

## **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).

**18,000,000 European Style Cash Settled Long Certificates relating to  
the ordinary shares of Singapore Telecommunications Limited  
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\$0.22 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 2023 (the “**Base Listing Document**”), including its supplements and addenda as executed from time to time, for the purpose of giving information with regard to the Issuer and the Certificates. Information relating to the Company (as defined below) is contained in this document.

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

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

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

For the purpose of section 309B(1) of the Securities and Futures Act 2001 of Singapore (the "SFA"), the Issuer has determined, and hereby notifies all relevant persons (as defined in section 309A of the SFA) that the Certificates are classified as capital markets products other than prescribed capital markets products<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 9 of this document before they invest in the Certificates.

Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. It is expected that dealings in the Certificates will commence on or about 6 September 2023.

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 Aa3 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.

5 September 2023

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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 fallen sharply;
- (d) due to their nature, the Certificates can be volatile instruments and may be subject to considerable fluctuations in value. The price of the Certificates may fall in value as rapidly as it may rise due to, including but not limited to, variations in the frequency and magnitude of the changes in the price of the Underlying Stock, the time remaining to expiry and the creditworthiness of the Issuer;
- (e) fluctuations in the price of the Underlying Stock will affect the price of the Certificates but not necessarily in the same magnitude and direction, therefore, prospective investors intending to purchase Certificates to hedge their market risk associated with investing in the Underlying Stock which may be specified herein, should recognise the complexities of utilising the Certificates in this manner;
- (f) a Certificate Holder must tender a specified number of Certificates at any one time in order to exercise. Thus, Certificate Holders with fewer than the specified minimum number of Certificates in a particular series will either have to sell their Certificates or purchase additional Certificates, incurring transactions costs in each case, in order to realise their investment;

- (g) if, whilst any of the Certificates remain unexercised, trading in the Underlying Stock is suspended or halted on the relevant stock exchange, trading in the Certificates may be suspended for a similar period;
- (h) investors should note that the Issuer's obligations to pay amounts in accordance with the terms thereof as set forth herein shall be discharged by delivery of the aggregate Cash Settlement Amount (if positive) to all Certificate Holders in accordance with the agreement with the Warrant Agent;
- (i) investors should note that in the event of there being a Market Disruption Event (as defined in the Conditions) determination or payment of the Cash Settlement Amount (as defined in the Conditions) may be delayed, all as more fully described in the Conditions;
- (j) certain events relating to the Underlying Stock require or, as the case may be, permit the Issuer to make certain adjustments or amendments to the Conditions;
- (k) the Certificates are only exercisable on the expiry date and may not be exercised by Certificate Holders prior to such expiry date. Accordingly, if on such expiry date the Cash Settlement Amount is zero, a Certificate Holder will lose the value of his investment;
- (l) the total return on an investment in any Certificate may be affected by the Hedging Fee Factor (as defined below), Management Fee (as defined below) and Gap Premium (as defined below);
- (m) investors holding their position overnight should note that they would be required to bear the annualised cost which consists of the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Strategy (as described below) including the Funding Cost (as defined below) and the Rebalancing Cost (as defined below);
- (n) investors should note that there are leveraged risks because the Certificates integrate a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock;
- (o) when held for longer than a day, the performance of the Certificates could be more or less than the leverage factor that is embedded within the Certificates. The performance of the Certificates each day is locked in, and any subsequent returns are based on what was achieved the previous day. This process, referred to as compounding, may lead to a performance difference from 5 times the performance of the Underlying Stock over a period longer than one day. This difference may be amplified in a volatile market with a sideways trend, where market movements are not clear in direction, whereby investors may sustain substantial losses;
- (p) 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);
- (q) investors should note that the Air Bag Mechanism reduces the impact on the Leverage Strategy if the Underlying Stock falls further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses;

- (r) there is no assurance that the Air Bag Mechanism will prevent investors from losing the entire value of their investment, in the event of (i) an overnight fall in the Underlying Stock, where there is a 20% or greater gap between the previous day closing price and the opening price of the Underlying Stock the following day, as the Air Bag Mechanism will only be triggered when 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 fall in the Underlying Stock of 20% or greater during the observation period compared to the reference price, being: (a) if air bag event has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (b) if one or more air bag events have been previously triggered on the same day, the latest new observed price. Investors may refer to pages 40 to 41 of this document for more information;
- (s) 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 27 to 28 of this document for more information;
- (t) 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;
- (u) 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;
- (v) 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;
- (w) 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;

- (x) 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;

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

- (bb) 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;
- (cc) 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.

## 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:                             | 18,000,000 European Style Cash Settled Long Certificates relating to the ordinary shares of Singapore Telecommunications Limited (the “ <b>Underlying Stock</b> ” or the “ <b>Underlying</b> ”) |
| ISIN:                                     | CH1227876575  |
| Company:                                  | Singapore Telecommunications Limited (RIC: STEL.SI)   |
| Underlying Price <sup>3</sup> and Source: | S\$2.35 (Bloomberg)   |
| Calculation Agent:                        | UBS AG acting through its London Branch   |
| Strike Level:                             | Zero  |
| Daily Leverage:                           | 5x (within the Leverage Strategy as described below)  |
| Notional Amount per Certificate:          | SGD 0.22  |
| Management Fee (p.a.) <sup>4</sup> :      | 0.40%   |
| Gap Premium (p.a.) <sup>5</sup> :         | 4.60%, is a hedging cost against extreme market movements overnight.  |
| Funding Cost <sup>6</sup> :               | The annualised costs of funding, referencing a publically published reference rate plus spread.   |
| Rebalancing Cost <sup>6</sup> :           | The transaction costs (if applicable), computed as a function of leverage and daily performance of the Underlying Stock.  |
| Launch Date:                              | 24 August 2023  |
| Closing Date:                             | 5 September 2023  |
| Expected Listing Date:                    | 6 September 2023  |

<sup>3</sup> These figures are calculated as at, and based on information available to the Issuer on or about 5 September 2023. The Issuer is not obliged, and undertakes no responsibility to any person, to update or inform any person of any changes to the figures after 5 September 2023.

<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 Strategy.

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| Last Trading Date:      | The date falling 5 Business Days immediately preceding the Expiry Date, currently being 23 June 2025   |
| Expiry Date:            | 30 June 2025 (if the Expiry Date is not a Business Day, then the Expiry Date shall fall on the preceding Business Day and subject to adjustment of the Valuation Date upon the occurrence of Market Disruption Events as set out in the Conditions of the Certificates)  |
| Board Lot:              | 100 Certificates   |
| Valuation Date:         | 27 June 2025 or if such day is not an Exchange Business Day, the immediately preceding Exchange Business Day.  |
| Exercise:               | The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates. |
| Cash Settlement Amount: | In respect of each Certificate, shall be an amount (if positive) payable in the Settlement Currency equal to:<br><br>Closing Level multiplied by the Notional Amount per Certificate<br><br>Please refer to the “Information relating to the European Style Cash Settled Long Certificates on Single Equities” section on pages 32 to 46 of this document for examples and illustrations of the calculation of the Cash Settlement Amount.   |
| Hedging Fee Factor:     | In respect of each Certificate, shall be an amount calculated as: Product (for t from Expected Listing Date to Valuation Date) of $(1 - \text{Management Fee} \times (\text{ACT}(t-1;t) \div 360)) \times (1 - \text{Gap Premium}(t-1) \times (\text{ACT}(t-1;t) \div 360))$ , where:<br><br>“t” refers to “ <b>Observation Date</b> ” which means each Exchange Business Day (subject to Market Disruption Event) from (and   |

including) the Exchange 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 Exchange Business Day immediately preceding the Observation Date (which is “t-1”) (included) and the Observation Date (which is “t”) (excluded).

Please refer to the “Information relating to the European Style Cash Settled Long Certificates on Single Equities” section on pages 32 to 46 of this document for examples and illustrations of the calculation of the Hedging Fee Factor.

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

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

Initial Reference Level: 1,000

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

The calculation of the closing level of the Leverage Strategy is set out in the “Specific Definitions relating to the Leverage Strategy” section on pages 14 to 18 below.

Initial Exchange Rate: 1

Final Exchange Rate: 1

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

Trading of Certificates is suspended for at least 30 minutes of continuous trading after the Air Bag is triggered. The resumption of trading is subject to the SGX-ST’s requirements of at least 15 minutes after the SGX-ST approves the request from the Issuer to resume trading on the Certificates, rounded to the next quarter of an hour.

The Leverage Strategy is floored at 0 and the Certificates cannot be valued below zero.

Please refer to the “Air Bag Mechanism” section on page 18 below and the “Description of Air Bag Mechanism” section on pages 38 to 39 of this document for further information of the Air Bag Mechanism.

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|--|--|
| 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:                                       | Singapore Dollar (“ <b>SGD</b> ”)  |
| Settlement Currency:   | SGD  |
| Exercise Expenses:   | Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates.   |
| Relevant Stock Exchange for the Certificates:                    | The Singapore Exchange Securities Trading Limited (“ <b>SGX-ST</b> ”)  |
| Relevant Stock Exchange for the Underlying Stock:                | The SGX-ST   |
| Business Day, Settlement Business Day and Exchange Business Day: | A “ <b>Business Day</b> ”, a “ <b>Settlement Business Day</b> ” or an “ <b>Exchange 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.   |
| Warrant Agent:   | The Central Depository (Pte) Limited (“ <b>CDP</b> ”)  |
| 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 Strategy including the Funding Cost and the Rebalancing Cost. The Management Fee may be increased</p> |

up to a maximum of 3% p.a. on giving one month's notice to investors in accordance with the terms and conditions of the Certificates. Any increase in the Management Fee will be announced on the SGXNET.

Further Information:

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

### **Specific Definitions relating to the Leverage Strategy**

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

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

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

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

#### **Leverage Strategy Formula**

**LSL<sub>t</sub>** means, the Leverage Strategy Level as at 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):

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

**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:

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

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

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

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

**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:

0.04%

“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 lowest 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

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

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

$$Rate_t = CashRate_t + \%SpreadLevel_t$$

**CashRate<sub>t</sub>** means, in respect of each Observation Date of Leverage Reset Time (t), the daily Singapore Overnight Rate Average (SORA) provided by the Monetary Authority of Singapore as administrator of the benchmark (or a successor administrator), as published on Refinitiv Screen (SORA=MAST) or any successor page, being the rate as of day (t) at 09:00 Singapore time, provided that if such rate is not available, then such rate shall be determined by reference to the last available rate that was published on the relevant Refinitiv page.

**%SpreadLevel<sub>t</sub>** means, in respect of the Observation Date of the Leverage Reset Time (t), a rate which shall be determined with respect to such Valuation Date(t) by the Calculation Agent as the difference between (1) the 12-month CME Term SOFR Reference Rate, as published on Refinitiv RIC .SR1Y and (2) the US SOFR Secured Overnight Financing Rate, as published on Reuters RIC USDSOFR= or any successor page, each being the rate as of the calendar day immediately preceding the Leverage Reset Time (t), provided that if any of such rates is not available, then that rate shall be determined by reference to the latest available rate that was published on the relevant Refinitiv page. Upon the occurrence or likely occurrence, as determined by the Calculation Agent, of a Benchmark Event, the Calculation Agent may make adjustments as it may determine appropriate to account for the relevant event or circumstance, including but not limited to using any alternative rates from such date, with or without retroactive effect as the Calculation Agent may in its sole and absolute discretion determine.

Provided that if such difference is negative, **%SpreadLevel<sub>t</sub>** should be 0%.



**Benchmark Event** means:

- (a) the relevant reference rate has ceased to be published on the relevant screen page as a result of such benchmark ceasing to be calculated or administered; or
- (b) a public statement by the administrator of the relevant reference rate that (in circumstances where no successor administrator has been or will be appointed that will continue publication of such reference rate) it has ceased publishing such reference rate permanently or indefinitely or that it will cease to do so by a specified future date (the "**Specified Future Date**"); or
- (c) a public statement by the supervisor of the administrator of the relevant reference rate that such reference rate has been or will, by a specified future date (the "**Specified Future Date**"), be permanently or indefinitely discontinued; or
- (d) a public statement by the supervisor of the administrator of the relevant reference rate as a consequence of which Reference Rate will, by a specified future date (the "**Specified Future Date**"), be prohibited from being used, or that its use will be subject to restrictions or adverse consequences, either generally or in respect of the Certificates; or
- (e) a public statement by the supervisor of the administrator of the relevant reference rate that, in the view of such supervisor, such reference rate is or will, by a specified future date (the "**Specified Future Date**"), be no longer representative of an underlying market or the methodology to calculate such reference rate has materially changed; or
- (f) it has or will, by a specified date within the following six months, become unlawful for the Calculation Agent or the Issuer to calculate any payments due to be made to any holder of the Certificates using the relevant reference rate (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011, if applicable).

