, net of any consideration that may be payable. Comparative periods prior to the dates of business combinations under common control are not restated, because such transactions are accounted for prospectively.

#### **Allowances and provisions for expected credit losses**

UBS AG's material accounting policies in respect of allowances and provisions for expected credit losses are set out in "Note 1a Material accounting policies, item 2g Allowances and provisions for expected credit losses" in the "Consolidated financial statements" section of the UBS AG Annual Report 2023. Financial instruments acquired through a business combination under common control that are not classified by UBS AG at fair value through profit or loss are subject to IFRS 9 expected credit loss requirements.

## Note 1 Basis of accounting (continued)

### Goodwill and other intangible assets

UBS AG's material accounting policies regarding goodwill are set out in "Note 1a Material accounting policies, item 9 Goodwill" in the "Consolidated financial statements" section of the UBS AG Annual Report 2023. Goodwill recognized in the transferred entity prior to the date of the business combination under common control is recognized in these financial statements at the historic carrying value, subsequently allocated to respective cash-generating units and tested for impairment.

Business combinations under common control do not result in a recognition of incremental goodwill or other intangible assets, in addition to those already recognized by the transferred entity prior to the date of business combination under common control.

### Currency translation rates

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

	Closing exchange rate				Average rate <sup>1</sup>				
	As of				For the quarter ended			Year-to-date	
	30.9.24	30.6.24	31.12.23	30.9.23	30.9.24	30.6.24	30.9.23	30.9.24	30.9.23
1 CHF	1.18	1.11	1.19	1.09	1.17	1.10	1.12	1.14	1.11
1 EUR	1.11	1.07	1.10	1.06	1.10	1.07	1.08	1.09	1.08
1 GBP	1.34	1.26	1.28	1.22	1.31	1.26	1.26	1.28	1.24
100 JPY	0.69	0.62	0.71	0.67	0.69	0.63	0.69	0.66	0.72

<sup>1</sup> 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.



### Merger of UBS AG and Credit Suisse AG

The merger of UBS AG and Credit Suisse AG effected on 31 May 2024 with no consideration payable by UBS AG constitutes a business combination under common control accounted for based on the accounting policies set out in Note 1 to these financial statements.

#### Assets and liabilities

UBS AG accounted for the merger with Credit Suisse AG 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.

- No fair value adjustments were made to assets and liabilities (which is different to the UBS Group AG consolidated financial statements where acquisition method accounting was required under IFRS 3, *Business Combinations*, on 31 May 2023 for the acquisition of Credit Suisse Group AG).
- UBS AG has elected to retain historic accumulated depreciation and impairment of non-financial assets arising since 31 May 2023, i.e. the date on which Credit Suisse AG came to be under the common control of UBS Group AG.
- Expected credit loss allowances and provisions for performing and credit-impaired exposures were recognized under IFRS 9.
- No new goodwill, intangible assets or contingent liabilities have been recognized as a result of the merger of UBS AG and Credit Suisse AG.
- Uniform accounting policies for like transactions and events have been applied throughout UBS AG and Credit Suisse AG as of 31 May 2023 (the date of the acquisition of Credit Suisse Group AG by UBS Group AG).

#### Equity reserves

The equity reserve balances of Credit Suisse AG recorded from 31 May 2023 to 31 May 2024 have been added across to the corresponding equity reserves of UBS AG, except for the foreign currency translation reserve that UBS AG has elected to reset and has been added to *Share premium*. As a result, the net investment hedge accounting reserve has been added to *Retained earnings* as if no net investment hedge accounting had been applied by Credit Suisse. The results of Credit Suisse AG from 31 May 2023 to 31 May 2024 have been added to *Retained earnings*. Equity reserve balances of Credit Suisse AG recorded prior to 31 May 2023 (i.e. the date on which Credit Suisse AG came under the common control of UBS Group AG) have not been retained.

The difference between the aggregated carrying value of the assets and liabilities and equity reserves has been recognized as an adjustment to *Share premium* (reflecting the contribution of the Credit Suisse AG business to UBS AG from the common parent, UBS Group AG).

#### Comparability

Profit and loss information for the third quarter of 2024 is based entirely on consolidated data following the merger of UBS AG and Credit Suisse AG. Profit and loss information for the second quarter of 2024 includes one month (June 2024) of post-merger consolidated data and two months of pre-merger UBS AG data only (April and May 2024). Profit and loss information for the third quarter of 2023 includes pre-merger UBS AG data only. Year-to-date information for 2024 includes four months (June to September 2024) of post-merger consolidated data and five months of pre-merger UBS AG data only (January to May 2024). Comparative year-to-date information for 2023 includes pre-merger UBS AG data only.

Balance sheet information as at 30 September 2024 and 30 June 2024 includes post-merger consolidated information. Balance sheet dates prior to 30 June 2024 reflect pre-merger UBS AG information only.

The comparative periods prior to the merger date have not been restated, as the transaction has been accounted for prospectively since 31 May 2024, i.e. the date on which the merger of UBS AG and Credit Suisse AG was effected.



## Note 2 Accounting for the merger of UBS AG and Credit Suisse AG (continued)

The table below presents the assets, liabilities and equity of Credit Suisse AG that were recognized by UBS AG on 31 May 2024 as a result of the merger.

### Credit Suisse AG assets, liabilities and equity transferred to UBS AG on the merger date

USD m

#### Assets

Cash and balances at central banks	114,759
Amounts due from banks	6,861
Receivables from securities financing transactions measured at amortized cost	28,380
Cash collateral receivables on derivative instruments	10,373
Loans and advances to customers	222,937
Other financial assets measured at amortized cost	10,852
<b>Total financial assets measured at amortized cost</b>	<b>394,162</b>
Financial assets at fair value held for trading	15,504
Derivative financial instruments	31,975
Brokerage receivables	130
Financial assets at fair value not held for trading	36,592
<b>Total financial assets measured at fair value through profit or loss</b>	<b>84,201</b>
<b>Financial assets measured at fair value through other comprehensive income</b>	<b>0</b>
Investments in associates	1,330
Property, equipment and software	2,627
Goodwill and intangible assets	819
Deferred tax assets	224
Other non-financial assets	5,943
<b>Total assets</b>	<b>489,306</b>

#### Liabilities

Amounts due to banks	20,715
Payables from securities financing transactions measured at amortized cost	6,077
Cash collateral payables on derivative instruments	6,459
Customer deposits	224,627
Funding from UBS Group AG measured at amortized cost	45,298
Debt issued measured at amortized cost	44,521
Other financial liabilities measured at amortized cost	8,984
<b>Total financial liabilities measured at amortized cost</b>	<b>356,681</b>
Financial liabilities at fair value held for trading	1,870
Derivative financial instruments	33,200
Brokerage payables designated at fair value	339
Debt issued designated at fair value	25,947
Other financial liabilities designated at fair value	5,494
<b>Total financial liabilities measured at fair value through profit or loss</b>	<b>66,850</b>
Provisions	2,817
Other non-financial liabilities	3,381
<b>Total liabilities</b>	<b>429,729</b>

#### Equity

<b>Equity attributable to shareholders<sup>1</sup></b>	<b>41,432</b>
Equity attributable to non-controlling interests	490
<b>Total equity</b>	<b>41,922</b>

<sup>1</sup> Refer to the Statement of changes in equity in this report for more information.

Transactions between UBS AG and Credit Suisse AG have been eliminated from the balances presented in the table above. They amounted to USD 7.1bn of assets and USD 24.8bn of liabilities of Credit Suisse AG.

## Note 2 Accounting for the merger of UBS AG and Credit Suisse AG (continued)

### Agreement to sell Select Portfolio Servicing

On 13 August 2024, UBS entered into an agreement to sell Select Portfolio Servicing, the US mortgage servicing business of Credit Suisse, which is managed in Non-core and Legacy. Completion of the transaction is subject to regulatory approvals and other customary closing conditions. The associated assets and liabilities are disclosed in *Assets of disposal groups held for sale* and *Liabilities of disposal groups held for sale*, respectively, within Note 12 to these financial statements. The transaction is expected to close in the first quarter of 2025. UBS AG does not expect to recognize a material profit or loss upon completion of the transaction.

## Note 3 Segment reporting

As part of the continued refinement of UBS AG's reporting structure and organizational setup, in the first quarter of 2024 certain changes to Group Treasury allocations were made with an impact on segment reporting for UBS AG's business divisions and Group Items. Prior-period information has been adjusted for comparability.

UBS AG has allocated to the business divisions nearly all Group Treasury costs that historically were retained and reported in Group Items. Costs that continue to be retained in Group Items include costs related to hedging and own debt, and deferred tax asset funding costs. In parallel with these changes, UBS AG has increased the allocation of balance sheet resources from Group Treasury to the business divisions.

Following the changes outlined above, prior-period information for the nine-month period ended 30 September 2023 has been restated, resulting in decreases in Operating profit / (loss) before tax of USD 42m for Global Wealth Management and USD 30m for Personal & Corporate Banking, and increases in Operating profit / (loss) before tax of USD 46m for Group Items, USD 26m for the Investment Bank and USD 1m for Asset Management, with no change to Non-core and Legacy.

Prior-period information as of 31 December 2023 has also been restated, resulting in increases of Total assets of USD 35.6bn in Global Wealth Management, USD 26.9bn in Personal & Corporate Banking and USD 21.4bn in the Investment Bank, with a corresponding decrease of assets of USD 83.9bn in Group Items.

These changes had no effect on the reported results or financial position of UBS AG.

► Refer to the "Consolidated financial statements" section of the UBS AG Annual Report 2023 for more information about UBS AG's business divisions

USD m	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Non-core and Legacy	Group Items	UBS AG
<b>For the nine months ended 30 September 2024<sup>1</sup></b>							
Net interest income	4,183	2,868	(38)	(2,667)	(17)	(1,243)	3,088
Non-interest income	11,982	2,259	2,069	9,944	427	1,237	27,918
Total revenues	16,166	5,127	2,031	7,277	411	(6)	31,006
Credit loss expense / (release)	10	203	0	35	53	1	303
Operating expenses	13,579	3,257	1,691	6,523	2,542	737	28,329
<b>Operating profit / (loss) before tax</b>	<b>2,577</b>	<b>1,667</b>	<b>340</b>	<b>718</b>	<b>(2,184)</b>	<b>(744)</b>	<b>2,374</b>
Tax expense / (benefit)							587
<b>Net profit / (loss)</b>							<b>1,787</b>
<b>As of 30 September 2024</b>							
<b>Total assets</b>	<b>578,624</b>	<b>477,040</b>	<b>23,655</b>	<b>448,284</b>	<b>83,715</b>	<b>15,576</b>	<b>1,626,893</b>
USD m	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Non-core and Legacy	Group Functions	UBS AG
<b>For the nine months ended 30 September 2023<sup>1, 2</sup></b>							
Net interest income	4,192	2,298	(26)	(1,818)	23	(991)	3,678
Non-interest income	9,975	1,782	1,539	7,848	64	775	21,983
Total revenues	14,167	4,080	1,513	6,030	87	(216)	25,661
Credit loss expense / (release)	29	27	(1)	25	(1)	1	80
Operating expenses	10,872	2,118	1,243	5,480	861	819	21,393
<b>Operating profit / (loss) before tax</b>	<b>3,267</b>	<b>1,935</b>	<b>271</b>	<b>526</b>	<b>(774)</b>	<b>(1,036)</b>	<b>4,188</b>
Tax expense / (benefit)							1,115
<b>Net profit / (loss)</b>							<b>3,072</b>
<b>As of 31 December 2023<sup>2</sup></b>							
<b>Total assets</b>	<b>404,747</b>	<b>283,980</b>	<b>19,662</b>	<b>402,415</b>	<b>13,845</b>	<b>31,368</b>	<b>1,156,016</b>

<sup>1</sup> Refer to "Note 3 Segment reporting" in the "Consolidated financial statements" section of the UBS AG Annual Report 2023 for more information about UBS AG's reporting segments. <sup>2</sup> Comparative-period information has been restated for changes in business division perimeters, Group Treasury allocations and Non-core and Legacy cost allocations. Refer to "Note 3 Segment reporting" in the "Consolidated financial statements" section of this report.