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

**ACT(r(t),t)**

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

**DayCountBasisRate** 365

**Air Bag Mechanism**

- Intraday Restrike Event** means in respect of an Observation Date, the decrease at any Calculation Time of the Underlying Stock price by 15% or more compared with the amount of  $S_{r(t)} \times Rfactor_t$  where  $r(t)$  means the immediately preceding Leverage Reset Time prior to such Calculation Time.
- Calculation Time** means any time between the TimeReferenceOpening and the TimeReferenceClosing, provided that the relevant data is available to enable the Calculation Agent to determine the Leverage Strategy Level.
- TimeReferenceOpening** means the scheduled opening time (including pre-opening session or opening auction, as the case may be) for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).
- TimeReferenceClosing** means the scheduled closing time (including closing auction session) for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).
- Intraday Restrike Event Observation Period** means in respect of an Intraday Restrike Event, the period starting on and excluding the Intraday Restrike Event Time and finishing on and including the sooner between (1) the time falling 15 minutes of continuous trading after the Intraday Restrike Event Time and (2) the TimeReferenceClosing.
- Where, during such period, the Calculation Agent determines that (1) the trading in the Underlying Stock is disrupted or subject to suspension or limitation or (2) the Relevant Stock Exchange for the Underlying Stock is not open for continuous trading, the Intraday Restrike Event Observation Period will be extended to the extent necessary until (1) the trading in the Underlying Stock is no longer disrupted, suspended or limited and (2) the Relevant Stock Exchange for the Underlying Stock is open for continuous trading.
- Intraday Restrike Event Time** means in respect of an Intraday Restrike Event, the Calculation Time on which such event occurs.

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

## TERMS AND CONDITIONS OF

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

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

- (a) *Form.* The Certificates (which expression shall, unless the context otherwise requires, include any further certificates issued pursuant to Condition 11) are issued subject to and with the benefit of:-
- (i) a master instrument by way of deed poll (the "**Master Instrument**") dated 28 June 2023, 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:                       | Singapore Telecommunications Limited  |
| The Certificates:              | European Style Cash Settled Long Certificates relating to the Underlying Stock  |
| Number:                        | 18,000,000 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 2023 (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:<br><br>Notional Amount per Certificate x Closing Level  |
| Denominations:                 | Certificates are represented by a global warrant in respect of all the Certificates.  |
| Exercise:                      | The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders will not be required to deliver an exercise notice. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates will be deemed to have been automatically exercised at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates. |
| Exercise and Trading Currency: | SGD   |
| Board Lot:                     | 100 Certificates  |

- Transfers of Certificates: Certificates may only be transferred in Board Lots (or integral multiples thereof). All transfers in Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records of CDP.
- Listing: Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. Issue of the Certificates is conditional on such listing being granted. It is expected that dealings in the Certificates on the SGX-ST will commence on or about 6 September 2023.
- Governing Law: The laws of Singapore
- Warrant Agent: The Central Depository (Pte) Limited  
11 North Buona Vista Drive  
#06-07 The Metropolis Tower 2  
Singapore 138589
- Further Issues: Further issues which will form a single series with the Certificates will be permitted.

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

**INFORMATION RELATING TO  
THE EUROPEAN STYLE CASH SETTLED LONG CERTIFICATES ON SINGLE EQUITIES**

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

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

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

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

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

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

- (1) is the Final Reference Level multiplied by the Final Exchange Rate;
- (2) is the Initial Reference Level multiplied by the Initial Exchange Rate;
- (3) is the Strike Level; and
- (4) is the Hedging Fee Factor.

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

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

**B) Trading the Certificates before Expiry**

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

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



**Illustration of the Calculation of Hedging Fee Factor**

|                    |   |                           |
|--------------------|---|---------------------------|
| Hedging Fee Factor | = | Product of the Daily Fees |
|--------------------|---|---------------------------|

|            |   |  |
|------------|---|--|
| Daily Fees | = | <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 | = | t <sup>7</sup> =0 | x | Leverage Strategy daily performance <sup>8</sup> | x | Daily Fees | x | Leverage Strategy daily performance | x | Daily Fees | x ... | Leverage Strategy Daily performance | x | Daily Fees |
|                       |   | Notional Amount   |   |  |   |            |   |                                     |   |            |       |                                     |   |            |

|                       |   |                 |   |   |   |                                     |   |   |   |   |            |  |
|-----------------------|---|-----------------|---|---|---|-------------------------------------|---|---|---|---|------------|--|
| Value of Certificates | = | t=0             | x | <b>Product of the daily Leverage Strategy Performance</b> |   |                                     |   | x | <b>Product of the Daily Fees (Hedging Fee Factor)</b> |   |            |  |
|                       |   | Notional Amount |   | Leverage Strategy daily performance                       | x | Leverage Strategy daily performance | x |   | Daily Fees  | x | Daily Fees |  |

|                             |   |                 |   |   |  |  |  |   |                    |  |  |  |
|-----------------------------|---|-----------------|---|---|--|--|--|---|--------------------|--|--|--|
| Final Value of Certificates | = | t=0             | x | $\frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}}$ |  |  |  | x | Hedging Fee Factor |  |  |  |
|                             |   | Notional Amount |   |   |  |  |  |   |                    |  |  |  |

**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 Exchange Business Day (subject to Market Disruption Event) from (and including) the Exchange Business Day immediately preceding the Expected Listing Date to the Valuation Date.  
<sup>8</sup> Leverage Strategy daily performance is computed as the Leverage Strategy Level on Business Day (t) divided by the Leverage Strategy Level on Business Day (t-1).

### Example of Calculation of Hedging Fee Factor and Cash Settlement Amount

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

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

|                                  |  |
|----------------------------------|--|
| Underlying Stock:                | <b>Ordinary shares of Singapore Telecommunications Limited</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>0.22 SGD</b>  |
| Notional Amount per Certificate: | <b>0.22 SGD</b>  |
| Management Fee (p.a.):           | <b>0.40%</b>   |
| Gap Premium (p.a.):              | <b>4.60%</b>   |
| Strike Level:                    | <b>Zero</b>  |

### Hedging Fee Factor

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

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

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

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

$$\text{HFF}(1) = 100\% \times \left(1 - 0.40\% \times \frac{1}{360}\right) \times \left(1 - 4.60\% \times \frac{1}{360}\right)$$

$$\text{HFF}(1) = 100\% \times 99.9989\% \times 99.9872\% \approx 99.9861\%$$

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

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

$$\text{HFF (2)} = 99.9861\% \times \left(1 - 0.40\% \times \frac{3}{360}\right) \times \left(1 - 4.60\% \times \frac{3}{360}\right)$$

$$\text{HFF (2)} = 99.9861\% \times 99.9967\% \times 99.9617\% \approx 99.9445\%$$

The same principle applies to the following Exchange 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 99.7919% as illustrated below:

| Date      | HFF       |
|-----------|-----------|
| 2/1/2021  | 100.0000% |
| 2/2/2021  | 99.9861%  |
| 2/3/2021  | 99.9722%  |
| 2/4/2021  | 99.9583%  |
| 2/5/2021  | 99.9445%  |
| 2/8/2021  | 99.9028%  |
| 2/9/2021  | 99.8889%  |
| 2/10/2021 | 99.8751%  |
| 2/11/2021 | 99.8612%  |
| 2/12/2021 | 99.8473%  |
| 2/15/2021 | 99.8057%  |
| 2/16/2021 | 99.7919%  |

### Cash Settlement Amount

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

$$\text{Closing Level} = [(\text{Final Reference Level} \times \text{Final Exchange Rate}) / (\text{Initial Reference Level} \times \text{Initial Exchange Rate}) - \text{Strike Level}] \times \text{Hedging Fee Factor}$$

$$= [(1200 \times 1) / (1000 \times 1) - 0] \times 99.7919\%$$

$$= 119.75\%$$

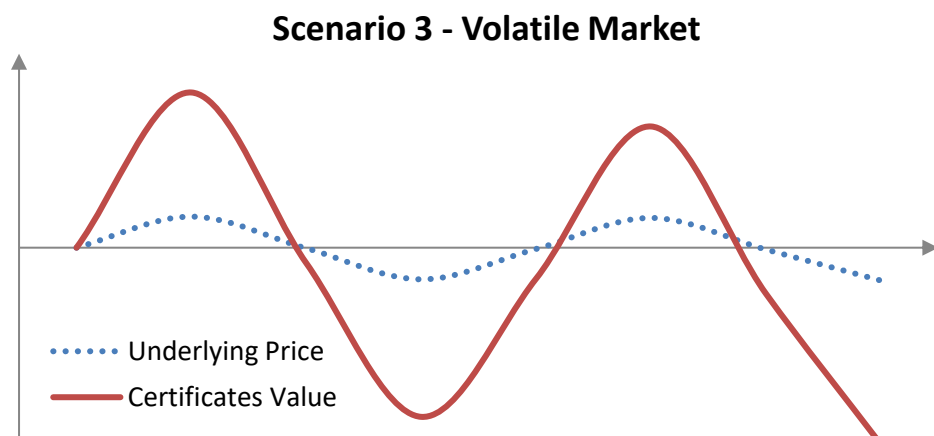
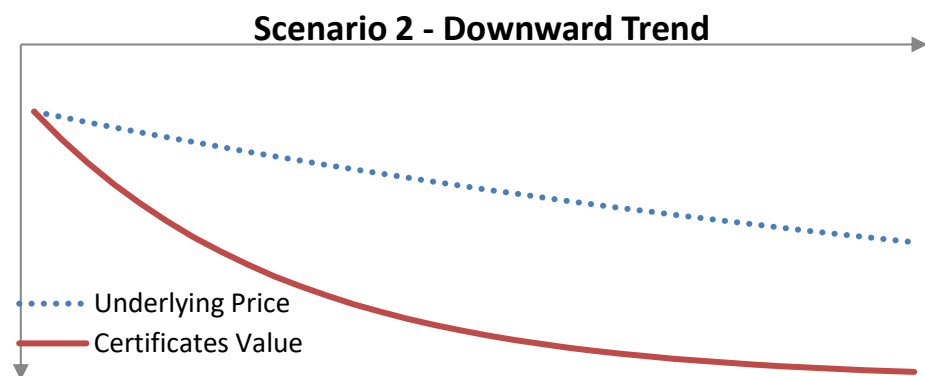
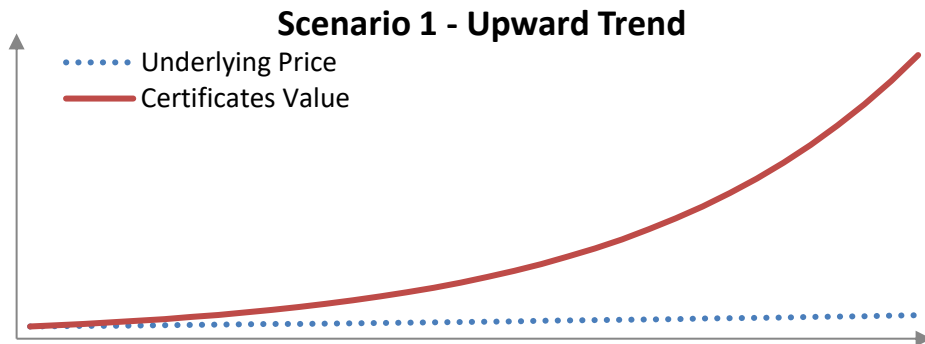
$$\text{Cash Settlement Amount} = \text{Closing Level} \times \text{Notional Amount per Certificate}$$

$$= 119.75\% \times 0.22 \text{ SGD}$$

$$= \mathbf{0.263 \text{ SGD}}$$

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

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

1. Illustrative examples

## 2. Numerical Examples

**Scenario 1 – Upward Trend**

| <b>Underlying</b>   |           |           |           |           |           |           |
|---------------------|-----------|-----------|-----------|-----------|-----------|-----------|
|                     | 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%    |

| <b>Value of the Certificates</b> |       |        |        |        |        |        |
|----------------------------------|-------|--------|--------|--------|--------|--------|
|                                  | Day 0 | Day 1  | Day 2  | Day 3  | Day 4  | Day 5  |
| Daily Return                     |       | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% |
| Price at end of day              | 0.22  | 0.24   | 0.27   | 0.29   | 0.32   | 0.35   |
| Accumulated Return               |       | 10.00% | 21.00% | 33.10% | 46.41% | 61.05% |

**Scenario 2 – Downward Trend**

| <b>Underlying</b>   |           |          |          |          |          |          |
|---------------------|-----------|----------|----------|----------|----------|----------|
|                     | 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%   |

| <b>Value of the Certificates</b> |       |         |         |         |         |         |
|----------------------------------|-------|---------|---------|---------|---------|---------|
|                                  | Day 0 | Day 1   | Day 2   | Day 3   | Day 4   | Day 5   |
| Daily Return                     |       | -10.00% | -10.00% | -10.00% | -10.00% | -10.00% |
| Price at end of day              | 0.22  | 0.20    | 0.18    | 0.16    | 0.14    | 0.13    |
| Accumulated Return               |       | -10.00% | -19.00% | -27.10% | -34.39% | -40.95% |

**Scenario 3 – Volatile Market**

| <b>Underlying</b>   |           |           |          |          |          |           |
|---------------------|-----------|-----------|----------|----------|----------|-----------|
|                     | 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%     |

| <b>Value of the Certificates</b> |       |        |         |         |        |        |
|----------------------------------|-------|--------|---------|---------|--------|--------|
|                                  | Day 0 | Day 1  | Day 2   | Day 3   | Day 4  | Day 5  |
| Daily Return                     |       | 10.00% | -10.00% | -10.00% | 10.00% | 10.00% |
| Price at end of day              | 0.22  | 0.24   | 0.22    | 0.20    | 0.22   | 0.24   |
| Accumulated Return               |       | 10.00% | -1.00%  | -10.90% | -1.99% | 7.81%  |

### Description of Air Bag Mechanism

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

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

- Observation Period: the price of the Underlying Stock is observed and its minimum price is recorded (i) during 15 minutes of continuous trading after the Air Bag is triggered, or (ii) until Market Close if there is 15 minutes (or less) of continuous trading until Market Close when the Air Bag is triggered; and
- Reset Period: thereafter, the Leverage Strategy is reset using the minimum price of the Underlying Stock during the Observation Period as the New Observed Price. The New Observed Price replaces the last closing price of the Underlying Stock in order to compute the performance of the Leverage Strategy.