## Note 4 Net interest income

	For the quarter ended			Year-to-date	
USD m	30.9.24	30.6.24	30.9.23	30.9.24	30.9.23
Interest income from loans and deposits <sup>1</sup>	7,620	6,070	5,279	19,128	14,228
Interest income from securities financing transactions measured at amortized cost <sup>2</sup>	898	1,008	894	2,894	2,492
Interest income from other financial instruments measured at amortized cost	346	320	291	989	826
Interest income from debt instruments measured at fair value through other comprehensive income	26	26	27	80	75
Interest income from derivative instruments designated as cash flow hedges	(556)	(532)	(517)	(1,625)	(1,350)
<b>Total interest income from financial instruments measured at amortized cost and fair value through other comprehensive income</b>	<b>8,335</b>	<b>6,892</b>	<b>5,974</b>	<b>21,467</b>	<b>16,272</b>
Interest expense on loans and deposits <sup>3</sup>	6,634	5,453	4,090	16,923	10,451
Interest expense on securities financing transactions measured at amortized cost <sup>4</sup>	569	499	454	1,476	1,293
Interest expense on debt issued	1,575	1,099	788	3,461	2,000
Interest expense on lease liabilities	41	29	24	93	74
<b>Total interest expense from financial instruments measured at amortized cost</b>	<b>8,820</b>	<b>7,080</b>	<b>5,357</b>	<b>21,952</b>	<b>13,818</b>
<b>Total net interest income from financial instruments measured at amortized cost and fair value through other comprehensive income</b>	<b>(485)</b>	<b>(188)</b>	<b>617</b>	<b>(486)</b>	<b>2,454</b>
<b>Net interest income from financial instruments measured at fair value through profit or loss and other</b>	<b>2,045</b>	<b>910</b>	<b>368</b>	<b>3,573</b>	<b>1,224</b>
<b>Total net interest income</b>	<b>1,560</b>	<b>722</b>	<b>984</b>	<b>3,088</b>	<b>3,678</b>

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

## Note 5 Net fee and commission income

	For the quarter ended			Year-to-date	
USD m	30.9.24	30.6.24	30.9.23	30.9.24	30.9.23
Underwriting fees	174	235	143	632	424
M&A and corporate finance fees	243	262	139	739	474
Brokerage fees	1,122	1,095	784	3,237	2,464
Investment fund fees	1,552	1,358	1,193	4,111	3,550
Portfolio management and related services	3,111	2,678	2,323	8,245	6,787
Other	785	562	515	1,819	1,482
<b>Total fee and commission income<sup>1</sup></b>	<b>6,986</b>	<b>6,190</b>	<b>5,097</b>	<b>18,783</b>	<b>15,180</b>
of which: recurring	4,693	4,076	3,573	12,437	10,483
of which: transaction-based	2,249	2,089	1,512	6,253	4,655
of which: performance-based	44	25	11	93	42
<b>Fee and commission expense</b>	<b>652</b>	<b>589</b>	<b>431</b>	<b>1,699</b>	<b>1,297</b>
<b>Net fee and commission income</b>	<b>6,334</b>	<b>5,601</b>	<b>4,666</b>	<b>17,084</b>	<b>13,883</b>

<sup>1</sup> Reflects third-party fee and commission income for the third quarter of 2024 of USD 4,148m for Global Wealth Management (second quarter of 2024: USD 3,697m; third quarter of 2023: USD 3,197m), USD 761m for Personal & Corporate Banking (second quarter of 2024: USD 589m; third quarter of 2023: USD 471m), USD 926m for Asset Management (second quarter of 2024: USD 774m; third quarter of 2023: USD 670m), USD 1,041m for the Investment Bank (second quarter of 2024: USD 1,110m; third quarter of 2023: USD 760m), USD 13m for Group Items (second quarter of 2024: negative USD 22m; third quarter of 2023: negative USD 5m) and USD 97m for Non-core and Legacy (second quarter of 2024: USD 42m; third quarter of 2023: USD 5m). Comparative-period information has been restated for changes in business division perimeters, Group Treasury allocations and Non-core and Legacy cost allocations. Refer to Note 3 for more information.

## Note 6 Other income

	For the quarter ended			Year-to-date	
USD m	30.9.24	30.6.24	30.9.23	30.9.24	30.9.23
<b>Associates, joint ventures and subsidiaries</b>					
Net gains / (losses) from acquisitions and disposals of subsidiaries <sup>1</sup>	(2)	(2)	(2)	(4)	4
Net gains / (losses) from disposals of investments in associates and joint ventures	116 <sup>2</sup>	0	0	116 <sup>2</sup>	0
Share of net profits of associates and joint ventures	67	24	55	107	79
<b>Total</b>	<b>182</b>	<b>22</b>	<b>53</b>	<b>219</b>	<b>84</b>
Income from properties <sup>3</sup>	13	7	4	24	13
Net gains / (losses) from properties held for sale	(16)	0	8	(17)	8
Income from shared services provided to UBS Group AG or its subsidiaries	169	215	145	552	428
Other	163 <sup>4</sup>	63	21	247 <sup>4</sup>	92
<b>Total other income</b>	<b>510</b>	<b>306</b>	<b>231</b>	<b>1,025</b>	<b>624</b>

<sup>1</sup> Includes foreign exchange gains / (losses) reclassified from other comprehensive income related to the disposal or closure of foreign operations. <sup>2</sup> Includes a gain of USD 119m related to the sale of our investment in an associate. <sup>3</sup> Includes rent received from third parties. <sup>4</sup> Includes a USD 84m gain in Asset Management from the sale of our Brazilian real estate fund management business (nine-month period ended 30 September 2024: USD 113m).

## Note 7 Personnel expenses

	For the quarter ended			Year-to-date	
USD m	30.9.24	30.6.24	30.9.23	30.9.24	30.9.23
Salaries and variable compensation <sup>1</sup>	4,999	4,205	3,431	12,824	10,151
<i>of which: variable compensation – financial advisors<sup>2</sup></i>	1,335	1,291	1,150	3,893	3,372
Contractors	33	24	24	78	74
Social security	315	251	216	774	612
Post-employment benefit plans	242	159	133	587	446
Other personnel expenses	200	158	147	482	413
<b>Total personnel expenses</b>	<b>5,788</b>	<b>4,797</b>	<b>3,951</b>	<b>14,746</b>	<b>11,697</b>

<sup>1</sup> Includes role-based allowances. <sup>2</sup> Consists of cash and deferred compensation awards and is based on compensable revenues and firm tenure using a formulaic approach. Also includes expenses related to compensation commitments with financial advisors entered into at the time of recruitment that are subject to vesting requirements.

## Note 8 General and administrative expenses

	For the quarter ended			Year-to-date	
USD m	30.9.24	30.6.24	30.9.23	30.9.24	30.9.23
Outsourcing costs	255	191	117	567	362
Technology costs	257	206	142	625	403
Consulting, legal and audit fees	315	240	162	756	430
Real estate and logistics costs	267	190	210	587	462
Market data services	177	126	97	409	297
Marketing and communication	90	70	46	226	124
Travel and entertainment	60	72	44	186	145
Litigation, regulatory and similar matters <sup>1</sup>	(47)	1,161	8	1,121	784
Other	2,640	2,329	1,760	7,106	5,004
<i>of which: shared services costs charged by UBS Group AG or its subsidiaries</i>	2,330	2,097	1,563	6,360	4,408
<b>Total general and administrative expenses</b>	<b>4,014</b>	<b>4,584</b>	<b>2,585</b>	<b>11,584</b>	<b>8,011</b>

<sup>1</sup> Reflects the net increase in provisions for Litigation, regulatory and similar matters recognized in the income statement, as well as recoveries from third parties or other UBS Group entities. Refer to Note 16b for more information.

## Note 9 Expected credit loss measurement

### a) Credit loss expense / release

Total net credit loss expenses in the third quarter of 2024 were USD 167m, reflecting USD 15m net releases related to performing positions and USD 182m net expenses on credit-impaired positions.

Stage 1 and 2 net releases of USD 15m included scenario-update-related net releases of USD 8m, mainly from real estate lending, and portfolio changes.

Credit loss expenses of USD 182m for credit-impaired positions almost entirely related to Personal & Corporate Banking and Non-core and Legacy exposures with a small number of corporate counterparties.

#### Credit loss expense / (release)

	Performing positions	Credit-impaired positions	
USD m	Stages 1 and 2	Stage 3	Total
<b>For the quarter ended 30.9.24</b>			
Global Wealth Management	(11)	14	3
Personal & Corporate Banking	(10)	94	84
Asset Management	0	0	0
Investment Bank	9	(4)	4
Non-core and Legacy	(2)	77	76
Group Items	0	0	0
<b>Total</b>	<b>(15)</b>	<b>182</b>	<b>167</b>
<b>For the quarter ended 30.6.24</b>			
Global Wealth Management	(14)	12	(2)
Personal & Corporate Banking	(15)	125	110
Asset Management	0	0	0
Investment Bank	1	(2)	(1)
Non-core and Legacy	(1)	(22)	(23)
Group Items	0	0	0
<b>Total</b>	<b>(29)</b>	<b>113</b>	<b>84</b>
<b>For the quarter ended 30.9.23</b>			
Global Wealth Management	(7)	15	8
Personal & Corporate Banking	16	(15)	1
Asset Management	0	0	0
Investment Bank	10	7	17
Non-core and Legacy	0	(1)	(1)
Group Items	1	0	1
<b>Total</b>	<b>20</b>	<b>6</b>	<b>27</b>

## Note 9 Expected credit loss measurement (continued)

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

#### 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 third quarter of 2024 through a series of governance meetings, with input and feedback from UBS AG Risk and Finance experts across the business divisions and regions. ECLs for former Credit Suisse positions were calculated based on Credit Suisse's models, including the same scenarios and scenario weight inputs as for UBS.

UBS AG kept the scenarios and scenario weights in line with those applied in the UBS AG second quarter 2024 report. The baseline scenario was updated with the latest macroeconomic forecasts as of 30 September 2024. The assumptions on a calendar-year basis are included in the table below.

The mild debt crisis scenario and the stagflationary geopolitical crisis scenario were updated based on the latest market data, but the assumptions remained broadly unchanged.

The scenario-update-related ECL releases in the third quarter of 2024 mainly stemmed from real estate lending, driven by the upward revision of Swiss house price and rental income levels, as well as interest rate assumptions in the stagflation scenario.

#### Post-model adjustments

Total stage 1 and 2 allowances and provisions were USD 1,202m as of 30 September 2024 and included post-model adjustments of USD 281m (30 June 2024: USD 300m). Post-model adjustments are intended to cover uncertainty levels, including the geopolitical situation, and to align outputs from Credit Suisse models with those from UBS AG models for dedicated segments.

› Refer to Note 2 for more information

#### Comparison of shock factors

	Baseline		
Key parameters	2023	2024	2025
<b>Real GDP growth (annual percentage change)</b>			
US	2.9	2.6	1.6
Eurozone	0.5	0.6	1.2
Switzerland	0.7	1.4	1.5
<b>Unemployment rate (% , annual average)</b>			
US	3.6	4.1	4.3
Eurozone	6.6	6.5	6.9
Switzerland	2.0	2.4	2.6
<b>Fixed income: 10-year government bonds (% , Q4)</b>			
USD	3.9	3.8	3.8
EUR	2.0	2.1	2.1
CHF	0.7	0.4	0.5
<b>Real estate (annual percentage change, Q4)</b>			
US	5.3	2.4	2.9
Eurozone	(1.1)	0.6	3.1
Switzerland	0.1	3.0	4.0

#### Economic scenarios and weights applied

	Assigned weights in %		
ECL scenario	30.9.24	30.6.24	30.9.23
Baseline	60.0	60.0	60.0
Mild debt crisis	15.0	15.0	15.0
Stagflationary geopolitical crisis	25.0	25.0	25.0

## Note 9 Expected credit loss measurement (continued)

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

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

No purchased credit-impaired financial assets were recognized in the third quarter of 2024. Originated credit-impaired financial assets were not material and are not presented in the table below.

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

USD m	30.9.24							
	Carrying amount <sup>1</sup>				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	243,261	243,130	131	0	(212)	0	(212)	0
Amounts due from banks	20,162	19,949	201	13	(76)	(5)	(2)	(68)
Receivables from securities financing transactions measured at amortized cost	92,104	92,105	0	0	(1)	(1)	0	0
Cash collateral receivables on derivative instruments	47,209	47,209	0	0	0	0	0	0
Loans and advances to customers	625,249	594,453	26,049	4,748	(2,874)	(331)	(321)	(2,222)
of which: Private clients with mortgages	268,774	256,960	10,407	1,408	(232)	(54)	(82)	(96)
of which: Real estate financing	91,028	85,545	5,201	281	(110)	(25)	(31)	(54)
of which: Large corporate clients	29,724	24,682	3,988	1,055	(798)	(79)	(101)	(619)
of which: SME clients	23,880	19,485	2,960	1,435	(787)	(56)	(49)	(681)
of which: Lombard	150,202	149,734	353	115	(121)	(7)	(1)	(114)
of which: Credit cards	2,145	1,658	446	42	(44)	(7)	(11)	(26)
of which: Commodity trade finance	3,761	3,596	153	12	(113)	(13)	(1)	(98)
of which: Ship / aircraft financing	8,300	7,782	518	0	(54)	(36)	(8)	(10)
of which: Consumer financing	2,977	2,741	142	93	(132)	(21)	(26)	(85)
Other financial assets measured at amortized cost	61,566	60,853	531	182	(146)	(33)	(8)	(106)
of which: Loans to financial advisors	2,677	2,494	82	101	(46)	(4)	(1)	(41)
<b>Total financial assets measured at amortized cost</b>	<b>1,089,553</b>	<b>1,057,699</b>	<b>26,912</b>	<b>4,942</b>	<b>(3,309)</b>	<b>(371)</b>	<b>(543)</b>	<b>(2,395)</b>
Financial assets measured at fair value through other comprehensive income	2,179	2,179	0	0	0	0	0	0
<b>Total on-balance sheet financial assets in scope of ECL requirements<sup>2</sup></b>	<b>1,091,732</b>	<b>1,059,878</b>	<b>26,912</b>	<b>4,942</b>	<b>(3,309)</b>	<b>(371)</b>	<b>(543)</b>	<b>(2,395)</b>

	Total exposure				ECL provisions			
Off-balance sheet (in scope of ECL)	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3
Guarantees	41,450	40,019	1,279	151	(62)	(24)	(18)	(20)
of which: Large corporate clients	8,120	7,470	620	30	(26)	(8)	(9)	(9)
of which: SME clients	2,616	2,214	301	101	(12)	(4)	(4)	(4)
of which: Financial intermediaries and hedge funds	22,810	22,737	73	0	(12)	(8)	(4)	0
of which: Lombard	4,197	3,985	206	6	(3)	0	0	(3)
of which: Commodity trade finance	1,773	1,771	1	0	(1)	(1)	0	0
Irrevocable loan commitments	80,506	76,601	3,736	169	(187)	(113)	(45)	(29)
of which: Large corporate clients	48,794	45,464	3,208	123	(119)	(77)	(34)	(7)
Forward starting reverse repurchase and securities borrowing agreements	16,063	16,063	0	0	0	0	0	0
Unconditionally revocable loan commitments	154,613	151,814	2,543	255	(86)	(68)	(17)	0
of which: Real estate financing	11,547	11,249	297	1	(7)	(6)	0	0
of which: Large corporate clients	16,378	15,853	523	3	(24)	(16)	(6)	(2)
of which: SME clients	11,099	10,381	509	209	(36)	(29)	(6)	0
of which: Lombard	62,624	62,562	61	1	0	0	0	0
of which: Credit cards	10,400	9,910	487	3	(9)	(7)	(2)	0
Irrevocable committed prolongation of existing loans	3,701	3,691	5	5	(3)	(3)	0	0
<b>Total off-balance sheet financial instruments and other credit lines<sup>2</sup></b>	<b>296,333</b>	<b>288,188</b>	<b>7,564</b>	<b>581</b>	<b>(337)</b>	<b>(208)</b>	<b>(80)</b>	<b>(49)</b>
<b>Total allowances and provisions<sup>2</sup></b>					<b>(3,646)</b>	<b>(579)</b>	<b>(623)</b>	<b>(2,445)</b>

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



## Note 9 Expected credit loss measurement (continued)

USD m	30.6.24							
	Carrying amount <sup>1</sup>				ECL allowances			
	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3
Financial instruments measured at amortized cost								
Cash and balances at central banks	248,335	248,241	94	0	(230)	(1)	(228)	0
Amounts due from banks	20,457	20,125	319	13	(73)	(5)	0	(67)
Receivables from securities financing transactions measured at amortized cost	82,027	82,028	0	0	(2)	(2)	0	0
Cash collateral receivables on derivative instruments	43,637	43,637	0	0	0	0	0	0
Loans and advances to customers	608,910	578,841	25,506	4,563	(2,696)	(354)	(299)	(2,044)
of which: Private clients with mortgages	255,281	244,008	10,104	1,169	(181)	(56)	(77)	(48)
of which: Real estate financing	88,141	83,214	4,580	347	(104)	(28)	(31)	(46)
of which: Large corporate clients	28,619	23,612	3,867	1,140	(741)	(93)	(95)	(553)
of which: SME clients	23,698	19,766	2,591	1,341	(871)	(60)	(40)	(771)
of which: Lombard	148,546	147,529	880	137	(101)	(7)	(2)	(92)
of which: Credit cards	1,927	1,479	408	40	(41)	(6)	(11)	(25)
of which: Commodity trade finance	5,795	5,558	222	16	(149)	(18)	(2)	(129)
of which: Ship / aircraft financing	8,549	8,096	427	25	(42)	(38)	(4)	0
of which: Consumer financing	2,886	2,689	120	78	(112)	(20)	(21)	(71)
Other financial assets measured at amortized cost	60,826	60,098	537	191	(148)	(34)	(8)	(106)
of which: Loans to financial advisors	2,601	2,408	83	110	(47)	(4)	(1)	(41)
Total financial assets measured at amortized cost	1,064,192	1,032,970	26,456	4,766	(3,148)	(396)	(535)	(2,217)
Financial assets measured at fair value through other comprehensive income	2,167	2,167	0	0	0	0	0	0
Total on-balance sheet financial assets in scope of ECL requirements <sup>2</sup>	1,066,359	1,035,137	26,456	4,766	(3,148)	(396)	(535)	(2,217)
	Total exposure				ECL provisions			
Off-balance sheet (in scope of ECL)	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3
Guarantees	40,791	39,207	1,382	203	(69)	(26)	(15)	(28)
of which: Large corporate clients	8,323	7,421	820	82	(26)	(9)	(7)	(9)
of which: SME clients	2,539	2,153	287	99	(12)	(4)	(4)	(4)
of which: Financial intermediaries and hedge funds	21,270	21,080	190	0	(11)	(8)	(3)	0
of which: Lombard	3,895	3,872	10	13	(4)	0	0	(4)
of which: Commodity trade finance	1,642	1,629	13	0	(1)	(1)	0	0
Irrevocable loan commitments	81,866	77,446	4,236	184	(178)	(104)	(44)	(30)
of which: Large corporate clients	46,696	42,890	3,699	107	(128)	(85)	(37)	(6)
Forward starting reverse repurchase and securities borrowing agreements	9,724	9,724	0	0	0	0	0	0
Unconditionally revocable loan commitments	150,450	148,053	2,154	244	(81)	(69)	(13)	0
of which: Real estate financing	11,706	11,154	552	0	(7)	(7)	0	0
of which: Large corporate clients	16,000	15,677	314	9	(22)	(16)	(4)	(2)
of which: SME clients	11,001	10,575	346	80	(34)	(28)	(5)	0
of which: Lombard	60,961	60,934	26	1	0	0	0	0
of which: Credit cards	10,056	9,576	477	4	(8)	(6)	(2)	0
Irrevocable committed prolongation of existing loans	3,328	3,319	7	2	(2)	(2)	0	0
Total off-balance sheet financial instruments and other credit lines <sup>2</sup>	286,160	277,748	7,779	633	(330)	(201)	(71)	(58)
Total allowances and provisions <sup>2</sup>					(3,478)	(597)	(606)	(2,275)

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



## Note 9 Expected credit loss measurement (continued)

USD m	31.12.23							
	Carrying amount <sup>1</sup>				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	171,806	171,788	18	0	(26)	0	(26)	0
Amounts due from banks <sup>2</sup>	28,206	28,191	14	0	(7)	(6)	(1)	0
Receivables from securities financing transactions measured at amortized cost	74,128	74,128	0	0	(2)	(2)	0	0
Cash collateral receivables on derivative instruments	32,300	32,300	0	0	0	0	0	0
Loans and advances to customers	405,633	385,493	18,131	2,009	(935)	(173)	(185)	(577)
<i>of which: Private clients with mortgages</i>	<i>174,400</i>	<i>163,617</i>	<i>9,955</i>	<i>828</i>	<i>(156)</i>	<i>(39)</i>	<i>(89)</i>	<i>(28)</i>
<i>of which: Real estate financing</i>	<i>54,305</i>	<i>50,252</i>	<i>4,038</i>	<i>15</i>	<i>(46)</i>	<i>(20)</i>	<i>(25)</i>	<i>(1)</i>
<i>of which: Large corporate clients</i>	<i>14,431</i>	<i>12,594</i>	<i>1,331</i>	<i>506</i>	<i>(241)</i>	<i>(34)</i>	<i>(32)</i>	<i>(174)</i>
<i>of which: SME clients</i>	<i>12,694</i>	<i>10,662</i>	<i>1,524</i>	<i>508</i>	<i>(262)</i>	<i>(34)</i>	<i>(24)</i>	<i>(204)</i>
<i>of which: Lombard</i>	<i>117,924</i>	<i>117,874</i>	<i>0</i>	<i>50</i>	<i>(22)</i>	<i>(5)</i>	<i>0</i>	<i>(17)</i>
<i>of which: Credit cards</i>	<i>2,041</i>	<i>1,564</i>	<i>438</i>	<i>39</i>	<i>(42)</i>	<i>(6)</i>	<i>(11)</i>	<i>(24)</i>
<i>of which: Commodity trade finance</i>	<i>2,889</i>	<i>2,873</i>	<i>12</i>	<i>4</i>	<i>(119)</i>	<i>(7)</i>	<i>0</i>	<i>(111)</i>
Other financial assets measured at amortized cost	54,334	53,882	312	141	(87)	(16)	(5)	(66)
<i>of which: Loans to financial advisors</i>	<i>2,615</i>	<i>2,422</i>	<i>79</i>	<i>114</i>	<i>(49)</i>	<i>(4)</i>	<i>(1)</i>	<i>(44)</i>
<b>Total financial assets measured at amortized cost</b>	<b>766,407</b>	<b>745,782</b>	<b>18,475</b>	<b>2,150</b>	<b>(1,057)</b>	<b>(197)</b>	<b>(217)</b>	<b>(643)</b>
Financial assets measured at fair value through other comprehensive income	2,233	2,233	0	0	0	0	0	0
<b>Total on-balance sheet financial assets in scope of ECL requirements</b>	<b>768,640</b>	<b>748,015</b>	<b>18,475</b>	<b>2,150</b>	<b>(1,057)</b>	<b>(197)</b>	<b>(217)</b>	<b>(643)</b>

	Total exposure				ECL provisions			
Off-balance sheet (in scope of ECL)	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3
Guarantees	33,211	32,332	761	118	(40)	(14)	(7)	(19)
<i>of which: Large corporate clients</i>	<i>3,624</i>	<i>3,051</i>	<i>486</i>	<i>87</i>	<i>(10)</i>	<i>(3)</i>	<i>(2)</i>	<i>(6)</i>
<i>of which: SME clients</i>	<i>1,506</i>	<i>1,299</i>	<i>177</i>	<i>31</i>	<i>(7)</i>	<i>(1)</i>	<i>(1)</i>	<i>(5)</i>
<i>of which: Financial intermediaries and hedge funds</i>	<i>22,549</i>	<i>22,504</i>	<i>46</i>	<i>0</i>	<i>(12)</i>	<i>(8)</i>	<i>(3)</i>	<i>0</i>
<i>of which: Lombard</i>	<i>3,009</i>	<i>3,009</i>	<i>0</i>	<i>0</i>	<i>(1)</i>	<i>0</i>	<i>0</i>	<i>(1)</i>
<i>of which: Commodity trade finance</i>	<i>1,811</i>	<i>1,803</i>	<i>8</i>	<i>0</i>	<i>(1)</i>	<i>(1)</i>	<i>0</i>	<i>0</i>
Irrevocable loan commitments	44,018	42,085	1,878	56	(95)	(55)	(38)	(2)
<i>of which: Large corporate clients</i>	<i>26,096</i>	<i>24,444</i>	<i>1,622</i>	<i>30</i>	<i>(76)</i>	<i>(45)</i>	<i>(28)</i>	<i>(2)</i>
Forward starting reverse repurchase and securities borrowing agreements	10,373	10,373	0	0	0	0	0	0
Committed unconditionally revocable credit lines	47,421	45,452	1,913	56	(49)	(39)	(10)	0
<i>of which: Real estate financing</i>	<i>9,439</i>	<i>8,854</i>	<i>585</i>	<i>0</i>	<i>(4)</i>	<i>(3)</i>	<i>(1)</i>	<i>0</i>
<i>of which: Large corporate clients</i>	<i>5,110</i>	<i>4,951</i>	<i>151</i>	<i>8</i>	<i>(6)</i>	<i>(4)</i>	<i>(3)</i>	<i>0</i>
<i>of which: SME clients</i>	<i>5,408</i>	<i>5,188</i>	<i>191</i>	<i>29</i>	<i>(21)</i>	<i>(17)</i>	<i>(3)</i>	<i>0</i>
<i>of which: Lombard</i>	<i>8,964</i>	<i>8,964</i>	<i>0</i>	<i>1</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>of which: Credit cards</i>	<i>10,458</i>	<i>9,932</i>	<i>522</i>	<i>4</i>	<i>(10)</i>	<i>(8)</i>	<i>(2)</i>	<i>0</i>
Irrevocable committed prolongation of existing loans	4,183	4,169	11	4	(4)	(3)	0	0
<b>Total off-balance sheet financial instruments and other credit lines</b>	<b>139,206</b>	<b>134,410</b>	<b>4,562</b>	<b>234</b>	<b>(188)</b>	<b>(111)</b>	<b>(56)</b>	<b>(21)</b>
<b>Total allowances and provisions</b>					<b>(1,244)</b>	<b>(308)</b>	<b>(272)</b>	<b>(664)</b>

<sup>1</sup> The carrying amount of financial assets measured at amortized cost represents the total gross exposure net of the respective ECL allowances. <sup>2</sup> Includes USD 14.8bn against Credit Suisse AG.

## Note 9 Expected credit loss measurement (continued)

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

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

The overall coverage ratio for performing positions decreased by 1 basis point to 10 basis points. Compared with 30 June 2024, coverage ratios for performing positions related to real estate lending (on-balance sheet) decreased by 1 basis point to 5 basis points, and coverage ratios for performing positions related to corporate lending (on-balance sheet) increased by 2 basis points to 56 basis points.