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

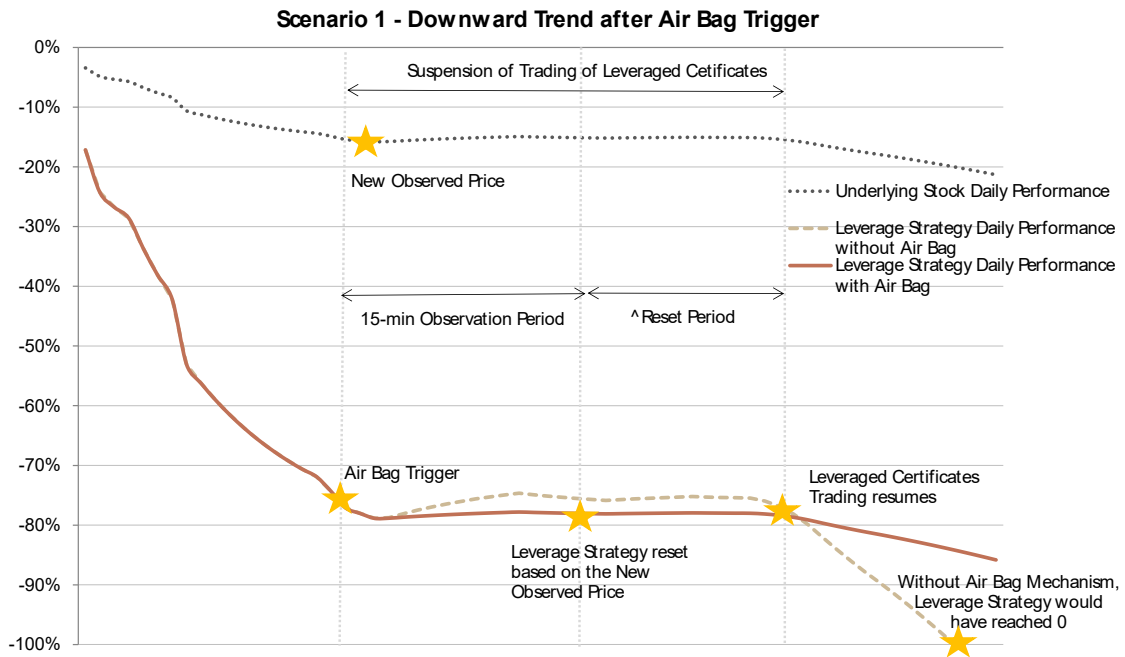
For the avoidance of doubt, if the Air Bag Mechanism was triggered with more than 60 minutes of continuous trading before Market Close, trading of Certificates will resume the same trading day after the Reset Period has elapsed, subject to the SGX-ST’s approval to resume trading. If the Air Bag Mechanism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

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

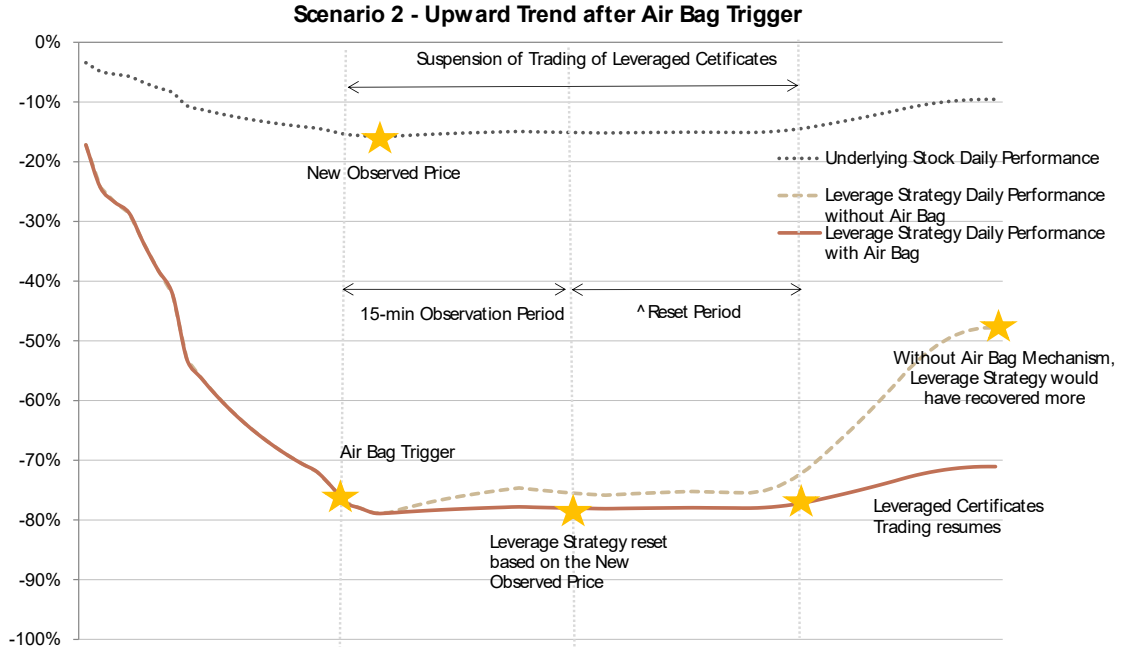
With **Market Close** defined as:

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

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



^ 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.

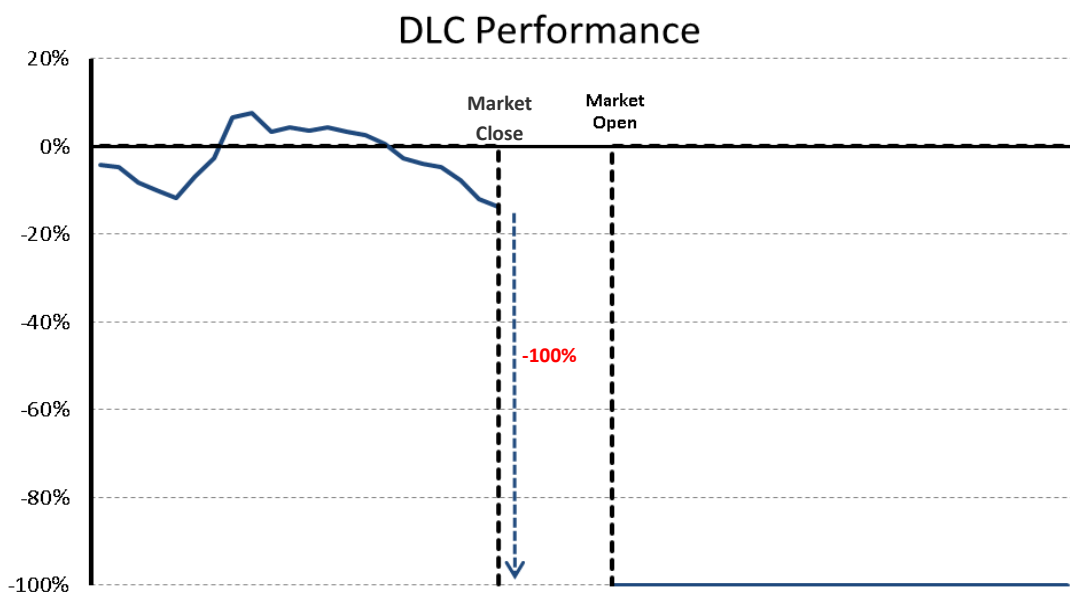
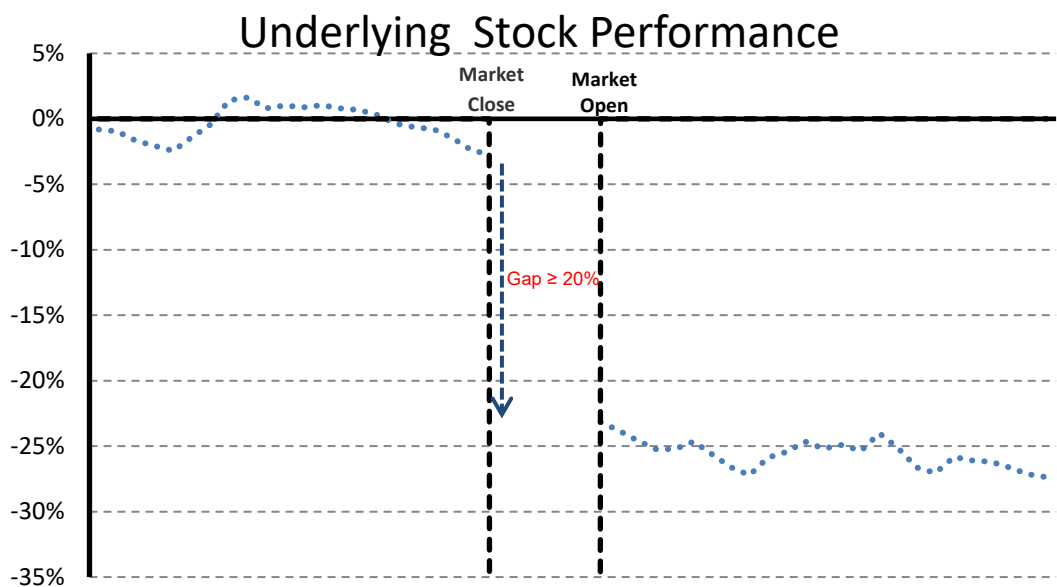
<sup>9</sup> The illustrative examples are not exhaustive.

### 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 fall of the Underlying Stock

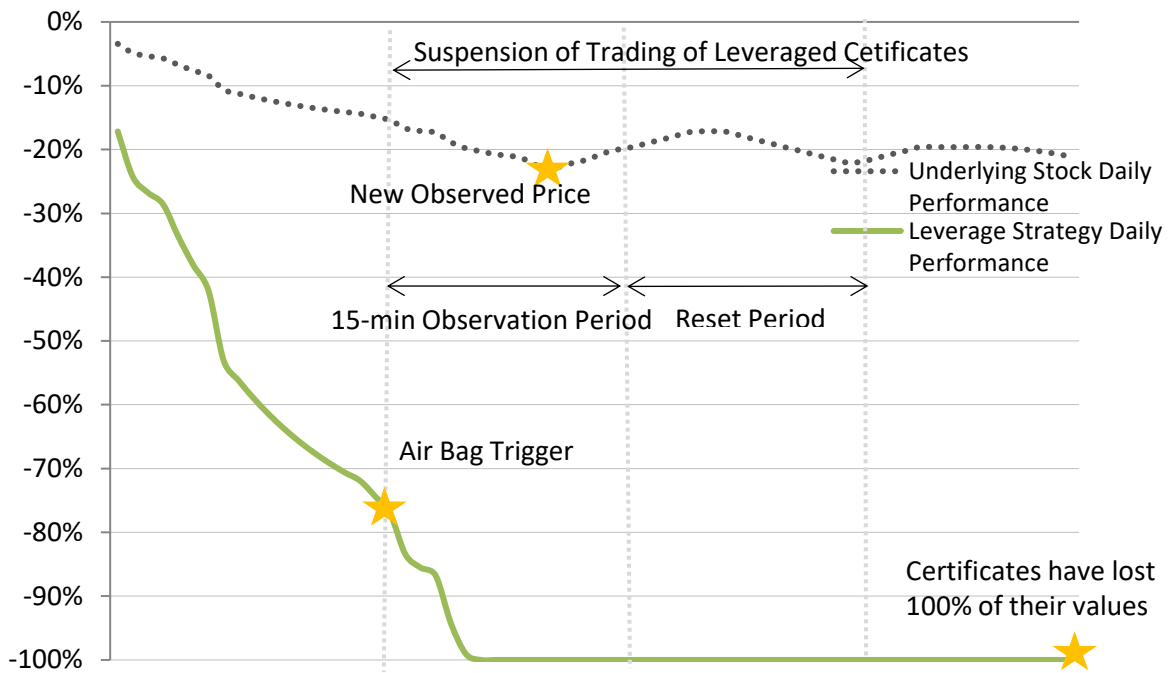
On any business day, the opening price of the Underlying Stock may be higher or lower than the closing price on the previous day. The difference between the previous closing price and the opening price of the Underlying Stock is termed a “gap”. If the opening price of the Underlying Stock is 20% or more below the previous day closing price, the Air Bag Mechanism would only be triggered when the market (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 fall of the Underlying Stock

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



## Examples and illustrations of adjustments due to certain corporate actions

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

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

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

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

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 falls 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):

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

$$S_t = \$51$$

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

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

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

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

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

As a consequence:

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

| $S_{r(t)}$ | $S_{r(t)} \times Rfactor_t$ | $S_t$ | 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) |
|-------------------------------|------------------------------|---|
| 0.22                          | 0.242                        | 10%   |

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

## 2. 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):

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

$$S_t = \$202$$

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

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

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

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

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

As a consequence:

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

| $S_{r(t)}$ | $S_{r(t)} \times Rfactor_t$ | $S_t$ | 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) |
|-------------------------------|------------------------------|---|
| 0.22                          | 0.231                        | 5%  |

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

### 3. Rights Issues

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

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

$$S_t = \$84$$

$$Div_t = \$0$$

$$DivExc_t = \$0$$

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

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

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

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) |
|-------------------------------|------------------------------|---|
| 0.22                          | 0.275                        | 25%   |

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

#### 4. Bonus Issues

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

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

$$S_t = \$85$$

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

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

$$R = \$0$$

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

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

As a consequence:

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

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

| Value of the Certificate r(t) | Value of the Certificate (t) | Certificates' performance (excluding any cost and fees) |
|-------------------------------|------------------------------|---|
| 0.22                          | 0.242                        | 10%   |

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

#### 5. Extraordinary Dividend

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

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

$$S_t = \$84$$

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

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

$$R = \$0$$

$$M = 0$$

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

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) |
|-------------------------------|------------------------------|---|
| 0.22                          | 0.275                        | 25%   |

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

## INFORMATION RELATING TO THE COMPANY

*All information contained in this document regarding the Company, including, without limitation, its financial information, is derived from publicly available information which appears on the web-site of the SGX-ST at <http://www.sgx.com>. The Issuer has not independently verified any of such information.*

Singapore Telecommunications Limited (“**Singtel**” or the “**Company**”) was corporatised on 1 April 1992 and listed on the local stock exchange in November 1993. It is majority-owned (2019: 49.8 percent) by Temasek Holdings (Private) Limited. Singtel is a leading communications technology group in Asia, and has played a key role in Singapore’s development as a telecommunications hub for the region over the course of its 140-year history. Headquartered in Singapore, Singtel provides an extensive range of telecommunications and digital services to consumers and enterprises through its three business groups - Group Consumer, Group Enterprise and Group Digital Life. Singtel has stakes in leading mobile operators in high-growth emerging markets - AIS in Thailand, Bharti Airtel in India, Globe in the Philippines and Telkomsel in Indonesia. Together with these regional associates and its wholly-owned subsidiary Optus, Singtel serves over 700 million mobile customers in 21 countries. Its infrastructure and technology services for businesses span 21 countries with more than 428 direct points of presence in 362 cities.