Coverage ratios for core loan portfolio					30.9.24				
On-balance sheet	Gross carrying amount (USD m)				ECL coverage (bps)				
	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 1&2	Stage 3
Private clients with mortgages	269,006	257,013	10,489	1,504	9	2	79	5	636
Real estate financing	91,138	85,570	5,233	336	12	3	60	6	1,613
Total real estate lending	360,144	342,583	15,722	1,839	9	2	72	5	814
Large corporate clients	30,522	24,760	4,088	1,673	262	32	246	62	3,697
SME clients	24,666	19,541	3,009	2,116	319	29	163	47	3,218
Total corporate lending	55,189	44,301	7,097	3,790	287	31	211	56	3,429
Lombard	150,323	149,741	354	229	8	0	21	1	4,967
Credit cards	2,189	1,664	457	68	203	40	251	85	3,879
Commodity trade finance	3,874	3,609	155	110	291	37	89	39	8,917
Ship / aircraft financing	8,354	7,818	526	11	65	46	146	52	9,831
Consumer financing	3,109	2,762	168	179	425	75	1,538	159	4,781
Other loans and advances to customers	44,942	42,306	1,891	745	107	8	55	10	5,886
Loans to financial advisors	2,723	2,497	83	142	169	15	135	18	2,892
Total other lending	215,514	210,397	3,634	1,483	46	6	162	8	5,485
<b>Total<sup>1</sup></b>	<b>630,847</b>	<b>597,282</b>	<b>26,453</b>	<b>7,112</b>	<b>46</b>	<b>6</b>	<b>122</b>	<b>11</b>	<b>3,182</b>
Off-balance sheet	Gross exposure (USD m)				ECL coverage (bps)				
	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 1&2	Stage 3
Private clients with mortgages	7,687	7,428	221	38	5	5	32	5	39
Real estate financing	12,680	12,341	338	1	6	6	1	6	0
Total real estate lending	20,366	19,769	559	39	6	5	14	5	39
Large corporate clients	73,307	68,801	4,350	155	23	15	115	21	1,164
SME clients	15,639	14,318	996	325	48	28	165	37	554
Total corporate lending	88,946	83,119	5,346	481	27	17	124	23	751
Lombard	70,232	69,957	268	7	1	0	2	0	12,815
Credit cards	10,400	9,910	487	3	8	7	38	8	0
Commodity trade finance	3,128	3,124	4	0	9	8	289	9	0
Ship / aircraft financing	2,239	2,233	6	0	31	28	1,006	31	0
Consumer financing	150	150	0	0	0	0	0	0	0
Financial intermediaries and hedge funds	39,035	38,597	438	0	4	3	87	4	0
Other off-balance sheet commitments	45,772	45,265	456	52	9	6	146	8	865
Total other lending	170,957	169,237	1,659	61	5	3	79	4	2,123
<b>Total<sup>2</sup></b>	<b>280,269</b>	<b>272,125</b>	<b>7,564</b>	<b>581</b>	<b>12</b>	<b>8</b>	<b>106</b>	<b>10</b>	<b>849</b>
<b>Total on- and off-balance sheet<sup>3</sup></b>	<b>911,116</b>	<b>869,406</b>	<b>34,017</b>	<b>7,693</b>	<b>36</b>	<b>6</b>	<b>118</b>	<b>10</b>	<b>3,006</b>

<sup>1</sup> 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. <sup>2</sup> Excludes Forward starting reverse repurchase and securities borrowing agreements. <sup>3</sup> Includes on-balance sheet exposure, gross and off-balance sheet exposure (notional) and the related ECL coverage ratio (bps).

## Note 9 Expected credit loss measurement (continued)

Coverage ratios for core loan portfolio					30.6.24				
On-balance sheet	Gross carrying amount (USD m)				ECL coverage (bps)				
	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 1&2	Stage 3
Private clients with mortgages	255,462	244,063	10,181	1,217	7	2	76	5	397
Real estate financing	88,246	83,242	4,611	393	12	3	66	7	1,167
Total real estate lending	343,708	327,305	14,792	1,610	8	3	73	6	585
Large corporate clients	29,360	23,705	3,962	1,693	253	39	240	68	3,268
SME clients	24,569	19,827	2,631	2,112	354	31	151	45	3,649
Total corporate lending	53,929	43,532	6,593	3,804	299	35	205	58	3,480
Lombard	148,647	147,536	882	229	7	0	18	1	4,024
Credit cards	1,968	1,485	419	64	208	39	252	86	3,826
Commodity trade finance	5,945	5,576	224	144	251	33	97	35	8,910
Ship / aircraft financing	8,591	8,134	432	25	49	47	103	50	0
Consumer financing	2,998	2,709	141	149	374	74	1,506	144	4,771
Other loans and advances to customers	45,821	42,918	2,322	581	77	7	68	10	5,328
Loans to financial advisors	2,647	2,412	84	151	176	18	146	22	2,736
Total other lending	216,617	210,770	4,504	1,343	39	6	127	8	4,967
<b>Total<sup>1</sup></b>	<b>614,254</b>	<b>581,607</b>	<b>25,889</b>	<b>6,758</b>	<b>45</b>	<b>6</b>	<b>116</b>	<b>11</b>	<b>3,086</b>

Off-balance sheet	Gross exposure (USD m)				ECL coverage (bps)				
	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 1&2	Stage 3
Private clients with mortgages	8,090	7,833	226	31	5	4	32	5	11
Real estate financing	12,715	12,143	572	0	5	6	0	5	0
Total real estate lending	20,805	19,975	799	31	5	5	0	5	11
Large corporate clients	71,091	66,060	4,833	198	25	17	100	22	904
SME clients	15,520	14,590	719	210	51	27	207	35	1,206
Total corporate lending	86,611	80,650	5,553	408	30	19	114	25	1,060
Lombard	68,071	68,017	40	14	1	0	16	0	2,706
Credit cards	10,056	9,576	477	4	8	7	35	8	0
Commodity trade finance	3,701	3,681	20	0	9	8	53	9	0
Ship / aircraft financing	1,836	1,817	19	0	11	12	0	11	0
Consumer financing	152	152	0	0	0	0	0	0	0
Financial intermediaries and hedge funds	47,842	47,381	461	0	3	2	76	3	0
Other off-balance sheet commitments	37,362	36,774	411	177	8	5	67	5	611
Total other lending	169,020	167,398	1,427	195	4	2	57	3	751
<b>Total<sup>2</sup></b>	<b>276,436</b>	<b>268,023</b>	<b>7,779</b>	<b>633</b>	<b>12</b>	<b>7</b>	<b>92</b>	<b>10</b>	<b>914</b>
<b>Total on- and off-balance sheet<sup>3</sup></b>	<b>890,690</b>	<b>849,630</b>	<b>33,668</b>	<b>7,391</b>	<b>35</b>	<b>7</b>	<b>110</b>	<b>11</b>	<b>2,900</b>

<sup>1</sup> 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. <sup>2</sup> Excludes Forward starting reverse repurchase and securities borrowing agreements. <sup>3</sup> Includes on-balance sheet exposure, gross and off-balance sheet exposure (notional) and the related ECL coverage ratio (bps).

Coverage ratios for core loan portfolio					31.12.23				
On-balance sheet	Gross carrying amount (USD m)				ECL coverage (bps)				
	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 1&2	Stage 3
Private clients with mortgages	174,555	163,656	10,044	856	9	2	88	7	326
Real estate financing	54,351	50,272	4,063	16	9	4	61	8	594
Total real estate lending	228,906	213,928	14,107	872	9	3	81	8	331
Large corporate clients	14,671	12,628	1,363	680	164	27	237	48	2,558
SME clients	12,956	10,696	1,548	712	202	32	155	47	2,861
Total corporate lending	27,627	23,324	2,911	1,392	182	29	193	48	2,714
Lombard	117,946	117,879	0	67	2	0	0	0	2,487
Credit cards	2,083	1,571	449	63	200	40	253	87	3,801
Commodity trade finance	3,008	2,881	12	115	394	25	62	25	9,676
Other loans and advances to customers	26,997	26,083	837	77	18	10	44	11	2,379
Loans to financial advisors	2,665	2,426	80	159	185	17	122	20	2,793
Total other lending	152,699	150,840	1,378	481	18	3	117	4	4,462
<b>Total<sup>1</sup></b>	<b>409,232</b>	<b>388,092</b>	<b>18,396</b>	<b>2,744</b>	<b>24</b>	<b>5</b>	<b>101</b>	<b>9</b>	<b>2,263</b>

Off-balance sheet	Gross exposure (USD m)				ECL coverage (bps)				
	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 1&2	Stage 3
Private clients with mortgages	6,801	6,560	226	15	8	7	29	8	40
Real estate financing	10,662	10,064	599	0	6	5	22	6	0
Total real estate lending	17,463	16,624	824	15	6	6	24	6	40
Large corporate clients	34,829	32,446	2,259	125	27	16	147	25	628
SME clients	7,872	7,337	456	80	47	29	230	41	626
Total corporate lending	42,702	39,782	2,715	205	30	18	161	28	627
Lombard	13,609	13,609	0	1	1	1	0	1	0
Credit cards	10,458	9,932	522	4	10	8	35	10	0
Commodity trade finance	2,354	2,346	8	0	4	4	36	4	0
Financial intermediaries and hedge funds	25,378	25,148	230	0	5	4	157	5	0
Other off-balance sheet commitments	16,869	16,596	264	9	12	5	170	8	0
Total other lending	68,668	67,630	1,024	14	7	4	97	6	5,921
<b>Total<sup>2</sup></b>	<b>128,833</b>	<b>124,037</b>	<b>4,562</b>	<b>234</b>	<b>15</b>	<b>9</b>	<b>122</b>	<b>13</b>	<b>908</b>
<b>Total on- and off-balance sheet<sup>3</sup></b>	<b>538,065</b>	<b>512,129</b>	<b>22,958</b>	<b>2,978</b>	<b>22</b>	<b>6</b>	<b>105</b>	<b>10</b>	<b>2,157</b>

<sup>1</sup> 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. <sup>2</sup> Excludes Forward starting reverse repurchase and securities borrowing agreements. <sup>3</sup> Includes on-balance-sheet exposure, gross and off-balance-sheet exposure (notional) and the related ECL coverage ratio (bps).

## Note 10 Fair value measurement

### a) Fair value hierarchy

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

During the first nine months of 2024, and with regard to assets and liabilities now accounted for by UBS AG as a result of the merger of UBS AG and Credit Suisse AG for the period between the date of the merger (i.e. 31 May 2024) and 30 September 2024, assets and liabilities that were transferred from Level 2 to Level 1, or from Level 1 to Level 2, and were held for the entire reporting period were not material.

#### Determination of fair values from quoted market prices or valuation techniques<sup>1</sup>

USD m	30.9.24				30.6.24				31.12.23			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value on a recurring basis</b>												
Financial assets at fair value held for trading	136,786	30,256	5,148	172,190	124,627	29,689	8,042	162,358	115,345	17,936	1,817	135,098
of which: Equity instruments	124,897	1,049	172	126,117	112,441	830	185	113,456	99,510	721	140	100,372
of which: Government bills / bonds	4,005	4,642	18	8,665	5,603	5,319	75	10,997	6,843	2,195	14	9,052
of which: Investment fund units	6,649	1,003	176	7,827	5,677	1,222	240	7,139	8,008	1,082	9	9,098
of which: Corporate and municipal bonds	1,232	19,213	863	21,307	896	16,875	900	18,671	982	11,956	648	13,586
of which: Loans	0	4,118	3,712	7,830	0	5,246	6,420	11,666	0	1,870	904	2,775
of which: Asset-backed securities	4	225	163	393	10	192	169	370	3	111	101	215
Derivative financial instruments	1,484	155,670	2,566	159,720	836	137,254	2,325	140,415	593	129,871	1,264	131,728
of which: Foreign exchange	829	60,641	177	61,646	331	50,576	121	51,029	317	65,070	0	65,387
of which: Interest rate	0	47,143	640	47,783	0	49,199	403	49,602	0	35,028	284	35,311
of which: Equity / index	0	40,818	996	41,815	0	32,239	1,154	33,393	0	26,649	667	27,317
of which: Credit	0	2,694	608	3,302	0	2,553	478	3,031	0	1,452	301	1,752
of which: Commodities	6	4,027	18	4,051	3	2,563	16	2,582	0	1,627	12	1,639
Brokerage receivables	0	24,656	0	24,656	0	25,273	0	25,273	0	20,883	0	20,883
Financial assets at fair value not held for trading	45,903	75,172	8,066	129,141	34,765	80,293	7,961	123,020	29,529	30,124	4,101	63,754
of which: Financial assets for unit-linked investment contracts	18,274	6	0	18,280	16,957	6	0	16,963	15,814	0	0	15,814
of which: Corporate and municipal bonds	85	15,701	152	15,937	61	14,338	210	14,609	62	16,716	215	16,994
of which: Government bills / bonds	27,043	8,036	0	35,079	17,262	7,817	0	25,079	13,262	3,332	0	16,594
of which: Loans	0	4,464	2,545	7,010	0	3,699	2,553	6,252	0	4,172	1,254	5,426
of which: Securities financing transactions	0	45,665	484	46,149	0	53,069	268	53,337	0	5,541	4	5,545
of which: Asset-backed securities	0	1,058	553	1,611	0	1,108	500	1,608	0	18	0	18
of which: Auction rate securities	0	0	190	190	0	0	191	191	0	0	1,208	1,208
of which: Investment fund units	409	147	645	1,201	395	160	670	1,225	367	233	205	804
of which: Equity instruments	92	0	3,022	3,114	91	5	2,913	3,009	24	0	1,088	1,112
<b>Financial assets measured at fair value through other comprehensive income on a recurring basis</b>												
Financial assets measured at fair value through other comprehensive income	65	2,114	0	2,179	62	2,105	0	2,167	68	2,165	0	2,233
of which: Commercial paper and certificates of deposit	0	1,935	0	1,935	0	1,891	0	1,891	0	1,948	0	1,948
of which: Corporate and municipal bonds	65	178	0	243	62	205	0	267	68	207	0	276
<b>Non-financial assets measured at fair value on a recurring basis</b>												
Precious metals and other physical commodities	6,965	0	0	6,965	6,445	0	0	6,445	4,426	0	0	4,426
<b>Non-financial assets measured at fair value on a non-recurring basis</b>												
Other non-financial assets <sup>2</sup>	0	0	110	110	0	0	43	43	0	0	17	17
<b>Total assets measured at fair value</b>	<b>191,203</b>	<b>287,867</b>	<b>15,890</b>	<b>494,960</b>	<b>166,735</b>	<b>274,615</b>	<b>18,371</b>	<b>459,721</b>	<b>149,962</b>	<b>200,979</b>	<b>7,198</b>	<b>358,139</b>

## Note 10 Fair value measurement (continued)

### Determination of fair values from quoted market prices or valuation techniques (continued)<sup>1</sup>

USD m	30.9.24				30.6.24				31.12.23			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial liabilities measured at fair value on a recurring basis</b>												
Financial liabilities at fair value held for trading	26,201	10,041	199	36,441	24,476	8,906	111	33,493	25,451	6,110	151	31,712
of which: Equity instruments	19,379	552	58	19,990	16,956	417	66	17,438	16,310	236	87	16,632
of which: Corporate and municipal bonds	29	8,054	135	8,218	33	7,118	35	7,186	28	4,893	58	4,979
of which: Government bills / bonds	4,390	1,069	0	5,458	6,171	1,260	5	7,437	8,320	806	0	9,126
of which: Investment fund units	2,403	285	4	2,691	1,315	38	4	1,357	794	117	4	915
Derivative financial instruments	1,633	167,462	5,354	174,449	877	143,764	4,448	149,089	716	136,833	3,158	140,707
of which: Foreign exchange	881	68,571	36	69,488	326	51,660	48	52,034	400	71,322	21	71,743
of which: Interest rate	0	43,065	298	43,363	0	47,021	243	47,264	0	32,656	107	32,763
of which: Equity / index	0	48,901	4,299	53,200	0	38,001	3,379	41,380	0	30,209	2,717	32,926
of which: Credit	0	3,426	422	3,848	0	3,456	371	3,827	0	1,341	273	1,614
of which: Commodities	5	3,303	38	3,345	2	1,951	14	1,967	0	1,271	20	1,291
of which: Loan commitments measured at FVTPL	0	73	188	260	0	1,547	288	1,835	0	3	17	21
<b>Financial liabilities designated at fair value on a recurring basis</b>												
Brokerage payables designated at fair value	0	52,403	0	52,403	0	46,198	0	46,198	0	42,275	0	42,275
Debt issued designated at fair value	0	95,641	10,886	106,527	0	96,915	11,490	108,405	0	78,509	7,832	86,341
Other financial liabilities designated at fair value	0	36,873	4,182	41,055	0	31,957	4,877	36,834	0	25,069	2,297	27,366
of which: Financial liabilities related to unit-linked investment contracts	0	18,389	0	18,389	0	17,080	0	17,080	0	15,922	0	15,922
of which: Securities financing transactions	0	10,893	0	10,893	0	7,801	0	7,801	0	6,927	0	6,927
of which: Funding from UBS Group AG	0	4,035	1,656	5,691	0	3,370	1,487	4,857	0	1,327	1,623	2,950
of which: Over-the-counter debt instruments and others	0	3,557	2,525	6,082	0	3,706	3,390	7,096	0	892	674	1,566
<b>Total liabilities measured at fair value</b>	<b>27,835</b>	<b>362,420</b>	<b>20,621</b>	<b>410,875</b>	<b>25,352</b>	<b>327,740</b>	<b>20,927</b>	<b>374,019</b>	<b>26,167</b>	<b>288,796</b>	<b>13,438</b>	<b>328,401</b>

<sup>1</sup> Bifurcated embedded derivatives are presented on the same balance sheet lines as their host contracts and are not included in this table. The fair value of these derivatives was not material for the periods presented.

<sup>2</sup> Other non-financial assets primarily consist of properties and other non-current assets held for sale, which are measured at the lower of their net carrying amount or fair value less costs to sell.

## b) Valuation adjustments

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

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

### Deferred day-1 profit or loss reserves

USD m	For the quarter ended			Year-to-date	
	30.9.24	30.6.24	30.9.23	30.9.24	30.9.23
Reserve balance at the beginning of the period	388	379	396	397	422
Effect from merger of UBS AG and Credit Suisse AG <sup>1</sup>		1		1	
Profit / (loss) deferred on new transactions	85	59	34	187	196
(Profit) / loss recognized in the income statement	(54)	(50)	(39)	(164)	(227)
Foreign currency translation	(1)	(1)	(1)	(2)	(1)
<b>Reserve balance at the end of the period</b>	<b>418</b>	<b>388</b>	<b>390</b>	<b>418</b>	<b>390</b>

<sup>1</sup> Refer to Note 2 for more information about the merger of UBS AG and Credit Suisse AG.

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

### Other valuation adjustment reserves on the balance sheet

USD m	As of		
	30.9.24	30.6.24	31.12.23
<b>Own credit adjustments on financial liabilities designated at fair value<sup>1</sup></b>	<b>(1,367)</b>	<b>(1,062)</b>	<b>(312)</b>
of which: debt issued designated at fair value	(928)	(747)	(208)
of which: other financial liabilities designated at fair value	(439)	(315)	(105)
<b>Credit valuation adjustments<sup>2</sup></b>	<b>(145)</b>	<b>(104)</b>	<b>(37)</b>
<b>Funding and debit valuation adjustments</b>	<b>(94)</b>	<b>(81)</b>	<b>(82)</b>
<b>Other valuation adjustments</b>	<b>(1,616)</b>	<b>(1,744)</b>	<b>(730)</b>
of which: liquidity	(1,074)	(1,229)	(308)
of which: model uncertainty	(542)	(516)	(423)

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

## Note 10 Fair value measurement (continued)

### c) Level 3 instruments: valuation techniques and inputs

The table below presents material Level 3 assets and liabilities, together with the valuation techniques used to measure fair value, as well as the inputs used in a given valuation technique that are considered significant as of 30 September 2024 and unobservable, and a range of values for those unobservable inputs.

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

The significant unobservable inputs disclosed in the table below are consistent with those included in "Note 20 Fair value measurement" in the "Consolidated financial statements" section of the UBS AG Annual Report 2023.

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

USD bn	Fair value				Valuation technique(s)	Significant unobservable input(s) <sup>1</sup>	Range of inputs						
	Assets		Liabilities				30.9.24			31.12.23			
	30.9.24	31.12.23	30.9.24	31.12.23			low	high	weighted average <sup>2</sup>	low	high	weighted average <sup>2</sup>	unit <sup>1</sup>
Financial assets and liabilities at fair value held for trading and Financial assets at fair value not held for trading													
Corporate and municipal bonds	1.0	0.9	0.1	0.1	Relative value to market comparable	Bond price equivalent	17	126	98	9	114	93	points
					Discounted expected cash flows	Discount margin	829	829	829	491	491		basis points
Traded loans, loans designated at fair value and guarantees	6.4	2.3	0.0	0.0	Relative value to market comparable	Loan price equivalent	1	258	81	6	101	98	points
					Discounted expected cash flows	Credit spread	18	1,533	334	200	275	252	basis points
Investment fund units <sup>3</sup>	0.8	0.2	0.0	0.0	Relative value to market comparable	Net asset value							
Equity instruments <sup>3</sup>	3.2	1.2	0.1	0.1	Relative value to market comparable	Price							
Debt issued designated at fair value <sup>4</sup>			10.9	7.8									
Other financial liabilities designated at fair value			4.2	2.3	Discounted expected cash flows	Funding spread	106	201		51	201		basis points
Derivative financial instruments													
Interest rate	0.6	0.3	0.3	0.1	Option model	Volatility of interest rates	47	156		84	112		basis points
						Volatility of inflation	1	6					%
						IR-to-IR correlation	70	99					%
					Discounted expected cash flows	Funding spread	5	20					basis points
Credit	0.6	0.3	0.4	0.3	Discounted expected cash flows	Credit spreads	2	1,270		1	306		basis points
						Credit correlation	50	66					%
						Credit volatility	60	60					%
						Recovery rates <sup>5</sup>	0	100					%
Equity / index	1.0	0.7	4.3	2.7	Option model	Equity dividend yields	0	11		0	14		%
						Volatility of equity stocks, equity and other indices	4	140		4	104		%
						Equity-to-FX correlation	(40)	70		(40)	70		%
						Equity-to-equity correlation	0	100		13	100		%
Loan commitments measured at FVTPL			0.2	0.0	Relative value to market comparable	Loan price equivalent	15	100					points

<sup>1</sup> The ranges of significant unobservable inputs are represented in points, percentages and basis points. Points are a percentage of par (e.g. 100 points would be 100% of par). <sup>2</sup> Weighted averages are provided for most non-derivative financial instruments and were calculated by weighting inputs based on the fair values of the respective instruments. Weighted averages are not provided for inputs related to Other financial liabilities designated at fair value and Derivative financial instruments, as this would not be meaningful. <sup>3</sup> The range of inputs is not disclosed, as there is a dispersion of values given the diverse nature of the investments. <sup>4</sup> Debt issued designated at fair value primarily consists of UBS structured notes, which include variable maturity notes with various equity and foreign exchange underlying risks, as well as rates-linked and credit-linked notes, all of which have embedded derivative parameters that are considered to be unobservable. The equivalent derivative instrument parameters for debt issued or embedded derivatives for over-the-counter debt instruments are presented in the respective derivative financial instruments lines in this table. <sup>5</sup> Recovery rates reflect the estimated recovery that will be realized given expected defaults; they may vary significantly depending upon the specific assets and terms of each transaction.



## Note 10 Fair value measurement (continued)

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

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

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

#### Sensitivity of fair value measurements to changes in unobservable input assumptions<sup>1</sup>

	30.9.24		30.6.24		31.12.23	
USD m	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Traded loans, loans measured at fair value and guarantees	295	(271)	453	(433)	15	(19)
Securities financing transactions	32	(28)	34	(31)	24	(24)
Auction rate securities	9	(6)	8	(6)	67	(21)
Asset-backed securities	40	(44)	44	(48)	25	(22)
Equity instruments	353	(318)	428	(403)	189	(178)
Investment fund units	138	(139)	140	(141)	21	(23)
Loan commitments measured at FVTPL	88	(83)	85	(110)	7	(10)
Interest rate derivatives, net	145	(47)	139	(81)	27	(18)
Credit derivatives, net	119	(122)	124	(128)	2	(5)
Foreign exchange derivatives, net	4	(4)	3	(4)	5	(4)
Equity / index derivatives, net	690	(695)	651	(546)	358	(285)
Other	281	(134)	83	(90)	41	(39)
<b>Total</b>	<b>2,194</b>	<b>(1,891)</b>	<b>2,192</b>	<b>(2,021)</b>	<b>781</b>	<b>(648)</b>

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

### e) Level 3 instruments: movements during the period

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

Assets and liabilities transferred into or out of Level 3 are presented as if those assets or liabilities had been transferred on 1 January 2024.