The information set out in Appendix I of this document relates to the business update of the Company and its subsidiaries for the first quarter ended 30 June 2023 and has been extracted and reproduced from an announcement by the Company dated 21 August 2023 in relation to the same. Further information relating to the Company may be located on the web-site of the SGX-ST at <http://www.sgx.com>.

### 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 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) where the Certificates are suspended from trading for any reason;
- (iv) 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;
- (v) where the Issuer or the DMM faces technical problems affecting the ability of the DMM to provide bids and offer quotations;
- (vi) 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;
- (vii) in cases where the Issuer has no Certificates to sell, then the DMM will only provide the bid price;
- (viii) if the stock market experiences exceptional price movement and volatility;
- (ix) when it is a public holiday in Singapore and/or the SGX-ST is not open for dealings; and
- (x) 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 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 is an extract of the unaudited consolidated financial statements of UBS AG and its subsidiaries for the second quarter ended 30 June 2023.

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 267 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 June 2023.
  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 BUSINESS UPDATE  
FOR THE FIRST QUARTER ENDED 30 JUNE 2023 OF  
SINGAPORE TELECOMMUNICATIONS LIMITED AND ITS SUBSIDIARIES**



## Business Update For The First Quarter Ended 30 June 2023

**Singapore, 21 August 2023** – Singtel reported its business update for the first quarter ended 30 June 2023.

Key highlights for the first quarter

- Underlying net profit was up 15% to S\$571 million, lifted by lower net finance expense and higher share of profits from the associates, mainly Airtel, AIS and Intouch
- With a net exceptional loss compared to a net exceptional gain in the last corresponding quarter, net profit was down 23% to S\$483 million
- Operating revenue and EBITDA were down 2.7% and 7.7% respectively with a 9% decline in the Australian Dollar
- In constant currency terms, operating revenue would have been up 2.5% led by higher revenues from NCS and Digital Infracore while EBITDA would have been down 3.1% on inflationary cost pressures

|  | Quarter                 |                         | YOY       |                                   |
|--|-------------------------|-------------------------|-----------|-----------------------------------|
|  | 30 Jun<br>2023<br>S\$ m | 30 Jun<br>2022<br>S\$ m | Chge<br>% | Chge<br>in cc <sup>(1)</sup><br>% |
| Operating revenue                              | 3,488                   | 3,584                   | -2.7      | 2.5                               |
| EBITDA   | 902                     | 977                     | -7.7      | -3.1                              |
| EBIT (before associates' contributions)        | 300                     | 328                     | -8.5      | -7.1                              |
| Net finance expense                            | (52)                    | (114)                   | -54.3     | -49.7                             |
| Share of regional associates' post-tax profits | 426                     | 411                     | 3.7       | 10.4                              |
| Underlying net profit                          | 571                     | 499                     | 14.5      | 19.9                              |
| Exceptional items (post-tax)                   | (88)                    | 129                     | nm        | nm                                |
| Net profit                                     | 483                     | 628                     | -23.1     | -20.0                             |

"nm" denotes not meaningful.

**Note:**

(1) Assuming constant exchange rates for the Australian Dollar and United States Dollar and/ or regional currencies from the corresponding quarter ended 30 June 2022.

## **Message from Group CEO, Mr Yuen Kuan Moon**

"Underlying net profit grew 15% in the first quarter despite prevailing macroeconomic challenges and currency headwinds. Our growth engines, NCS and Digital InfraCo executed well, roaming recovery stayed strong across our consumer and enterprise businesses, and we've lowered net finance expenses significantly with the proceeds from our capital recycling initiatives. While we saw better performances and higher contributions from our regional associates as market dynamics improved, increased competition and continued declines in legacy services impacted our core telco business in Singapore and Australia. Our focus on cost has helped to reduce some of the effects of the difficult operating environment. Going forward, we expect the integration of our core consumer and enterprise businesses which is underway in both Singapore and Australia, as the next step in our strategic reset, to optimise synergies, help deliver cost benefits and drive growth. We also believe Optus will have more certainty in regional Australia following Telstra and TPG's decision not to appeal the Australian Competition Tribunal and Australian Competition and Consumer Commission's rulings against the network sharing deal."

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## GROUP SUMMARY INCOME STATEMENT

### For The First Quarter Ended 30 June 2023

|  | Quarter                 |                         | YOY          |                                   |
|--|-------------------------|-------------------------|--------------|-----------------------------------|
|  | 30 Jun<br>2023<br>S\$ m | 30 Jun<br>2022<br>S\$ m | Chge<br>%    | Chge<br>in cc <sup>(1)</sup><br>% |
| <b>Operating revenue</b>                               | <b>3,488</b>            | <b>3,584</b>            | <b>-2.7</b>  | <b>2.5</b>                        |
| <b>EBITDA</b>  | <b>902</b>              | <b>977</b>              | <b>-7.7</b>  | <b>-3.1</b>                       |
| <b>- EBITDA margin</b>                                 | <b>25.9%</b>            | <b>27.3%</b>            |              |                                   |
| Share of associates' pre-tax profits                   | 588                     | 572                     | 2.7          | 9.5                               |
| <b>EBITDA and share of associates' pre-tax profits</b> | <b>1,490</b>            | <b>1,550</b>            | <b>-3.9</b>  | <b>1.6</b>                        |
| Depreciation & amortisation                            | (602)                   | (650)                   | -7.3         | -1.1                              |
| <b>EBIT</b>  | <b>887</b>              | <b>900</b>              | <b>-1.4</b>  | <b>3.5</b>                        |
| Net finance expense                                    | (52)                    | (114)                   | -54.3        | -49.7                             |
| <b>Profit before exceptional items and tax</b>         | <b>835</b>              | <b>786</b>              | <b>6.3</b>   | <b>11.2</b>                       |
| Taxation   | (262)                   | (284)                   | -7.9         | -3.8                              |
| Minority interests                                     | (2)                     | (3)                     | -23.3        | -23.3                             |
| <b>Underlying net profit</b>                           | <b>571</b>              | <b>499</b>              | <b>14.5</b>  | <b>19.9</b>                       |
| Exceptional items (post-tax)                           | (88)                    | 129                     | nm           | nm                                |
| <b>Net profit</b>                                      | <b>483</b>              | <b>628</b>              | <b>-23.1</b> | <b>-20.0</b>                      |

"nm" denotes not meaningful.

**Note:**

(1) Assuming constant exchange rates for the Australian Dollar, United States Dollar and/ or regional currencies from the corresponding quarter ended 30 June 2022.

## BUSINESS SEGMENTS INCOME STATEMENT

### For The First Quarter Ended 30 June 2023

|   | Quarter                 |                         | YOY         |                                   |
|---|-------------------------|-------------------------|-------------|-----------------------------------|
|   | 30 Jun<br>2023<br>S\$ m | 30 Jun<br>2022<br>S\$ m | Chge<br>%   | Chge<br>in cc <sup>(1)</sup><br>% |
| <b>Operating revenue <sup>(2)</sup></b>                       |                         |                         |             |                                   |
| Optus   | 1,785                   | 1,944                   | -8.2        | 1.1                               |
| Singtel Singapore <sup>(3)</sup>                              | 937                     | 954                     | -1.8        | -1.8                              |
| NCS   | 681                     | 598                     | 13.9        | 14.9                              |
| Digital InfraCo <sup>(4)</sup>                                | 103                     | 88                      | 17.0        | 17.0                              |
| Trustwave   | 38                      | 44                      | -14.0       | -11.5                             |
| Less: Intercompany eliminations                               | (56)                    | (43)                    | 29.3        | 29.3                              |
| <b>Group</b>  | <b>3,488</b>            | <b>3,584</b>            | <b>-2.7</b> | <b>2.5</b>                        |
| <b>EBITDA <sup>(2)</sup></b>                                  |                         |                         |             |                                   |
| Optus   | 456                     | 531                     | -14.1       | -5.5                              |
| Singtel Singapore <sup>(3)</sup>                              | 382                     | 384                     | -0.6        | -0.6                              |
| NCS   | 75                      | 70                      | 6.6         | 6.0                               |
| Digital InfraCo <sup>(4)</sup>                                | 62                      | 56                      | 10.7        | 10.7                              |
| Trustwave   | (25)                    | (29)                    | -11.2       | -8.7                              |
| Corporate   | (35)                    | (29)                    | 20.1        | 20.1                              |
| Less: Intercompany eliminations                               | (11)                    | (5)                     | 121.2       | 121.2                             |
| <b>Group</b>  | <b>902</b>              | <b>977</b>              | <b>-7.7</b> | <b>-3.1</b>                       |
| <b>EBIT (before associates' contributions) <sup>(2)</sup></b> |                         |                         |             |                                   |
| Optus   | 56                      | 85                      | -34.5       | -28.2                             |
| Singtel Singapore <sup>(3)</sup>                              | 239                     | 241                     | -1.0        | -1.0                              |
| NCS   | 51                      | 48                      | 7.4         | 6.3                               |
| Digital InfraCo <sup>(4)</sup>                                | 27                      | 19                      | 40.3        | 40.3                              |
| Trustwave   | (29)                    | (33)                    | -12.0       | -9.6                              |
| Corporate   | (45)                    | (40)                    | 13.6        | 13.6                              |
| Less: Intercompany eliminations                               | 2                       | 8                       | -77.9       | -77.9                             |
| <b>Group</b>  | <b>300</b>              | <b>328</b>              | <b>-8.5</b> | <b>-7.1</b>                       |

**Notes:**

- (1) Assuming constant exchange rates for the Australian Dollar and United States Dollar from the corresponding quarter ended 30 June 2022.
- (2) Based on statutory view, which include transactions with the other entities in the Singtel Group.
- (3) Comprised consumer and enterprise telco businesses.
- (4) Comprised Singtel's businesses in data centres, submarine cable and satellite carrier as well as Paragon, Singtel's all-in-one digital acceleration platform for 5G multi-access edge compute (MEC) and cloud orchestration.

For accounting purposes, the Group's business segment reports from 1 April 2023 are prepared based on the new organisation structure. The consumer and enterprise telco businesses in Singapore are consolidated under Singtel Singapore and infrastructure businesses are under Digital InfraCo. The comparatives had been restated to be consistent with the presentation in the current quarter.

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## REVIEW OF GROUP OPERATING PERFORMANCE

### For The First Quarter Ended 30 June 2023

The Group's operating revenue and EBITDA in the first quarter ended 30 June 2023 were down 2.7% and 7.7% respectively with a 9% decline in the Australian Dollar. On a constant currency basis, operating revenue would have been up 2.5%, led by higher revenues from its growth engines, NCS and Digital Infraco, while EBITDA would have been down 3.1% on inflationary cost pressures. With a reduction in depreciation and amortisation charges, EBIT(before associates' contributions) fell 7.1%.

Optus' operating revenue was up 1.1% given the challenging market conditions from competitive pricing and a weakening in consumer sentiment. Mobile service revenue grew 2.7%, with increases in roaming and postpaid ARPU more than offsetting the decline in handset insurance revenue following the sale of the insurance business in the June quarter last year. Operating expenses rose due to high inflation and a spike in energy costs following expiry of a fixed price contract. As a result, EBITDA declined 5.5%.

In Singtel Singapore, operating revenue fell 1.8% due to continued decline in legacy carriage services and intense price competition in mobile amid a shift in the market to lower end plans. The declines in international data, pay TV and voice were partly mitigated by higher mobile service revenue. Postpaid revenue was boosted by higher roaming as international travel continued to recover. Prepaid revenue was stable as the increases in the foreigner customer base and data usage were offset by lower prices and IDD. Pay TV revenue was lower following the cessation of Premier League but the impact was offset by lower content cost. EBITDA was stable as a result of cost management.

NCS' operating revenue increased 14% driven by a full quarter of contributions from subsidiaries acquired last year as well as growth in Enterprise and Telco businesses. Digital, enterprise and global businesses contributed 51% (Q1 FY 2023: 48%), 37% (Q1 FY 2023: 29%) and 15% (Q1 FY 2023: 12%) of total operating revenue respectively. With revenue growth and concerted cost optimisation efforts, EBITDA was up 6.6%. NCS recorded strong bookings of S\$691 million with a pipeline of projects in various sectors.

Digital InfraCo's revenue grew a strong 17%, mainly from its data centre business which benefited from price uplifts and pass through of utilities as well as fees earned from satellite procurement and related services. EBITDA was up 11% as revenue growth was partly offset by higher maintenance, staff and administrative costs.

The regional associates' profit contributions were negatively impacted by the depreciation of the regional currencies which ranged from 3% to 9%. In constant currency terms, post-tax contributions would have risen 10% driven mainly by Airtel, AIS and Intouch.

Net finance expense fell a steep 54% due to a rise in interest income and a revaluation loss in the same quarter last year from a derivative which has since expired. Interest income was boosted by higher interest rates and increased holdings of fixed deposits and Singapore treasury bills after asset recyclings last year.

Consequently, the Group's underlying net profit rose 15% to S\$571 million in the current quarter. On a constant currency basis, underlying net profit would have increased 20%.

With a net exceptional loss compared to a net exceptional gain in the same quarter last year, net profit was down 23% to S\$483 million. The net exceptional loss was mainly from Airtel as it recorded exceptional losses from a steep devaluation of the Nigerian Naira against the US Dollar and a fair value loss from its foreign currency convertible bonds compared to a gain in the last corresponding quarter.

## SHARE OF RESULTS OF REGIONAL ASSOCIATES

|  | Quarter                 |                         | YOY        |                                   |
|--|-------------------------|-------------------------|------------|-----------------------------------|
|  | 30 Jun<br>2023<br>S\$ m | 30 Jun<br>2022<br>S\$ m | Chge<br>%  | Chge<br>in cc <sup>(1)</sup><br>% |
| <b>Pre-tax contributions <sup>(2)</sup></b>      |                         |                         |            |                                   |
| Bharti Telecom ("BTL")/ Airtel <sup>(3)(4)</sup> |                         |                         |            |                                   |
| - India and South Asia                           | 142                     | 73                      | 95.2       | 112.9                             |
| - Africa   | 66                      | 86                      | -22.8      | -15.1                             |
| Airtel   | 209                     | 159                     | 31.4       | 43.9                              |
| BTL  | (27)                    | (3)                     | @          | @                                 |
|  | 182                     | 156                     | 16.3       | 27.4                              |
| Telkomsel  | 219                     | 228                     | -4.0       | 1.4                               |
| AIS  | 81                      | 73                      | 11.2       | 14.5                              |
| Intouch <sup>(5)</sup>                           | 32                      | 25                      | 27.2       | 31.2                              |
| Globe <sup>(3)</sup>                             | 70                      | 95                      | -26.2      | -19.8                             |
| <b>Regional associates</b>                       | <b>583</b>              | <b>577</b>              | <b>1.1</b> | <b>7.9</b>                        |
| <b>Post-tax contributions <sup>(2)</sup></b>     |                         |                         |            |                                   |
| BTL/ Airtel <sup>(3)(4)</sup>                    |                         |                         |            |                                   |
| - India and South Asia                           | 106                     | 52                      | 103.6      | 121.8                             |
| - Africa   | 33                      | 34                      | -2.6       | 7.3                               |
| Airtel   | 139                     | 86                      | 61.7       | 77.0                              |
| BTL  | (27)                    | (3)                     | @          | @                                 |
|  | 112                     | 84                      | 34.4       | 47.1                              |
| Telkomsel  | 169                     | 175                     | -3.4       | 2.1                               |
| AIS  | 65                      | 59                      | 10.5       | 13.9                              |
| Intouch <sup>(5)</sup>                           | 26                      | 20                      | 26.1       | 30.0                              |
| Globe <sup>(3)</sup>                             | 54                      | 74                      | -26.1      | -19.6                             |
| <b>Regional associates</b>                       | <b>426</b>              | <b>411</b>              | <b>3.7</b> | <b>10.4</b>                       |

"@" denotes more than 500%.

**Notes:**

- (1) Assuming constant exchange rates for the regional currencies (Indian Rupee, Indonesian Rupiah, Philippine Peso and Thai Baht) from the corresponding quarter ended 30 June 2022.
- (2) The accounts of the regional associates are prepared based on local accounting standards. Where applicable and material, the accounting policies of the regional associates have been adjusted for compliance with the Group's accounting policies.
- (3) Exclude material one-off items which have been classified as exceptional items of the Group.
- (4) Singtel holds an equity interest of 49.4% in BTL and an effective equity interest of 29.4% in Airtel (30 June 2022: 31.7%). BTL's net loss widened due to higher finance expenses on increased borrowings.
- (5) Singtel holds an equity interest of 24.99% in Intouch which has an equity interest of 40.4% in AIS.

In this quarter, Airtel's operating profit was bolstered by robust growth in operating revenue, reflecting the continued strong execution of its strategy. In India, mobile service revenue grew on the back of quarterly ARPU<sup>1</sup> reaching Rs.200, the highest among its peers, and strong 4G additions with postpaid net additions at all-time high. The solid momentum also extended to its Homes and Enterprise segments which recorded double-digit revenue growth. In Africa, its operating results were lifted by customer growth and higher usage across voice, data and money<sup>2</sup>.

<sup>1</sup> Denotes average revenue per user.

<sup>2</sup> The fair value loss from the devaluation of Nigerian Naira on 14 June 2023 has been classified as an exceptional item this quarter.



In Indonesia, Telkomsel's operating revenue rose as the growth in data and digital services was partially offset by accelerated declines in legacy voice and SMS. With improved revenue partly negated by the increase in network operations and maintenance costs, and higher interest charges from the leaseback of telecommunication towers previously sold, net profit<sup>3</sup> in local currency terms was higher. In Singapore Dollar terms, however, Telkomsel's post-tax profit contribution fell due to the depreciation of the Indonesian Rupiah.

AIS reported higher profits on higher service revenue, lower operating expenses as a result of controlled marketing spend, and a foreign exchange gain as compared to a loss in the same quarter last year.

Intouch's profit contribution rose mainly due to Singtel's higher average equity stake this quarter following an upstake in June 2022 and improved performance of AIS.

Globe recorded higher operating revenue driven by increased data. However, its profits were lower, pressured by increases in operating expenses, interest costs and depreciation charges on the back of high inflation as well as a rise in interest rates and borrowings including tower lease liabilities.

## EXCEPTIONAL ITEMS <sup>(1)</sup>

|  | Quarter                 |                         | YOY<br>Chge<br>% |
|--|-------------------------|-------------------------|------------------|
|  | 30 Jun<br>2023<br>S\$ m | 30 Jun<br>2022<br>S\$ m |                  |
| Dilution gain on Airtel                                  | 10                      | -                       | nm               |
| Release of deferred gain on disposal of Indara           | -                       | 84                      | nm               |
| Gain on sale of assets                                   | 13                      | -                       | nm               |
| Staff restructuring costs                                | (14)                    | (2)                     | @                |
| Others <sup>(2)</sup>                                    | (3)                     | (2)                     | 41.7             |
|  | <b>5</b>                | <b>80</b>               | <b>-93.2</b>     |
| Tax credit   | 2                       | 1                       | 214.3            |
| <b>Group exceptional items (post-tax)</b>                | <b>8</b>                | <b>81</b>               | <b>-90.6</b>     |
| Airtel   | (114)                   | 49                      | nm               |
| Globe  | 18                      | -                       | nm               |
| <b>Share of associates' exceptional items (post-tax)</b> | <b>(96)</b>             | <b>49</b>               | <b>nm</b>        |
| <b>Net exceptional (losses)/ gains</b>                   | <b>(88)</b>             | <b>129</b>              | <b>nm</b>        |

"nm" denotes not meaningful and "@" denotes more than 500%.

### Notes:

- (1) Exceptional items are material items for which separate disclosure is considered necessary to avoid distortion of reported results of performance.
- (2) 'Others' comprised mainly accelerated depreciation of Comcentre's assets.

<sup>3</sup> Excluded fair value gain or loss from revaluation of Telkomsel's investment in GoTo which was recorded by Singtel in equity in accordance with its accounting policy for investment classified under "Fair value through other comprehensive income". Telkomsel records the said fair value gain or loss in its income statement.

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The Group's net exceptional loss in the current quarter arose mainly from Airtel. On 14 June 2023, the Central Bank of Nigeria removed the currency trading restrictions on the official market which resulted in a steep devaluation of the Nigerian Naira against the US dollar. Consequently, Airtel Africa recorded a significant foreign exchange loss resulting from the revaluation of its US dollar denominated liabilities and derivatives. Singtel's share of this exceptional loss amounted to S\$62 million. Coupled with a fair value mark-to-market loss of Airtel's foreign currency convertible bonds<sup>4</sup> of S\$52 million (Q1 FY 2023: S\$44 million of gain), Singtel's total share of Airtel's exceptional losses amounted to S\$114 million.

Globe's exceptional gain this quarter came from the sale of its telecommunication towers.

In the last corresponding quarter, an exceptional net gain of S\$84 million was recorded from the dilution of the Group's effective shareholding in Indara Corporation Pty Ltd (formerly known as Australia Tower Network Pty Ltd) from 30% to 18%.

## **SUBSEQUENT EVENTS**

On 1 July 2023,

- (a) Telkomsel completed the integration of IndiHome, the largest fixed broadband provider in Indonesia which was previously owned by its holding company Telkom; and
- (b) Singtel completed the subscription of new shares in Telkomsel at a cash consideration of S\$247 million. Consequently, Singtel's effective equity interest in Telkomsel fell from 35.0% to 30.1%.

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<sup>4</sup> Airtel records the fair value adjustment in equity under Indian Accounting Standards. However, Singtel records the share of such fair value gain or loss in income statement under Singapore Financial Reporting Standards. Fair value loss typically occurs when Airtel's share price increases in the measurement period (and vice versa).

## APPENDIX 1 – KEY PRODUCT INFORMATION

## SINGAPORE PRODUCT DRIVERS

|  | Quarter      |              |              | YOY Chge %  |
|--|--------------|--------------|--------------|-------------|
|  | 30 Jun 2023  | 31 Mar 2023  | 30 Jun 2022  |             |
| <b>Mobile</b>  |              |              |              |             |
| Mobile revenue (S\$'M) <sup>(1)</sup>                                    | 430          | 454          | 430          | -0.1        |
| Mobile service revenue (S\$'M) <sup>(2)</sup>                            | 317          | 309          | 309          | 2.7         |
| Number of mobile customers (000s)  |              |              |              |             |
| Prepaid  | 1,421        | 1,406        | 1,301        | 9.2         |
| Postpaid   | 2,931        | 2,903        | 2,856        | 2.6         |
| <b>Total</b>   | <b>4,352</b> | <b>4,309</b> | <b>4,157</b> | <b>4.7</b>  |
| Average revenue per customer per month <sup>(3)(4)</sup> (S\$ per month) |              |              |              |             |
| Prepaid  | 12           | 12           | 13           | -9.2        |
| Postpaid   | 32           | 32           | 32           | 0.3         |
| <b>Blended</b>   | <b>25</b>    | <b>25</b>    | <b>26</b>    | <b>-2.7</b> |
| Data usage (GB per month) <sup>(5)</sup>                                 | 10           | 10           | 9            | 7.8         |
| <b>Fixed Broadband</b>   |              |              |              |             |
| Fixed broadband revenue (S\$'M) <sup>(6)</sup>                           | 127          | 127          | 121          | 4.8         |
| Fixed broadband lines (000s)   | 671          | 668          | 660          | 1.6         |
| <b>Pay TV</b>  |              |              |              |             |
| Singtel TV revenue (S\$'M)   | 35           | 34           | 44           | -21.0       |
| Residential TV customers (000s)  | 317          | 322          | 343          | -7.6        |
| <b>Fixed Voice</b>   |              |              |              |             |
| Fixed voice revenue (S\$'M)  | 51           | 52           | 55           | -7.1        |

**Notes:**

- (1) Comprised mobile service revenue, sales of mobile equipment and handset leasing.
- (2) This is determined net of bill rebates and prepaid sales discount, and includes mobile revenue earned from international telephone calls and broadband bundles.
- (3) Based on average number of subscribers, calculated as the simple average of opening and closing number of subscribers.
- (4) Average Revenue Per User (ARPU) includes revenue earned from international telephone calls and excludes wholesale. For prepaid, ARPU is computed net of sales discounts.
- (5) Data usage of postpaid smartphone customers from both consumer and enterprise segments.
- (6) Comprised broadband service revenue and sales of equipment.