## Note 10 Fair value measurement (continued)

Movements of Level 3 instruments												
USD bn	Balance at the beginning of the period	Effect from merger of UBS AG and Credit Suisse AG <sup>1</sup>	Net gains / losses included in comprehensive income <sup>2</sup>	of which: related to instruments held at the end of the period	Purchases	Sales	Issuances	Settlements	Transfers into Level 3	Transfers out of Level 3	Foreign currency translation	Balance at the end of the period
For the nine months ended 30 September 2024 <sup>3</sup>												
Financial assets at fair value held for trading	1.8	7.8	0.2	0.1	0.4	(3.3)	1.1	(2.6)	0.1	(0.4)	0.0	5.1
of which: Equity instruments	0.1	0.1	(0.0)	(0.0)	0.0	(0.1)	0.0	(0.0)	0.0	(0.0)	0.0	0.2
of which: Corporate and municipal bonds	0.6	0.4	(0.1)	(0.1)	0.3	(0.3)	0.0	0.0	0.0	(0.0)	0.0	0.9
of which: Loans	0.9	7.0	0.3	0.2	0.0	(2.7)	1.1	(2.6)	0.0	(0.3)	(0.0)	3.7
Derivative financial instruments – assets	1.3	0.7	(0.1)	(0.2)	0.0	(0.1)	0.9	(0.6)	0.7	(0.1)	(0.0)	2.6
of which: Interest rate	0.3	0.0	0.1	0.0	0.0	(0.1)	0.3	(0.1)	0.2	(0.0)	(0.0)	0.6
of which: Equity / index	0.7	0.2	(0.0)	(0.0)	0.0	(0.0)	0.5	(0.3)	0.1	(0.1)	(0.0)	1.0
of which: Credit	0.3	0.1	(0.1)	(0.0)	0.0	(0.0)	0.1	(0.1)	0.3	(0.0)	(0.0)	0.6
Financial assets at fair value not held for trading	4.1	4.1	0.1	0.1	0.4	(0.3)	1.5	(1.9)	0.4	(0.3)	0.0	8.1
of which: Loans	1.3	0.8	0.1	0.1	0.1	0.0	0.9	(0.5)	0.0	(0.1)	(0.0)	2.5
of which: Auction rate securities	1.2	0.0	0.0	(0.0)	0.0	0.0	0.0	(1.1)	0.0	0.0	0.0	0.2
of which: Equity instruments	1.1	1.8	0.0	0.0	0.1	(0.1)	0.0	0.0	0.1	0.0	0.0	3.0
of which: Investment fund units	0.2	0.4	0.0	(0.0)	0.1	(0.1)	0.0	0.0	0.0	(0.0)	(0.0)	0.6
of which: Asset-backed securities	0.0	0.5	0.0	0.0	0.0	(0.1)	0.0	0.0	0.2	(0.1)	0.0	0.6
Derivative financial instruments – liabilities	3.2	0.9	0.8	1.0	0.0	(0.0)	1.8	(1.6)	0.6	(0.3)	(0.0)	5.4
of which: Interest rate	0.1	0.1	0.1	0.3	0.0	(0.0)	0.0	(0.1)	0.1	(0.0)	(0.0)	0.3
of which: Equity / index	2.7	0.2	0.9	0.9	0.0	(0.0)	1.6	(1.3)	0.4	(0.3)	(0.0)	4.3
of which: Credit	0.3	0.2	(0.1)	(0.1)	0.0	(0.0)	0.1	(0.1)	0.0	(0.0)	(0.0)	0.4
of which: Loan commitments measured at FVTPL	0.0	0.4	(0.2)	(0.1)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	0.2
Debt issued designated at fair value	7.8	4.5	0.6	0.4	0.0	(0.0)	3.2	(2.7)	1.2	(3.8)	0.0	10.9
Other financial liabilities designated at fair value	2.3	1.9	0.0	0.0	0.0	0.0	0.9	(0.9)	0.0	(0.1)	0.0	4.2
For the nine months ended 30 September 2023												
Financial assets at fair value held for trading	1.5		(0.0)	(0.1)	0.4	(0.7)	1.0	0.0	0.1	(0.3)	(0.0)	2.0
of which: Investment fund units	0.1		(0.0)	(0.0)	0.0	(0.0)	0.0	0.0	0.0	(0.0)	(0.0)	0.0
of which: Corporate and municipal bonds	0.5		(0.0)	(0.0)	0.4	(0.2)	0.0	0.0	0.0	(0.0)	(0.0)	0.7
of which: Loans	0.6		0.0	(0.0)	0.0	(0.4)	1.0	0.0	0.0	(0.2)	(0.0)	1.1
Derivative financial instruments – assets	1.5		(0.1)	(0.0)	0.0	(0.0)	0.5	(0.3)	0.1	(0.2)	0.0	1.5
of which: Interest rate	0.5		0.1	0.1	0.0	0.0	0.1	(0.0)	0.0	(0.0)	(0.0)	0.6
of which: Equity / index	0.7		(0.1)	(0.0)	0.0	0.0	0.3	(0.2)	0.0	(0.2)	(0.0)	0.5
of which: Credit	0.3		(0.1)	(0.1)	0.0	0.0	0.0	(0.0)	0.1	(0.0)	0.0	0.4
Financial assets at fair value not held for trading	3.7		0.3	0.3	0.6	(0.6)	0.0	(0.0)	0.1	(0.1)	0.0	4.0
of which: Loans	0.7		0.3	0.3	0.2	(0.0)	0.0	(0.0)	0.1	(0.1)	(0.0)	1.1
of which: Auction rate securities	1.3		0.0	0.0	0.0	(0.1)	0.0	0.0	0.0	0.0	0.0	1.2
of which: Equity instruments	0.8		0.0	(0.0)	0.4	(0.2)	0.0	0.0	0.0	0.0	(0.0)	1.0
Derivative financial instruments – liabilities	1.7		(0.1)	(0.1)	0.0	(0.0)	1.1	(0.4)	0.1	(0.5)	(0.0)	1.8
of which: Interest rate	0.1		0.0	0.0	0.0	0.0	0.1	(0.1)	0.0	(0.0)	(0.0)	0.1
of which: Equity / index	1.2		(0.1)	(0.1)	0.0	0.0	0.6	(0.3)	0.0	(0.1)	(0.0)	1.3
of which: Credit	0.3		(0.0)	(0.0)	0.0	0.0	0.3	0.0	0.0	(0.3)	(0.0)	0.2
Debt issued designated at fair value	9.2		0.1	0.0	0.0	0.0	4.5	(2.9)	0.4	(1.5)	(0.1)	9.8
Other financial liabilities designated at fair value	2.0		(0.0)	(0.0)	0.0	0.0	0.1	(0.1)	0.0	(0.0)	(0.0)	2.1

<sup>1</sup> Refer to Note 2 for more information about the merger of UBS AG and Credit Suisse AG. <sup>2</sup> Net gains / losses included in comprehensive income are recognized in Net interest income and Other net income from financial instruments measured at fair value through profit or loss in the Income statement, and also in Gains / (losses) from own credit on financial liabilities designated at fair value, before tax in the Statement of comprehensive income. <sup>3</sup> Total Level 3 assets as of 30 September 2024 were USD 15.9bn (31 December 2023: USD 7.2bn). Total Level 3 liabilities as of 30 September 2024 were USD 20.6bn (31 December 2023: USD 13.4bn).



## Note 10 Fair value measurement (continued)

### f) Financial instruments not measured at fair value

The table below reflects the estimated fair values of financial instruments not measured at fair value. Valuation principles applied when determining fair value estimates for financial instruments not measured at fair value are consistent with those described in "Note 20 Fair value measurement" in the "Consolidated financial statements" section of the UBS AG Annual Report 2023.

#### Financial instruments not measured at fair value

	30.9.24		30.6.24		31.12.23	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
<i>USD bn</i>						
<b>Assets</b>						
Cash and balances at central banks	243.3	243.3	248.3	248.3	171.8	171.8
Amounts due from banks	20.2	20.2	20.5	20.5	28.2	28.2
Receivables from securities financing transactions measured at amortized cost	92.1	92.1	82.0	82.0	74.1	74.1
Cash collateral receivables on derivative instruments	47.2	47.2	43.6	43.6	32.3	32.3
Loans and advances to customers	625.2	620.0	608.9	598.7	405.6	396.5
Other financial assets measured at amortized cost	61.6	60.2	60.8	58.6	54.3	54.1
<b>Liabilities</b>						
Amounts due to banks	28.1	28.1	26.8	26.7	16.7	16.7
Payables from securities financing transactions measured at amortized cost	16.4	16.4	14.8	14.9	5.8	5.8
Cash collateral payables on derivative instruments	34.3	34.3	33.7	33.7	34.9	34.9
Customer deposits	779.6	780.8	760.7	761.1	555.7	556.6
Funding from UBS Group AG measured at amortized cost	112.3	116.6	111.7	115.9	67.3	67.7
Debt issued measured at amortized cost	109.5	110.6	112.5	112.7	69.8	69.8
Other financial liabilities measured at amortized cost <sup>1</sup>	17.6	17.6	17.8	17.8	9.8	9.8

<sup>1</sup> Excludes lease liabilities.

## Note 11 Derivative instruments

### a) Derivative instruments

	Derivative financial assets	Derivative financial liabilities	Notional values related to derivative financial assets and liabilities <sup>1</sup>	Other notional values <sup>2</sup>
<i>As of 30.9.24, USD bn</i>				
<b>Derivative financial instruments</b>				
Interest rate	47.8	43.4	4,058	19,927
Credit derivatives	3.3	3.8	166	
Foreign exchange	61.6	69.5	7,860	270
Equity / index	41.8	53.2	1,545	99
Commodities	4.1	3.3	169	21
Other <sup>3</sup>	1.1	1.2	172	
<b>Total derivative financial instruments, based on netting under IFRS Accounting Standards<sup>4</sup></b>	<b>159.7</b>	<b>174.4</b>	<b>13,970</b>	<b>20,317</b>
Further netting potential not recognized on the balance sheet <sup>5</sup>	(145.1)	(155.3)		
<i>of which: netting of recognized financial liabilities / assets</i>	<i>(122.2)</i>	<i>(122.2)</i>		
<i>of which: netting with collateral received / pledged</i>	<i>(22.9)</i>	<i>(33.1)</i>		
<b>Total derivative financial instruments, after consideration of further netting potential</b>	<b>14.7</b>	<b>19.2</b>		

<i>As of 30.6.24, USD bn</i>				
<b>Derivative financial instruments</b>				
Interest rate	49.6	47.3	3,478	20,200
Credit derivatives	3.0	3.8	170	
Foreign exchange	51.0	52.0	7,158	213
Equity / index	33.4	41.4	1,432	96
Commodities	2.6	2.0	153	18
Other <sup>3</sup>	0.8	2.6	151	
<b>Total derivative financial instruments, based on netting under IFRS Accounting Standards<sup>4</sup></b>	<b>140.4</b>	<b>149.1</b>	<b>12,543</b>	<b>20,526</b>
Further netting potential not recognized on the balance sheet <sup>5</sup>	(125.0)	(132.1)		
<i>of which: netting of recognized financial liabilities / assets</i>	<i>(101.1)</i>	<i>(101.1)</i>		
<i>of which: netting with collateral received / pledged</i>	<i>(23.9)</i>	<i>(31.0)</i>		
<b>Total derivative financial instruments, after consideration of further netting potential</b>	<b>15.4</b>	<b>17.0</b>		

<i>As of 31.12.23, USD bn</i>				
<b>Derivative financial instruments</b>				
Interest rate	35.3	32.8	2,472	13,749
Credit derivatives	1.8	1.6	93	
Foreign exchange	65.4	71.7	6,367	180
Equity / index	27.3	32.9	1,191	84
Commodities	1.6	1.3	129	16
Other <sup>3</sup>	0.3	0.4	86	
<b>Total derivative financial instruments, based on netting under IFRS Accounting Standards<sup>4</sup></b>	<b>131.7</b>	<b>140.7</b>	<b>10,338</b>	<b>14,028</b>
Further netting potential not recognized on the balance sheet <sup>5</sup>	(122.7)	(123.8)		
<i>of which: netting of recognized financial liabilities / assets</i>	<i>(99.3)</i>	<i>(99.3)</i>		
<i>of which: netting with collateral received / pledged</i>	<i>(23.4)</i>	<i>(24.5)</i>		
<b>Total derivative financial instruments, after consideration of further netting potential</b>	<b>9.1</b>	<b>16.9</b>		

<sup>1</sup> In cases where derivative financial instruments are presented on a net basis on the balance sheet, the respective notional values of the netted derivative financial instruments are still presented on a gross basis. Notional amounts of client-cleared ETD and OTC transactions through central clearing counterparties are not disclosed, as they have a significantly different risk profile. <sup>2</sup> Other notional values relate to derivatives that are cleared through either a central counterparty or an exchange and settled on a daily basis. The fair value of these derivatives is presented on the balance sheet net of the corresponding cash margin under Cash collateral receivables on derivative instruments and Cash collateral payables on derivative instruments and was not material for all periods presented. <sup>3</sup> Includes Loan commitments measured at FVTPL, as well as unsettled purchases and sales of non-derivative financial instruments for which the changes in the fair value between trade date and settlement date are recognized as derivative financial instruments. <sup>4</sup> Financial assets and liabilities are presented net on the balance sheet if UBS has the unconditional and legally enforceable right to offset the recognized amounts, both in the normal course of business and in the event of default, bankruptcy or insolvency of UBS or its counterparties, and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. <sup>5</sup> Reflects the netting potential in accordance with enforceable master netting and similar arrangements where not all criteria for a net presentation on the balance sheet have been met. Refer to "Note 21 Offsetting financial assets and financial liabilities" in the "Consolidated financial statements" section of the UBS AG Annual Report 2023 for more information.