## APPENDIX 1 – KEY PRODUCT INFORMATION

## AUSTRALIA PRODUCT DRIVERS

|   | Quarter        |                |                | YOY<br>Chge<br>% |
|---|----------------|----------------|----------------|------------------|
|   | 30 Jun<br>2023 | 31 Mar<br>2023 | 30 Jun<br>2022 |                  |
| <b>Mobile</b>   |                |                |                |                  |
| <b>Optus' mobile revenue (A\$'M) <sup>(1)</sup></b>                                 | <b>1,282</b>   | <b>1,358</b>   | <b>1,248</b>   | <b>2.7</b>       |
| <b>Optus' mobile service revenue (A\$'M)</b>  | <b>961</b>     | <b>952</b>     | <b>935</b>     | <b>2.7</b>       |
| <b>Number of mobile customers (000s)<sup>(2)</sup></b>                              |                |                |                |                  |
| Prepaid   | 3,404          | 3,348          | 3,160          | 7.7              |
| Postpaid  | 5,954          | 5,923          | 5,871          | 1.4              |
| Connected devices <sup>(3)</sup>  | 1,076          | 1,081          | 1,033          | 4.2              |
| <b>Total</b>  | <b>10,435</b>  | <b>10,352</b>  | <b>10,064</b>  | <b>3.7</b>       |
| <b>Average revenue per customer per month <sup>(2)(4)</sup><br/>(A\$ per month)</b> |                |                |                |                  |
| Prepaid   | 19             | 19             | 20             | -6.9             |
| Postpaid  | 41             | 41             | 40             | 2.7              |
| Connected devices <sup>(3)</sup>  | 13             | 12             | 15             | -15.6            |
| <b>Blended</b>  | <b>31</b>      | <b>31</b>      | <b>31</b>      | <b>-1.2</b>      |
| <b>Data usage (GB per month) <sup>(2)(5)</sup></b>                                  | <b>17</b>      | <b>16</b>      | <b>14</b>      | <b>22.7</b>      |
| <b>Home</b>   |                |                |                |                  |
| <b>Blended Home ARPU (A\$) <sup>(6)</sup></b>                                       | <b>72</b>      | <b>72</b>      | <b>71</b>      | <b>0.4</b>       |
| <b>Home customers (000s) <sup>(7)</sup></b>   |                |                |                |                  |
| NBN   | 1,111          | 1,107          | 1,106          | 0.4              |
| Fixed Wireless Access   | 210            | 208            | 207            | 1.5              |
| Others <sup>(8)</sup>   | *              | *              | 1              | nm               |
| <b>Total</b>  | <b>1,321</b>   | <b>1,315</b>   | <b>1,314</b>   | <b>0.5</b>       |
| <b>Optus Sport customers (000s)</b>   | <b>885</b>     | <b>926</b>     | <b>1,002</b>   | <b>-11.7</b>     |

“\*” denotes less than 500 customers and “nm” denotes not meaningful.

**Notes:**

- (1) Comprised mobile service revenue (both outgoing and incoming), sales of equipment and handset leasing.
- (2) Comparatives have been restated.
- (3) Defined as data-only SIMs and include customers on both prepaid and postpaid plans.
- (4) Based on average number of customers, calculated as the simple average of opening and closing number of customers.
- (5) Based on postpaid handset monthly usage and includes wholesale and amaysim.
- (6) Excluded NBN migration revenue.
- (7) Referred to retail customers who took up broadband (including fixed/ 4G/ 5G internet) and/ or voice.
- (8) These are customers on Hybrid Fiber Coaxial (HFC)/ Unbundled Local Loop (ULL).

**APPENDIX 2 – CURRENCY TABLE****MAJOR CURRENCY AVERAGE EXCHANGE RATES**

|  | Quarter        |                | YOY<br>Chge<br>% |
|--|----------------|----------------|------------------|
|  | 30 Jun<br>2023 | 30 Jun<br>2022 |                  |
| Derived weighted average exchange rate for operating revenue : |                |                |                  |
| 1 Australian Dollar  | 0.895          | 0.985          | -9.1             |
| 1 United States Dollar   | 1.336          | 1.377          | -3.0             |
| 1 Singapore Dollar buys:                                       |                |                |                  |
| Indonesian Rupiah  | 11,111         | 10,526         | 5.6              |
| Indian Rupee   | 61.3           | 56.2           | 9.1              |
| Thai Baht  | 25.7           | 24.9           | 3.2              |
| Philippine Peso  | 41.5           | 38.3           | 8.4              |

**APPENDIX II**

**EXTRACT OF  
THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF  
UBS AG AND ITS SUBSIDIARIES  
FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

# UBS AG interim consolidated financial statements (unaudited)

## Income statement

| USD m   | Note | For the quarter ended |              |              | Year-to-date  |               |
|---|------|-----------------------|--------------|--------------|---------------|---------------|
|   |      | 30.6.23               | 31.3.23      | 30.6.22      | 30.6.23       | 30.6.22       |
| Interest income from financial instruments measured at amortized cost and fair value through other comprehensive income | 3    | 5,483                 | 4,815        | 2,381        | 10,298        | 4,526         |
| Interest expense from financial instruments measured at amortized cost  | 3    | (4,607)               | (3,853)      | (1,103)      | (8,461)       | (1,912)       |
| Net interest income from financial instruments measured at fair value through profit or loss and other                  | 3    | 430                   | 426          | 356          | 856           | 766           |
| Net interest income   | 3    | 1,305                 | 1,388        | 1,634        | 2,694         | 3,380         |
| Other net income from financial instruments measured at fair value through profit or loss                               |      | 2,337                 | 2,673        | 1,620        | 5,009         | 3,845         |
| Fee and commission income   | 4    | 5,008                 | 5,076        | 5,235        | 10,083        | 11,103        |
| Fee and commission expense  | 4    | (419)                 | (447)        | (450)        | (866)         | (934)         |
| Net fee and commission income   | 4    | 4,589                 | 4,628        | 4,785        | 9,217         | 10,169        |
| Other income  |      | 237                   | 155          | 996          | 392           | 1,135         |
| <b>Total revenues</b>   |      | <b>8,468</b>          | <b>8,844</b> | <b>9,036</b> | <b>17,313</b> | <b>18,529</b> |
| <b>Credit loss expense / (release)</b>  | 7    | <b>16</b>             | 38           | 7            | 54            | 25            |
| Personnel expenses  | 5    | 3,847                 | 3,898        | 3,762        | 7,745         | 7,996         |
| General and administrative expenses   | 6    | 2,443                 | 2,983        | 2,364        | 5,425         | 4,597         |
| Depreciation, amortization and impairment of non-financial assets   |      | 707                   | 469          | 451          | 1,176         | 900           |
| <b>Operating expenses</b>   |      | <b>6,997</b>          | <b>7,350</b> | <b>6,577</b> | <b>14,346</b> | <b>13,492</b> |
| <b>Operating profit / (loss) before tax</b>   |      | <b>1,456</b>          | <b>1,456</b> | <b>2,452</b> | <b>2,912</b>  | <b>5,012</b>  |
| Tax expense / (benefit)   |      | 332                   | 445          | 478          | 776           | 1,026         |
| <b>Net profit / (loss)</b>  |      | <b>1,124</b>          | <b>1,012</b> | <b>1,974</b> | <b>2,136</b>  | <b>3,986</b>  |
| Net profit / (loss) attributable to non-controlling interests   |      | 4                     | 8            | 10           | 12            | 18            |
| <b>Net profit / (loss) attributable to shareholders</b>   |      | <b>1,120</b>          | <b>1,004</b> | <b>1,964</b> | <b>2,124</b>  | <b>3,968</b>  |

## Statement of comprehensive income

| USD m  | For the quarter ended |              |                | Year-to-date |                |
|--|-----------------------|--------------|----------------|--------------|----------------|
|  | 30.6.23               | 31.3.23      | 30.6.22        | 30.6.23      | 30.6.22        |
| <b>Comprehensive income attributable to shareholders<sup>1</sup></b>   |                       |              |                |              |                |
| Net profit / (loss)  | 1,120                 | 1,004        | 1,964          | 2,124        | 3,968          |
| <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   | 307                   | 224          | (994)          | 532          | (1,459)        |
| Effective portion of changes in fair value of hedging instruments designated as net investment hedges, before tax                          | (149)                 | (126)        | 434            | (275)        | 646            |
| Foreign currency translation differences on foreign operations reclassified to the income statement  | (3)                   | (1)          | 8              | (3)          | 8              |
| Effective portion of changes in fair value of hedging instruments designated as net investment hedges reclassified to the income statement | (1)                   | (1)          | (4)            | (2)          | (4)            |
| Income tax relating to foreign currency translations, including the effect of net investment hedges  | (3)                   | (2)          | 5              | (5)          | 8              |
| Subtotal foreign currency translation, net of tax  | 151                   | 95           | (551)          | 246          | (801)          |
| <b>Financial assets measured at fair value through other comprehensive income</b>  |                       |              |                |              |                |
| Net unrealized gains / (losses), before tax  | (1)                   | 2            | (3)            | 1            | (442)          |
| Net realized (gains) / losses reclassified to the income statement from equity   | 0                     | 0            | 0              | 0            | 0              |
| Reclassification of financial assets to Other financial assets measured at amortized cost <sup>2</sup>                                     |                       |              | 449            |              | 449            |
| Income tax relating to net unrealized gains / (losses)   | 0                     | 0            | (116)          | 0            | (3)            |
| Subtotal financial assets measured at fair value through other comprehensive income, net of tax  | (1)                   | 2            | 330            | 1            | 3              |
| <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                            | (1,082)               | 387          | (1,298)        | (695)        | (3,763)        |
| Net (gains) / losses reclassified to the income statement from equity  | 413                   | 349          | (149)          | 762          | (386)          |
| Income tax relating to cash flow hedges  | 127                   | (130)        | 276            | (2)          | 794            |
| Subtotal cash flow hedges, net of tax  | (542)                 | 606          | (1,171)        | 64           | (3,355)        |
| <b>Cost of hedging</b>   |                       |              |                |              |                |
| Cost of hedging, before tax  | 11                    | (5)          | 21             | 6            | 98             |
| Income tax relating to cost of hedging   | 0                     | 0            | 0              | 0            | 0              |
| Subtotal cost of hedging, net of tax   | 11                    | (5)          | 21             | 6            | 98             |
| <b>Total other comprehensive income that may be reclassified to the income statement, net of tax</b>                                       | <b>(381)</b>          | <b>698</b>   | <b>(1,370)</b> | <b>317</b>   | <b>(4,055)</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  | (13)                  | 33           | 127            | 20           | 255            |
| Income tax relating to defined benefit plans   | (37)                  | 4            | (8)            | (32)         | (26)           |
| Subtotal defined benefit plans, net of tax   | (50)                  | 38           | 119            | (12)         | 229            |
| <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   | (212)                 | 69           | 296            | (143)        | 719            |
| Income tax relating to own credit on financial liabilities designated at fair value  | 61                    | (17)         | (26)           | 44           | (26)           |
| Subtotal own credit on financial liabilities designated at fair value, net of tax  | (151)                 | 51           | 271            | (100)        | 693            |
| <b>Total other comprehensive income that will not be reclassified to the income statement, net of tax</b>                                  | <b>(201)</b>          | <b>89</b>    | <b>389</b>     | <b>(112)</b> | <b>922</b>     |
| <b>Total other comprehensive income</b>  | <b>(582)</b>          | <b>787</b>   | <b>(981)</b>   | <b>206</b>   | <b>(3,133)</b> |
| <b>Total comprehensive income attributable to shareholders</b>   | <b>538</b>            | <b>1,791</b> | <b>982</b>     | <b>2,329</b> | <b>835</b>     |
| <b>Comprehensive income attributable to non-controlling interests</b>  |                       |              |                |              |                |
| Net profit / (loss)  | 4                     | 8            | 10             | 12           | 18             |
| Total other comprehensive income that will not be reclassified to the income statement, net of tax   | (3)                   | 5            | (28)           | 2            | (10)           |
| <b>Total comprehensive income attributable to non-controlling interests</b>  | <b>1</b>              | <b>13</b>    | <b>(17)</b>    | <b>14</b>    | <b>9</b>       |
| <b>Total comprehensive income</b>  |                       |              |                |              |                |
| Net profit / (loss)  | 1,124                 | 1,012        | 1,974          | 2,136        | 3,986          |
| Other comprehensive income   | (585)                 | 792          | (1,009)        | 207          | (3,142)        |
| <i>of which: other comprehensive income that may be reclassified to the income statement</i>   | <i>(381)</i>          | <i>698</i>   | <i>(1,370)</i> | <i>317</i>   | <i>(4,055)</i> |
| <i>of which: other comprehensive income that will not be reclassified to the income statement</i>  | <i>(204)</i>          | <i>94</i>    | <i>361</i>     | <i>(110)</i> | <i>913</i>     |
| <b>Total comprehensive income</b>  | <b>539</b>            | <b>1,804</b> | <b>965</b>     | <b>2,343</b> | <b>844</b>     |

<sup>1</sup> Refer to the "UBS AG consolidated performance" section of this report for more information. <sup>2</sup> Effective 1 April 2022, a portfolio of assets previously classified as Financial assets measured at fair value through other comprehensive income was reclassified to Other financial assets measured at amortized cost. As a result, the related cumulative fair value losses of USD 449m pre-tax and USD 333m post-tax, previously recognized in Other comprehensive income, have been removed from equity and adjusted against the value of the assets at the reclassification date.



## Balance sheet

| USD m   | Note  | 30.6.23          | 31.3.23       | 31.12.22      |
|---|-------|------------------|---------------|---------------|
| <b>Assets</b>   |       |                  |               |               |
| Cash and balances at central banks  |       | 159,425          | 144,183       | 169,445       |
| Amounts due from banks  |       | 21,395           | 14,773        | 14,671        |
| Receivables from securities financing transactions measured at amortized cost                 |       | 61,977           | 60,010        | 67,814        |
| Cash collateral receivables on derivative instruments   | 9     | 35,068           | 32,726        | 35,033        |
| Loans and advances to customers   | 7     | 397,596          | 395,429       | 390,027       |
| Other financial assets measured at amortized cost   | 10    | 52,180           | 49,289        | 53,389        |
| <b>Total financial assets measured at amortized cost</b>                                      |       | <b>727,642</b>   | 696,411       | 730,379       |
| Financial assets at fair value held for trading   | 8     | 120,232          | 118,009       | 108,034       |
| <i>of which: assets pledged as collateral that may be sold or repledged by counterparties</i> |       | <i>39,568</i>    | <i>37,569</i> | <i>36,742</i> |
| Derivative financial instruments  | 8, 9  | 124,046          | 114,253       | 150,109       |
| Brokerage receivables   | 8     | 21,218           | 21,025        | 17,576        |
| Financial assets at fair value not held for trading   | 8     | 63,714           | 66,511        | 59,408        |
| <b>Total financial assets measured at fair value through profit or loss</b>                   |       | <b>329,210</b>   | 319,799       | 335,127       |
| <b>Financial assets measured at fair value through other comprehensive income</b>             | 8     | <b>2,217</b>     | 2,241         | 2,239         |
| Investments in associates   |       | 1,109            | 1,114         | 1,101         |
| Property, equipment and software  |       | 11,193           | 11,274        | 11,316        |
| Goodwill and intangible assets  |       | 6,281            | 6,272         | 6,267         |
| Deferred tax assets   |       | 9,411            | 9,281         | 9,354         |
| Other non-financial assets  | 10    | 9,254            | 10,367        | 9,652         |
| <b>Total assets</b>   |       | <b>1,096,318</b> | 1,056,758     | 1,105,436     |
| <b>Liabilities</b>  |       |                  |               |               |
| Amounts due to banks  |       | 16,290           | 13,595        | 11,596        |
| Payables from securities financing transactions measured at amortized cost                    |       | 12,320           | 9,870         | 4,202         |
| Cash collateral payables on derivative instruments  | 9     | 31,445           | 32,240        | 36,436        |
| Customer deposits   |       | 521,657          | 507,844       | 527,171       |
| Funding from UBS Group AG measured at amortized cost  | 11    | 61,445           | 63,093        | 56,147        |
| Debt issued measured at amortized cost  | 13    | 62,561           | 54,733        | 59,499        |
| Other financial liabilities measured at amortized cost  | 10    | 11,673           | 10,695        | 10,391        |
| <b>Total financial liabilities measured at amortized cost</b>                                 |       | <b>717,392</b>   | 692,071       | 705,442       |
| Financial liabilities at fair value held for trading  | 8     | 35,616           | 34,374        | 29,515        |
| Derivative financial instruments  | 8, 9  | 127,367          | 116,113       | 154,906       |
| Brokerage payables designated at fair value   | 8     | 43,357           | 43,911        | 45,085        |
| Debt issued designated at fair value  | 8, 12 | 78,741           | 74,974        | 71,842        |
| Other financial liabilities designated at fair value  | 8, 10 | 31,425           | 28,018        | 32,033        |
| <b>Total financial liabilities measured at fair value through profit or loss</b>              |       | <b>316,506</b>   | 297,391       | 333,382       |
| Provisions  | 15    | 3,817            | 3,886         | 3,183         |
| Other non-financial liabilities   | 10    | 5,330            | 4,673         | 6,489         |
| <b>Total liabilities</b>  |       | <b>1,043,044</b> | 998,021       | 1,048,496     |
| <b>Equity</b>   |       |                  |               |               |
| Share capital   |       | 386              | 338           | 338           |
| Share premium   |       | 24,594           | 24,644        | 24,648        |
| Retained earnings   |       | 27,806           | 32,863        | 31,746        |
| Other comprehensive income recognized directly in equity, net of tax                          |       | 136              | 541           | (133)         |
| <b>Equity attributable to shareholders</b>  |       | <b>52,922</b>    | 58,386        | 56,598        |
| Equity attributable to non-controlling interests  |       | 352              | 352           | 342           |
| <b>Total equity</b>   |       | <b>53,274</b>    | 58,738        | 56,940        |
| <b>Total liabilities and equity</b>   |       | <b>1,096,318</b> | 1,056,758     | 1,105,436     |

## 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 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>3</sup>                |                   |  |   |                                   | (5)                                       |
| Tax (expense) / benefit   | (1)                             |                   |  |   |                                   | (1)                                       |
| Dividends   |                                 | (6,000)           |  |   |                                   | (6,000)                                   |
| Translation effects recognized directly in retained earnings              |                                 | 48                | (48)   |   | (48)                              | 0   |
| Share of changes in retained earnings of associates and joint ventures    |                                 | 0                 |  |   |                                   | 0   |
| New consolidations / (deconsolidations) and other increases / (decreases) | 0                               |                   |  |   |                                   | 0   |
| Total comprehensive income for the period                                 |                                 | 2,012             | 317  | 246   | 64                                | 2,329                                     |
| <i>of which: net profit / (loss)</i>                                      |                                 | 2,124             |  |   |                                   | 2,124                                     |
| <i>of which: OCI, net of tax</i>  |                                 | (112)             | 317  | 246   | 64                                | 206                                       |
| <b>Balance as of 30 June 2023<sup>2</sup></b>                             | <b>24,979</b>                   | <b>27,806</b>     | <b>136</b>   | <b>4,344</b>                                  | <b>(4,218)</b>                    | <b>52,922</b>                             |
| Non-controlling interests as of 30 June 2023                              |                                 |                   |  |   |                                   | 352                                       |
| <b>Total equity as of 30 June 2023</b>                                    |                                 |                   |  |   |                                   | <b>53,274</b>                             |
| <b>Balance as of 1 January 2022<sup>2</sup></b>                           | <b>24,991</b>                   | <b>27,912</b>     | <b>5,200</b>   | <b>4,617</b>                                  | <b>628</b>                        | <b>58,102</b>                             |
| Tax (expense) / benefit   | 4                               |                   |  |   |                                   | 4   |
| Dividends   |                                 | (4,200)           |  |   |                                   | (4,200)                                   |
| Translation effects recognized directly in retained earnings              |                                 | (13)              | 13   |   | 13                                | 0   |
| Share of changes in retained earnings of associates and joint ventures    |                                 | 0                 |  |   |                                   | 0   |
| New consolidations / (deconsolidations) and other increases / (decreases) | 4                               | 3                 | (3)  |   |                                   | 4   |
| Total comprehensive income for the period                                 |                                 | 4,890             | (4,055)  | (801)   | (3,355)                           | 835                                       |
| <i>of which: net profit / (loss)</i>                                      |                                 | 3,968             |  |   |                                   | 3,968                                     |
| <i>of which: OCI, net of tax</i>  |                                 | 922               | (4,055)  | (801)   | (3,355)                           | (3,133)                                   |
| <b>Balance as of 30 June 2022<sup>2</sup></b>                             | <b>24,999</b>                   | <b>28,592</b>     | <b>1,154</b>   | <b>3,815</b>                                  | <b>(2,713)</b>                    | <b>54,746</b>                             |
| Non-controlling interests as of 30 June 2022                              |                                 |                   |  |   |                                   | 339                                       |
| <b>Total equity as of 30 June 2022</b>                                    |                                 |                   |  |   |                                   | <b>55,085</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> 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    |                |
|---|-----------------|----------------|
| <i>USD m</i>  | 30.6.23         | 30.6.22        |
| <b>Cash flow from / (used in) operating activities</b>  |                 |                |
| Net profit / (loss)   | 2,136           | 3,986          |
| <b>Non-cash items included in net profit and other adjustments:</b>                                   |                 |                |
| Depreciation, amortization and impairment of non-financial assets                                     | 1,176           | 900            |
| Credit loss expense / (release)   | 54              | 25             |
| Share of net (profit) / loss of associates and joint ventures and impairment related to associates    | (25)            | (12)           |
| Deferred tax expense / (benefit)  | (63)            | 348            |
| Net loss / (gain) from investing activities   | (116)           | (778)          |
| Net loss / (gain) from financing activities   | 3,085           | (14,371)       |
| Other net adjustments   | (1,198)         | 9,346          |
| <b>Net change in operating assets and liabilities:<sup>1</sup></b>                                    |                 |                |
| Amounts due from banks and amounts due to banks   | (3,313)         | 3,000          |
| Securities financing transactions measured at amortized cost  | 13,672          | 10,833         |
| Cash collateral on derivative instruments   | (5,104)         | (4,704)        |
| Loans and advances to customers and customer deposits   | (14,863)        | (13,959)       |
| Financial assets and liabilities at fair value held for trading and derivative financial instruments  | (7,726)         | 13,149         |
| Brokerage receivables and payables  | (5,366)         | 8,239          |
| Financial assets at fair value not held for trading and other financial assets and liabilities        | (1,306)         | 1,480          |
| Provisions and other non-financial assets and liabilities   | 658             | 3              |
| Income taxes paid, net of refunds   | (810)           | (847)          |
| <b>Net cash flow from / (used in) operating activities</b>  | <b>(19,110)</b> | <b>16,639</b>  |
| <b>Cash flow from / (used in) investing activities</b>  |                 |                |
| Disposal of subsidiaries, associates and intangible assets  | 35              | 911            |
| Purchase of property, equipment and software  | (669)           | (695)          |
| Disposal of property, equipment and software  | 0               | 3              |
| Purchase of financial assets measured at fair value through other comprehensive income                | (2,444)         | (2,821)        |
| Disposal and redemption of financial assets measured at fair value through other comprehensive income | 2,468           | 2,291          |
| Purchase of debt securities measured at amortized cost  | (7,541)         | (8,167)        |
| Disposal and redemption of debt securities measured at amortized cost                                 | 4,659           | 3,914          |
| <b>Net cash flow from / (used in) investing activities</b>  | <b>(3,492)</b>  | <b>(4,565)</b> |
| <b>Cash flow from / (used in) financing activities</b>  |                 |                |
| Net issuance (repayment) of short-term debt measured at amortized cost                                | 5,555           | (10,440)       |
| Distributions paid on UBS AG shares   | (6,000)         | (4,200)        |
| Issuance of debt designated at fair value and long-term debt measured at amortized cost <sup>2</sup>  | 51,141          | 48,856         |
| Repayment of debt designated at fair value and long-term debt measured at amortized cost <sup>2</sup> | (44,091)        | (36,309)       |
| Net cash flows from other financing activities  | (242)           | (341)          |
| <b>Net cash flow from / (used in) financing activities</b>  | <b>6,362</b>    | <b>(2,433)</b> |
| <b>Total cash flow</b>  |                 |                |
| <b>Cash and cash equivalents at the beginning of the period</b>                                       | <b>195,200</b>  | <b>207,755</b> |
| Net cash flow from / (used in) operating, investing and financing activities                          | (16,239)        | 9,642          |
| Effects of exchange rate differences on cash and cash equivalents                                     | 1,999           | (9,648)        |
| <b>Cash and cash equivalents at the end of the period<sup>3</sup></b>                                 | <b>180,959</b>  | <b>207,748</b> |
| <i>of which: cash and balances at central banks<sup>4</sup></i>                                       | <i>159,343</i>  | <i>190,244</i> |
| <i>of which: amounts due from banks</i>   | <i>12,189</i>   | <i>15,625</i>  |
| <i>of which: money market paper<sup>5</sup></i>   | <i>9,428</i>    | <i>1,880</i>   |

### Additional information

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

|  |        |       |
|--|--------|-------|
| Interest received in cash  | 15,024 | 6,094 |
| Interest paid in cash  | 11,429 | 2,732 |
| Dividends on equity investments, investment funds and associates received in cash <sup>6</sup> | 1,259  | 1,059 |

<sup>1</sup> Movements in this section exclude foreign currency translation and foreign exchange effects, which are presented within the Other net adjustments line. <sup>2</sup> Includes funding from UBS Group AG measured at amortized cost (recognized in Funding from UBS Group AG on the balance sheet) and measured at fair value (recognized in Other financial liabilities designated at fair value on the balance sheet). <sup>3</sup> USD 3,073m and USD 4,434m of cash and cash equivalents (mainly reflected in Amounts due from banks) were restricted as of 30 June 2023 and 30 June 2022, respectively. Refer to "Note 22 Restricted and transferred financial assets" in the "Consolidated financial statements" section of the Annual Report 2022 for more information. <sup>4</sup> Includes only balances with an original maturity of three months or less. <sup>5</sup> Money market paper is included on the balance sheet under Financial assets at fair value not held for trading (30 June 2023: USD 9,270m; 30 June 2022: USD 1,516m), Other financial assets measured at amortized cost (30 June 2023: USD 149m; 30 June 2022: USD 127m), Financial assets at fair value held for trading (30 June 2023: USD 9m; 30 June 2022: USD 58m) and Financial assets measured at fair value through other comprehensive income (30 June 2023: USD 0m; 30 June 2022: USD 180m). <sup>6</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 International Financial Reporting Standards (IFRS), 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 2022, except for the changes described in this Note. These interim financial statements are unaudited and should be read in conjunction with UBS AG's audited consolidated financial statements in the Annual Report 2022 and the "Management report" sections 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 "Note 1a Material accounting policies" in the "Consolidated financial statements" section of the Annual Report 2022.

### IFRS 17, *Insurance Contracts*

Effective from 1 January 2023, UBS AG has adopted IFRS 17, *Insurance Contracts*, which sets out the accounting requirements for contractual rights and obligations that arise from insurance contracts issued and reinsurance contracts held. The adoption has had no effect on UBS AG's financial statements. UBS AG does not provide insurance services in any market.

### Other amendments to IFRS

Effective from 1 January 2023, UBS AG has adopted a number of minor amendments to IFRS, which have had no significant effect on UBS AG.