### b) Cash collateral on derivative instruments

	Receivables 30.9.24	Payables 30.9.24	Receivables 30.6.24	Payables 30.6.24	Receivables 31.12.23	Payables 31.12.23
<i>USD bn</i>						
Cash collateral on derivative instruments, based on netting under IFRS Accounting Standards <sup>1</sup>	47.2	34.3	43.6	33.7	32.3	34.9
Further netting potential not recognized on the balance sheet <sup>2</sup>	(28.7)	(18.7)	(27.2)	(19.8)	(22.8)	(20.6)
<i>of which: netting of recognized financial liabilities / assets</i>	<i>(26.4)</i>	<i>(16.4)</i>	<i>(24.6)</i>	<i>(17.3)</i>	<i>(20.4)</i>	<i>(17.2)</i>
<i>of which: netting with collateral received / pledged</i>	<i>(2.3)</i>	<i>(2.3)</i>	<i>(2.5)</i>	<i>(2.5)</i>	<i>(2.5)</i>	<i>(3.4)</i>
<b>Cash collateral on derivative instruments, after consideration of further netting potential</b>	<b>18.5</b>	<b>15.5</b>	<b>16.5</b>	<b>13.9</b>	<b>9.5</b>	<b>14.3</b>

<sup>1</sup> Financial assets and liabilities are presented net on the balance sheet if UBS has the unconditional and legally enforceable right to offset the recognized amounts, both in the normal course of business and in the event of default, bankruptcy or insolvency of UBS or its counterparties, and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. <sup>2</sup> Reflects the netting potential in accordance with enforceable master netting and similar arrangements where not all criteria for a net presentation on the balance sheet have been met. Refer to "Note 21 Offsetting financial assets and financial liabilities" in the "Consolidated financial statements" section of the UBS AG Annual Report 2023 for more information.

## Note 12 Other assets and liabilities

### a) Other financial assets measured at amortized cost

USD m	30.9.24	30.6.24	31.12.23
Debt securities	42,175	41,487	43,245
Loans to financial advisors	2,677	2,601	2,615
Fee- and commission-related receivables	2,609	2,482	1,883
Finance lease receivables	6,425	6,068	1,427
Settlement and clearing accounts	461	534	311
Accrued interest income	2,319	2,648	2,004
Other <sup>1</sup>	4,901	5,006	2,849
<b>Total other financial assets measured at amortized cost</b>	<b>61,566</b>	<b>60,826</b>	<b>54,334</b>

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

### b) Other non-financial assets

USD m	30.9.24	30.6.24	31.12.23
Precious metals and other physical commodities	6,965	6,445	4,426
Deposits and collateral provided in connection with litigation, regulatory and similar matters <sup>1</sup>	2,060	1,969	1,379
Prepaid expenses	1,382	1,420	1,062
Current tax assets	1,802	1,832	184
VAT, withholding tax and other tax receivables	1,168	965	561
Properties and other non-current assets held for sale	234	151	105
Assets of disposal groups held for sale <sup>2</sup>	1,841		
Other	2,254	2,334	660
<b>Total other non-financial assets</b>	<b>17,707</b>	<b>15,117</b>	<b>8,377</b>

<sup>1</sup> Refer to Note 16 for more information. <sup>2</sup> Refer to Note 2 for more information about the agreement to sell Select Portfolio Servicing.

### c) Other financial liabilities measured at amortized cost

USD m	30.9.24	30.6.24	31.12.23
Other accrued expenses	2,808	2,761	1,613
Accrued interest expenses	6,421	6,795	4,186
Settlement and clearing accounts	1,763	1,797	1,314
Lease liabilities	4,295	4,323	2,904
Other	6,636	6,449	2,695
<b>Total other financial liabilities measured at amortized cost</b>	<b>21,923</b>	<b>22,125</b>	<b>12,713</b>

### d) Other financial liabilities designated at fair value

USD m	30.9.24	30.6.24	31.12.23
Financial liabilities related to unit-linked investment contracts	18,389	17,080	15,922
Securities financing transactions	10,893	7,801	6,927
Over-the-counter debt instruments and other	6,082	7,096	1,566
Funding from UBS Group AG <sup>1</sup>	5,691	4,857	2,950
<b>Total other financial liabilities designated at fair value</b>	<b>41,055</b>	<b>36,834</b>	<b>27,366</b>

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

### e) Other non-financial liabilities

USD m	30.9.24	30.6.24	31.12.23
Compensation-related liabilities	6,567	5,506	4,526
of which: net defined benefit liability	733	695	487
Current tax liabilities	1,119	1,219	932
Deferred tax liabilities	285	288	162
VAT, withholding tax and other tax payables	972	949	712
Deferred income	717	841	276
Liabilities of disposal groups held for sale <sup>1</sup>	1,291		
Other	303	482	74
<b>Total other non-financial liabilities</b>	<b>11,253</b>	<b>9,285</b>	<b>6,682</b>

<sup>1</sup> Refer to Note 2 for more information about the agreement to sell Select Portfolio Servicing.

## Note 13 Funding from UBS Group AG measured at amortized cost

USD m	30.9.24	30.6.24	31.12.23
Debt contributing to total loss-absorbing capacity (TLAC)	90,959	93,711	51,102
Debt eligible as high-trigger loss-absorbing additional tier 1 capital instruments	15,012	13,907	11,286
Debt eligible as low-trigger loss-absorbing additional tier 1 capital instruments	1,239	1,225	1,212
Other <sup>1</sup>	5,053	2,882	3,682
<b>Total funding from UBS Group AG measured at amortized cost<sup>2,3</sup></b>	<b>112,262</b>	<b>111,725</b>	<b>67,282</b>

<sup>1</sup> Includes debt no longer eligible as TLAC having a residual maturity of less than one year and high-trigger loss-absorbing additional tier 1 capital instruments that ceased to be eligible when UBS Group AG issued notice of redemption. <sup>2</sup> Consists of subordinated debt of UBS AG and its subsidiaries toward UBS Group AG. Subordinated debt consists of unsecured debt obligations that are contractually subordinated in right of payment to all other present and future non-subordinated obligations of the respective issuing entity. <sup>3</sup> UBS AG has also recognized funding from UBS Group AG that is designated at fair value. Refer to Note 12d for more information.

## Note 14 Debt issued designated at fair value

USD m	30.9.24	30.6.24	31.12.23
Equity-linked <sup>1</sup>	56,691	55,911	46,269
Rates-linked	22,466	25,811	16,880
Credit-linked	5,990	6,510	4,506
Fixed-rate	15,811	15,271	14,295
Commodity-linked	3,638	3,507	3,704
Other	1,930	1,396	687
<b>Total debt issued designated at fair value<sup>2</sup></b>	<b>106,527</b>	<b>108,405</b>	<b>86,341</b>

<sup>1</sup> Includes investment fund unit-linked instruments issued. <sup>2</sup> As of 30 September 2024, 99% of Total debt issued designated at fair value was unsecured (as of 30 June 2024: 99%).

## Note 15 Debt issued measured at amortized cost

USD m	30.9.24	30.6.24	31.12.23
<b>Short-term debt<sup>1</sup></b>	<b>33,851</b>	<b>34,944</b>	<b>37,285</b>
Senior unsecured debt	35,348	39,685	18,450
Covered bonds	10,265	8,583	1,006
Subordinated debt	720	715	3,008
<i>of which: eligible as non-Basel III-compliant tier 2 capital instruments</i>	<i>289</i>	<i>536</i>	<i>538</i>
Debt issued through the Swiss central mortgage institutions	28,807	27,010	10,035
Other long-term debt	468	1,583	
<b>Long-term debt<sup>2</sup></b>	<b>75,609</b>	<b>77,576</b>	<b>32,499</b>
<b>Total debt issued measured at amortized cost<sup>3,4</sup></b>	<b>109,460</b>	<b>112,520</b>	<b>69,784</b>

<sup>1</sup> Debt with an original contractual maturity of less than one year, includes mainly certificates of deposit and commercial paper. <sup>2</sup> Debt with an original contractual maturity greater than or equal to one year. The classification of debt issued into short-term and long-term does not consider any early redemption features. <sup>3</sup> Net of bifurcated embedded derivatives, the fair value of which was not material for the periods presented. <sup>4</sup> Except for Covered bonds (100% secured), Debt issued through the Swiss central mortgage institutions (100% secured) and Other long-term debt (88% secured), 100% of the balance was unsecured as of 30 September 2024.

## Note 16 Provisions and contingent liabilities

### a) Provisions

The table below presents an overview of total provisions.

<i>USD m</i>	<b>30.9.24</b>	30.6.24	31.12.23
Provisions other than provisions for expected credit losses	<b>4,672</b>	4,433	2,336
Provisions for expected credit losses <sup>1</sup>	<b>337</b>	330	188
<b>Total provisions</b>	<b>5,009</b>	4,763	2,524

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

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

<i>USD m</i>	Litigation, regulatory and similar matters <sup>1</sup>	Restructuring <sup>2</sup>	Real estate <sup>3</sup>	Other <sup>4</sup>	Total
<b>Balance as of 31 December 2023</b>	1,810	209	135	181	<b>2,336</b>
<b>Balance as of 30 June 2024</b>	3,174	760	212	287	<b>4,433</b>
Increase in provisions recognized in the income statement	167	197	4	23	<b>391</b>
Release of provisions recognized in the income statement	(37)	(30)	(2)	(12)	<b>(81)</b>
Reclassifications	86 <sup>5</sup>	0	0	0	<b>86</b>
Provisions used in conformity with designated purpose	(70)	(186)	(3)	(12)	<b>(271)</b>
Foreign currency translation and other movements	60	34	12	8	<b>114</b>
<b>Balance as of 30 September 2024</b>	<b>3,381</b>	<b>775</b>	<b>223</b>	<b>294</b>	<b>4,672</b>

<sup>1</sup> Consists of provisions for losses resulting from legal, liability and compliance risks. <sup>2</sup> Consists of USD 482m of provisions for onerous contracts related to real estate as of 30 September 2024 (30 June 2024: USD 461m; 31 December 2023: USD 146m), USD 272m of personnel-related restructuring provisions as of 30 September 2024 (30 June 2024: USD 299m; 31 December 2023: USD 64m) and onerous contracts related to technology. <sup>3</sup> Mainly includes provisions for reinstatement costs with respect to leased properties. <sup>4</sup> Mainly includes provisions related to employee benefits and operational risks. <sup>5</sup> Mainly includes a reclassification from derivative liabilities to IAS 37 provisions reflecting the funding obligation relating to investors who did not accept the redemption offer for the Credit Suisse supply chain finance funds.

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

### b) Litigation, regulatory and similar matters

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

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

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

## Note 16 Provisions and contingent liabilities (continued)

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

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

The aggregate amount provisioned for litigation, regulatory and similar matters as a class is disclosed in the "Provisions" table in Note 15a above. UBS provides below an estimate of the aggregate liability for our 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 4.2bn.

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

### Provisions for litigation, regulatory and similar matters, by business division and in Group Items<sup>1</sup>

USD m	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Non-core and Legacy	Group Items	UBS AG
Balance as of 31 December 2023	1,220	156	12	286	4	132	1,810
Balance as of 30 June 2024	1,199	152	2	280	1,406	135	3,174
Increase in provisions recognized in the income statement	21	0	6	1	139	0	167
Release of provisions recognized in the income statement	(4)	0	0	(2)	(32)	0	(37)
Reclassifications <sup>2</sup>	0	0	0	0	86	0	86
Provisions used in conformity with designated purpose	(14)	0	(6)	(3)	(46)	(1)	(70)
Foreign currency translation and other movements	43	6	0	7	4	0	60
Balance as of 30 September 2024	1,247	157	2	283	1,557	135	3,381

<sup>1</sup> Provisions, if any, for the matters described in items 2 and 10 of this Note are recorded in Global Wealth Management. Provisions, if any, for the matters described in items 5, 6, 7, 8, 9 and 11 of this Note are recorded in Non-core and Legacy. Provisions, if any, for the matters described in item 1 of this Note are allocated between Global Wealth Management, Personal & Corporate Banking and Non-core and Legacy. Provisions, if any, for the matters described in item 3 of this Note are allocated between the Investment Bank, Non-core and Legacy and Group Items. Provisions, if any, for the matters described in item 4 of this Note are allocated between Global Wealth Management and Personal & Corporate Banking. Provisions, if any, for the matters described in item 12 of this Note are allocated between the Investment Bank and Non-core and Legacy. <sup>2</sup> Mainly includes a reclassification from derivative liabilities to IAS 37 provisions reflecting the funding obligation relating to investors who did not accept the redemption offer for the Credit Suisse supply chain finance funds.

## Note 16 Provisions and contingent liabilities (continued)

### 1. Inquiries regarding cross-border wealth management businesses

Tax and regulatory authorities in a number of countries have made inquiries, served requests for information or examined employees located in their respective jurisdictions relating to the cross-border wealth management services provided by UBS and other financial institutions. Credit Suisse offices in various locations, including the UK, the Netherlands, France and Belgium, have been contacted by regulatory and law enforcement authorities seeking records and information concerning investigations into Credit Suisse's historical private banking services on a cross-border basis and in part through its local branches and banks. The UK and French aspects of these issues have been closed. UBS is continuing to cooperate with the authorities.

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

In 2019, the court of first instance returned a verdict finding UBS AG guilty of unlawful solicitation of clients on French territory and aggravated laundering of the proceeds of tax fraud, and UBS (France) S.A. guilty of aiding and abetting unlawful solicitation and of laundering the proceeds of tax fraud. The court imposed fines aggregating EUR 3.7bn on UBS AG and UBS (France) S.A. and awarded EUR 800m of civil damages to the French state. A trial in the Paris Court of Appeal took place in March 2021. In December 2021, the Court of Appeal found UBS AG guilty of unlawful solicitation and aggravated laundering of the proceeds of tax fraud. The court ordered a fine of EUR 3.75m, the confiscation of EUR 1bn, and awarded civil damages to the French state of EUR 800m. UBS appealed the decision to the French Supreme Court. The Supreme Court rendered its judgment on 15 November 2023. It upheld the Court of Appeal's decision regarding unlawful solicitation and aggravated laundering of the proceeds of tax fraud, but overturned the confiscation of EUR 1bn, the penalty of EUR 3.75m and the EUR 800m of civil damages awarded to the French state. The case has been remanded to the Court of Appeal for a retrial regarding these overturned elements. The French state has reimbursed the EUR 800m of civil damages to UBS AG.

In May 2014, Credit Suisse entered into settlement agreements with the SEC, Federal Reserve and New York Department of Financial Services and plead guilty to conspiring to aid and abet US taxpayers in filing false tax returns. Credit Suisse continued to report to and cooperate with US authorities in accordance with its obligations under the plea and agreements, including by conducting a review of cross-border services provided by Credit Suisse. In this connection, Credit Suisse provided information to US authorities regarding potentially undeclared US assets held by clients at Credit Suisse since the May 2014 plea. UBS continues to cooperate with the authorities in their ongoing reviews. In March 2023, the US Senate Finance Committee issued a report criticizing Credit Suisse AG's history regarding US tax compliance. The report called on the DOJ to investigate Credit Suisse AG's compliance with the 2014 plea.

In February 2021, a *qui tam* complaint was filed in the Eastern District of Virginia, alleging that Credit Suisse had violated the False Claims Act by failing to disclose all US accounts at the time of the 2014 plea, which allegedly allowed Credit Suisse to pay a criminal fine in 2014 that was purportedly lower than it should have been. The DOJ moved to dismiss the case, and the Court summarily dismissed the suit. On appeal, the US Court of Appeals for the Fourth Circuit affirmed the dismissal of the action.

Our balance sheet at 30 September 2024 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.

### 2. Madoff

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



## Note 16 Provisions and contingent liabilities (continued)

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

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

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

### 3. Foreign exchange, LIBOR and benchmark rates, and other trading practices

*Foreign exchange-related regulatory matters:* Beginning in 2013, numerous authorities commenced investigations concerning possible manipulation of foreign exchange markets and precious metals prices. As a result of these investigations, UBS entered into resolutions with Swiss, US and United Kingdom regulators and the European Commission. UBS was granted conditional immunity by the Antitrust Division of the DOJ and by authorities in other jurisdictions in connection with potential competition law violations relating to foreign exchange and precious metals businesses. In December 2021, the European Commission issued a decision imposing a fine of EUR 83.3m on Credit Suisse entities based on findings of anticompetitive practices in the foreign exchange market. Credit Suisse has appealed the decision to the European General Court. UBS received leniency and accordingly no fine was assessed.

*Foreign exchange-related civil litigation:* Putative class actions have been filed since 2013 in US federal courts and in other jurisdictions against UBS, Credit Suisse and other banks on behalf of putative classes of persons who engaged in foreign currency transactions with any of the defendant banks. UBS and Credit Suisse have resolved US federal court class actions relating to foreign currency transactions with the defendant banks and persons who transacted in foreign exchange futures contracts and options on such futures. Certain class members have excluded themselves from that settlement and filed individual actions in US and English courts against UBS, Credit Suisse and other banks, alleging violations of US and European competition laws and unjust enrichment. UBS, Credit Suisse and the other banks have resolved those individual matters. Credit Suisse and UBS, together with other financial institutions, were named in a consolidated putative class action in Israel, which made allegations similar to those made in the actions pursued in other jurisdictions. In April 2022, Credit Suisse entered into an agreement to settle all claims in this action. In February 2024, UBS entered into an agreement to settle all claims in this action. Both settlements remain subject to court approval.

A putative class action was filed in federal court against UBS and numerous other banks on behalf of persons and businesses in the US who directly purchased foreign currency from the defendants and alleged co-conspirators for their own end use. In May 2024, the Second Circuit upheld the district court's dismissal of the case.

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



## Note 16 Provisions and contingent liabilities (continued)

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

*USD LIBOR class and individual actions in the US:* Beginning in 2013, putative class actions were filed in US federal district courts (and subsequently consolidated in the SDNY) by plaintiffs who engaged in over-the-counter instruments, exchange traded Eurodollar futures and options, bonds or loans that referenced USD LIBOR. The complaints allege violations of antitrust law and the Commodities Exchange Act, as well breach of contract and unjust enrichment. Following various rulings by the district court and the Second Circuit dismissing certain of the causes of action and allowing others to proceed, one class action with respect to transactions in over-the-counter instruments and several actions brought by individual plaintiffs are proceeding in the district court. UBS and Credit Suisse have entered into settlement agreements in respect of the class actions relating to exchange traded instruments, bonds and loans. These settlements have received final court approval and the actions have been dismissed as to UBS and Credit Suisse. In addition, an individual action was filed in the Northern District of California against UBS, Credit Suisse and numerous other banks alleging that the defendants conspired to fix the interest rate used as the basis for loans to consumers by jointly setting the USD ICE LIBOR rate and monopolized the market for LIBOR-based consumer loans and credit cards. The court dismissed the initial complaint and subsequently dismissed an amended complaint with prejudice. In January 2024, plaintiffs appealed the dismissal to the Ninth Circuit Court of Appeals.

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

In November 2022, defendants have moved to dismiss the complaint in the CHF LIBOR action. In 2023, the court approved a settlement by Credit Suisse of the claims against it in this matter.

*Government bonds:* In 2021, the European Commission issued a decision finding that UBS and six other banks breached European Union antitrust rules between 2007 and 2011 relating to European government bonds. The European Commission fined UBS EUR 172m. UBS has appealed the amount of the fine. Also in 2021, the European Commission issued a decision finding that Credit Suisse and four other banks had breached European Union antitrust rules relating to supra-sovereign, sovereign and agency bonds denominated in USD. The European Commission fined Credit Suisse EUR 11.9m. Credit Suisse appealed the decision. On 6 November 2024, the EU General Court issued its decision denying Credit Suisse's appeal.

Credit Suisse, together with other financial institutions, was named in two Canadian putative class actions, which allege that defendants conspired to fix the prices of supranational, sub-sovereign and agency bonds sold to and purchased from investors in the secondary market. One action was dismissed against Credit Suisse in February 2020. In October 2022, Credit Suisse entered into an agreement to settle all claims in the second action. The settlement remains subject to court approval.

## Note 16 Provisions and contingent liabilities (continued)

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

With respect to additional matters and jurisdictions not encompassed by the settlements and orders referred to above, our balance sheet at 30 September 2024 reflected a provision in an amount that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which we have established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that we have recognized.

### 4. Swiss retrocessions

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

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

Our balance sheet at 30 September 2024 reflected a provision with respect to matters described in this item 4 in an amount that UBS believes to be appropriate under the applicable accounting standard. The ultimate exposure will depend on client requests and the resolution thereof, factors that are difficult to predict and assess. Hence, as in the case of other matters for which we have established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that we have recognized.

### 5. Mortgage-related matters

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

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

## Note 16 Provisions and contingent liabilities (continued)

DLJ Mortgage Capital, Inc. (DLJ) is a defendant in New York state court in five actions: An action brought by Asset Backed Securities Corporation Home Equity Loan Trust, Series 2006-HE7 alleges damages of not less than USD 374m. In December 2023, the court granted in part DLJ's motion to dismiss, dismissing with prejudice all notice-based claims; the parties have appealed. An action by Home Equity Asset Trust, Series 2006-8, alleges damages of not less than USD 436m. An action by Home Equity Asset Trust 2007-1 alleges damages of not less than USD 420m. A non-jury trial in this action was held between January and February 2023, and a decision is pending. 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.

### 6. 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 United States Court of Appeals for the Second Circuit affirmed a September 2019 ruling by the EDNY granting defendants' motion to dismiss the first filed lawsuit. In October 2023, the United States Supreme Court denied plaintiffs' petition for a writ of certiorari. In February 2024, plaintiffs filed a motion to vacate the judgment in the first filed lawsuit. Of the other seven cases, four are stayed, including one that was dismissed as to Credit Suisse and most of the bank defendants prior to entry of the stay, and in three plaintiffs have filed amended complaints.

### 7. Customer account matters

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

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

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

## Note 16 Provisions and contingent liabilities (continued)

In Bermuda, in the civil lawsuit brought against Credit Suisse Life (Bermuda) Ltd., the Supreme Court of Bermuda issued a judgment finding for the plaintiff and awarded damages of USD 607.35m to the plaintiff. Credit Suisse Life (Bermuda) Ltd. appealed the decision and in June 2023, the Bermuda Court of Appeal confirmed the award issued by the Supreme Court of Bermuda and the finding that Credit Suisse Life (Bermuda) Ltd. had breached its contractual and fiduciary duties, but overturning the finding that Credit Suisse Life (Bermuda) Ltd. had made fraudulent misrepresentations. In March 2024, the Bermuda Court of Appeal granted a motion by Credit Suisse Life (Bermuda) Ltd for leave to appeal the judgment to the Judicial Committee of the Privy Council and the notice of such appeal was filed. The Court of Appeal also ordered that the current stay continue pending determination of the appeal on the condition that the damages awarded remain within the escrow account plus interest calculated at the Bermuda statutory rate of 3.5%. In December 2023, USD 75m was released from the escrow account and paid to plaintiffs.

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

### 8. Mozambique matter

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

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

### 9. 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 March 2024, the court denied class certification for two of the three classes proposed by plaintiffs and certified the third proposed class.

## Note 16 Provisions and contingent liabilities (continued)

### 10. Bulgarian former clients matter

In December 2020, the Swiss Office of the Attorney General brought charges against Credit Suisse AG and other parties concerning the diligence and controls applied to a historical relationship with Bulgarian former clients who are alleged to have laundered funds through Credit Suisse AG accounts. In June 2022, following a trial, Credit Suisse AG was convicted in the Swiss Federal Criminal Court of certain historical organizational inadequacies in its anti-money laundering framework and ordered to pay a fine of CHF 2m. In addition, the court seized certain client assets in the amount of approximately CHF 12m and ordered Credit Suisse AG to pay a compensatory claim in the amount of approximately CHF 19m. Credit Suisse AG appealed the decision to the Swiss Federal Court of Appeals. Following the merger of UBS AG and Credit Suisse AG, UBS AG confirmed the appeal. The trial before the Federal Court of Appeals occurred in October 2024.

### 11. Supply chain finance funds

Credit Suisse has received requests for documents and information in connection with inquiries, investigations, enforcement and other actions relating to the supply chain finance funds (SCFFs) matter by FINMA, the FCA and other regulatory and governmental agencies. The Luxembourg Commission de Surveillance du Secteur Financier is reviewing the matter and has commissioned a report from a third party. Credit Suisse is cooperating with these authorities.

In February 2023, FINMA announced the conclusion of its enforcement proceedings against Credit Suisse in connection with the SCFFs matter. In its order, FINMA reported that Credit Suisse had seriously breached applicable Swiss supervisory laws in this context with regard to risk management and appropriate operational structures. While FINMA recognized that Credit Suisse had already taken extensive organizational measures to strengthen its governance and control processes, FINMA ordered certain additional remedial measures. These include a requirement that Credit Suisse documents the responsibilities of approximately 600 of its highest-ranking managers. This measure has been made applicable to UBS Group. FINMA has also separately opened four enforcement proceedings against former managers of Credit Suisse.

In May 2023, FINMA opened an enforcement proceeding against Credit Suisse in order to confirm compliance with supervisory requirements in response to inquiries from FINMA's enforcement division in the SCFFs matter.

The Attorney General of the Canton of Zurich has initiated a criminal procedure in connection with the SCFFs matter and several fund investors have joined the procedure as interested parties. Certain former and active Credit Suisse employees, among others, have been named as accused persons, but Credit Suisse itself was not made a party to the proceeding.

Certain civil actions have been filed by fund investors and other parties against Credit Suisse and/or certain officers and directors in various jurisdictions, which make allegations including mis-selling and breaches of duties of care, diligence and other fiduciary duties. In June 2024, the Credit Suisse SCFFs made a voluntary offer to the SCFFs investors to redeem all outstanding fund units. The offer expired on 31 July 2024, and fund units representing around 92% of the SCFFs' net asset value were tendered in the offer and accepted. Fund units accepted in the offer were redeemed at 90% of the net asset value determined on 25 February 2021, net of any payments made by the relevant fund to the fund investors since that time. Investors whose units were redeemed released any claims they may have had against the SCFFs, Credit Suisse or UBS. The offer was funded by UBS through the purchase of units of feeder sub-funds.

## **Note 16 Provisions and contingent liabilities (continued)**

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### **12. Archegos**

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

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

## **Note 17 Events after the reporting period**

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In October 2024, UBS entered into an agreement to sell to American Express Swiss Holdings GmbH (American Express) its 50% interest in Swisscard AECS GmbH (Swisscard), a joint venture between UBS and American Express in Switzerland. In addition, UBS and Swisscard entered into an agreement to transition the Credit Suisse-branded card portfolios to UBS. Both transactions are subject to certain closing conditions and are not expected to have a material impact for UBS.

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