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

In May 2023, the IASB issued amendments to IAS 12, *Income Taxes*, whereby, under an exception, deferred tax assets (DTAs) and deferred tax liabilities (DTLs) will not be recognized in respect of top-up tax on income under the Global Anti-Base Erosion Rules that is imposed under tax law that is enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. This exception applies immediately upon the issuance of the amendments and it is, therefore, potentially relevant to these financial statements and subsequent financial statements. Although countries are starting to implement the rules, UBS AG did not have any DTAs or DTLs on 30 June 2023 that had not been recognized as a result of the application of this exception. The exception is expected to be removed by the IASB in due course, although the timing of that has not been specified. The amendments also introduced new disclosure requirements in relation to top-up tax, which will first apply to UBS AG's financial statements for the year ended 31 December 2023.

## Note 1 Basis of accounting (continued)

### 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 |         |
|         | 30.6.23               | 31.3.23 | 31.12.22 | 30.6.22 | 30.6.23                   | 31.3.23 | 30.6.22 | 30.6.23      | 30.6.22 |
| 1 CHF   | 1.12                  | 1.09    | 1.08     | 1.05    | 1.11                      | 1.08    | 1.04    | 1.10         | 1.06    |
| 1 EUR   | 1.09                  | 1.08    | 1.07     | 1.05    | 1.09                      | 1.08    | 1.06    | 1.08         | 1.09    |
| 1 GBP   | 1.27                  | 1.23    | 1.21     | 1.22    | 1.24                      | 1.22    | 1.25    | 1.24         | 1.29    |
| 100 JPY | 0.69                  | 0.75    | 0.76     | 0.74    | 0.71                      | 0.75    | 0.76    | 0.73         | 0.80    |

<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.

## Note 2 Segment reporting

| <i>USD m</i>   | Global Wealth Management | Personal & Corporate Banking | Asset Management | Investment Bank | Group Functions | UBS AG           |
|--|--------------------------|------------------------------|------------------|-----------------|-----------------|------------------|
| <b>For the six months ended 30 June 2023<sup>1</sup></b> |                          |                              |                  |                 |                 |                  |
| Net interest income                                      | 2,934                    | 1,529                        | (14)             | (1,093)         | (663)           | 2,694            |
| Non-interest income                                      | 6,594                    | 1,163                        | 1,015            | 5,329           | 518             | 14,619           |
| Total revenues   | 9,528                    | 2,692                        | 1,001            | 4,236           | (145)           | 17,313           |
| Credit loss expense / (release)                          | 20                       | 26                           | 0                | 8               | 0               | 54               |
| Operating expenses                                       | 7,204                    | 1,379                        | 818              | 3,639           | 1,305           | 14,346           |
| <b>Operating profit / (loss) before tax</b>              | <b>2,303</b>             | <b>1,287</b>                 | <b>184</b>       | <b>588</b>      | <b>(1,450)</b>  | <b>2,912</b>     |
| Tax expense / (benefit)                                  |                          |                              |                  |                 |                 | 776              |
| <b>Net profit / (loss)</b>                               |                          |                              |                  |                 |                 | <b>2,136</b>     |
| <b>As of 30 June 2023<sup>1</sup></b>                    |                          |                              |                  |                 |                 |                  |
| <b>Total assets</b>                                      | <b>375,119</b>           | <b>241,726</b>               | <b>18,767</b>    | <b>363,348</b>  | <b>97,357</b>   | <b>1,096,318</b> |
| <b>For the six months ended 30 June 2022<sup>1</sup></b> |                          |                              |                  |                 |                 |                  |
| Net interest income                                      | 2,409                    | 1,057                        | (7)              | 104             | (182)           | 3,380            |
| Non-interest income                                      | 7,168                    | 1,089                        | 1,958            | 4,897           | 37              | 15,149           |
| Total revenues   | 9,577                    | 2,146                        | 1,950            | 5,000           | (144)           | 18,529           |
| Credit loss expense / (release)                          | (10)                     | 57                           | 0                | (24)            | 2               | 25               |
| Operating expenses                                       | 7,174                    | 1,260                        | 815              | 3,729           | 514             | 13,492           |
| <b>Operating profit / (loss) before tax</b>              | <b>2,413</b>             | <b>829</b>                   | <b>1,135</b>     | <b>1,295</b>    | <b>(660)</b>    | <b>5,012</b>     |
| Tax expense / (benefit)                                  |                          |                              |                  |                 |                 | 1,026            |
| <b>Net profit / (loss)</b>                               |                          |                              |                  |                 |                 | <b>3,986</b>     |
| <b>As of 31 December 2022<sup>1</sup></b>                |                          |                              |                  |                 |                 |                  |
| <b>Total assets</b>                                      | <b>388,624</b>           | <b>235,330</b>               | <b>16,971</b>    | <b>391,495</b>  | <b>73,016</b>   | <b>1,105,436</b> |

<sup>1</sup> Refer to "Note 2 Segment reporting" in the "Consolidated financial statements" section of the Annual Report 2022 for more information about UBS AG's reporting segments.

## Note 3 Net interest income

| USD m  | For the quarter ended |              |              | Year-to-date  |              |
|--|-----------------------|--------------|--------------|---------------|--------------|
|  | 30.6.23               | 31.3.23      | 30.6.22      | 30.6.23       | 30.6.22      |
| Interest income from loans and deposits <sup>1</sup>   | 4,804                 | 4,145        | 1,887        | 8,949         | 3,548        |
| Interest income from securities financing transactions measured at amortized cost <sup>2</sup>   | 833                   | 766          | 209          | 1,599         | 327          |
| Interest income from other financial instruments measured at amortized cost  | 276                   | 259          | 118          | 535           | 191          |
| Interest income from debt instruments measured at fair value through other comprehensive income  | 26                    | 23           | 6            | 48            | 47           |
| Interest income from derivative instruments designated as cash flow hedges   | (457)                 | (376)        | 160          | (833)         | 413          |
| <b>Total interest income from financial instruments measured at amortized cost and fair value through other comprehensive income</b>     | <b>5,483</b>          | <b>4,815</b> | <b>2,381</b> | <b>10,298</b> | <b>4,526</b> |
| Interest expense on loans and deposits <sup>3</sup>  | 3,452                 | 2,909        | 618          | 6,361         | 1,046        |
| Interest expense on securities financing transactions measured at amortized cost <sup>4</sup>  | 474                   | 365          | 288          | 839           | 512          |
| Interest expense on debt issued  | 656                   | 555          | 176          | 1,211         | 311          |
| Interest expense on lease liabilities  | 25                    | 25           | 21           | 50            | 43           |
| <b>Total interest expense from financial instruments measured at amortized cost</b>  | <b>4,607</b>          | <b>3,853</b> | <b>1,103</b> | <b>8,461</b>  | <b>1,912</b> |
| <b>Total net interest income from financial instruments measured at amortized cost and fair value through other comprehensive income</b> | <b>876</b>            | <b>962</b>   | <b>1,278</b> | <b>1,837</b>  | <b>2,614</b> |
| <b>Net interest income from financial instruments measured at fair value through profit or loss and other</b>                            | <b>430</b>            | <b>426</b>   | <b>356</b>   | <b>856</b>    | <b>766</b>   |
| <b>Total net interest income</b>   | <b>1,305</b>          | <b>1,388</b> | <b>1,634</b> | <b>2,694</b>  | <b>3,380</b> |

<sup>1</sup> Consists of interest income from cash and balances at central banks, loans and advances to banks and customers, and cash collateral receivables on derivative instruments, as well as negative interest on amounts due to banks, customer deposits, and cash collateral payables on derivative instruments. <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, loans and advances to 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 4 Net fee and commission income

| USD m  | For the quarter ended |              |              | Year-to-date  |               |
|--|-----------------------|--------------|--------------|---------------|---------------|
|  | 30.6.23               | 31.3.23      | 30.6.22      | 30.6.23       | 30.6.22       |
| Underwriting fees                                  | 131                   | 149          | 122          | 280           | 324           |
| M&A and corporate finance fees                     | 156                   | 178          | 220          | 335           | 456           |
| Brokerage fees                                     | 800                   | 880          | 870          | 1,681         | 1,948         |
| Investment fund fees                               | 1,179                 | 1,178        | 1,233        | 2,357         | 2,621         |
| Portfolio management and related services          | 2,254                 | 2,210        | 2,298        | 4,464         | 4,761         |
| Other  | 487                   | 480          | 492          | 967           | 993           |
| <b>Total fee and commission income<sup>1</sup></b> | <b>5,008</b>          | <b>5,076</b> | <b>5,235</b> | <b>10,083</b> | <b>11,103</b> |
| <i>of which: recurring</i>                         | <i>3,496</i>          | <i>3,413</i> | <i>3,593</i> | <i>6,909</i>  | <i>7,452</i>  |
| <i>of which: transaction-based</i>                 | <i>1,504</i>          | <i>1,639</i> | <i>1,632</i> | <i>3,143</i>  | <i>3,621</i>  |
| <i>of which: performance-based</i>                 | <i>7</i>              | <i>24</i>    | <i>10</i>    | <i>31</i>     | <i>29</i>     |
| <b>Fee and commission expense</b>                  | <b>419</b>            | <b>447</b>   | <b>450</b>   | <b>866</b>    | <b>934</b>    |
| <b>Net fee and commission income</b>               | <b>4,589</b>          | <b>4,628</b> | <b>4,785</b> | <b>9,217</b>  | <b>10,169</b> |

<sup>1</sup> Reflects third-party fee and commission income for the second quarter of 2023 of USD 3,134m for Global Wealth Management (first quarter of 2023: USD 3,145m; second quarter of 2022: USD 3,281m), USD 465m for Personal & Corporate Banking (first quarter of 2023: USD 449m; second quarter of 2022: USD 422m), USD 673m for Asset Management (first quarter of 2023: USD 687m; second quarter of 2022: USD 720m), USD 731m for the Investment Bank (first quarter of 2023: USD 791m; second quarter of 2022: USD 811m) and USD 4m for Group Functions (first quarter of 2023: USD 3m; second quarter of 2022: USD 1m).

## Note 5 Personnel expenses

| USD m   | For the quarter ended |              |              | Year-to-date |              |
|---|-----------------------|--------------|--------------|--------------|--------------|
|   | 30.6.23               | 31.3.23      | 30.6.22      | 30.6.23      | 30.6.22      |
| Salaries and variable compensation <sup>1</sup>                         | 3,364                 | 3,356        | 3,316        | 6,720        | 7,001        |
| <i>of which: variable compensation – financial advisors<sup>2</sup></i> | <i>1,110</i>          | <i>1,111</i> | <i>1,122</i> | <i>2,222</i> | <i>2,342</i> |
| Contractors   | 24                    | 27           | 30           | 50           | 58           |
| Social security   | 176                   | 220          | 164          | 396          | 392          |
| Post-employment benefit plans   | 139                   | 174          | 137          | 313          | 320          |
| Other personnel expenses  | 144                   | 122          | 116          | 266          | 225          |
| <b>Total personnel expenses</b>   | <b>3,847</b>          | <b>3,898</b> | <b>3,762</b> | <b>7,745</b> | <b>7,996</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. It also includes expenses related to compensation commitments with financial advisors entered into at the time of recruitment that are subject to vesting requirements.

## Note 6 General and administrative expenses

| USD m  | For the quarter ended |              |              | Year-to-date |              |
|--|-----------------------|--------------|--------------|--------------|--------------|
|  | 30.6.23               | 31.3.23      | 30.6.22      | 30.6.23      | 30.6.22      |
| Outsourcing costs  | 121                   | 124          | 115          | 245          | 221          |
| Technology costs   | 128                   | 132          | 126          | 260          | 248          |
| Consulting, legal and audit fees   | 160                   | 108          | 123          | 268          | 227          |
| Real estate and logistics costs  | 134                   | 119          | 129          | 252          | 253          |
| Market data services   | 101                   | 99           | 89           | 200          | 182          |
| Marketing and communication  | 44                    | 34           | 43           | 78           | 74           |
| Travel and entertainment   | 51                    | 49           | 43           | 101          | 62           |
| Litigation, regulatory and similar matters <sup>1</sup>                            | 55                    | 721          | 220          | 776          | 277          |
| Other  | 1,649                 | 1,596        | 1,475        | 3,245        | 3,052        |
| <i>of which: shared services costs charged by UBS Group AG or its subsidiaries</i> | <i>1,460</i>          | <i>1,385</i> | <i>1,348</i> | <i>2,845</i> | <i>2,738</i> |
| <b>Total general and administrative expenses</b>                                   | <b>2,443</b>          | <b>2,983</b> | <b>2,364</b> | <b>5,425</b> | <b>4,597</b> |

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

## Note 7 Expected credit loss measurement

### a) Credit loss expense / release

Total net credit loss expenses in the second quarter of 2023 were USD 16m, reflecting USD 10m net credit loss releases related to stage 1 and 2 positions and USD 26m net credit loss expenses related to stage 3 positions.

Stage 1 and 2 net releases included: scenario-related net releases of USD 42m; net expenses of USD 27m from model changes, mainly in Personal & Corporate Banking and the Investment Bank; and additional net expenses of USD 5m from book quality and size changes, mainly across the corporate and real estate lending portfolios of Personal & Corporate Banking and Global Wealth Management.

Stage 3 net credit loss expenses were USD 26m, driven by net expenses of USD 21m in Personal & Corporate Banking, which were primarily due to a single commodity trade finance client (USD 11m), as well as ECL on various corporate lending positions.

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

#### Scenarios and 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 second quarter of 2023 through a series of governance meetings, with input and feedback from UBS AG Risk and Finance experts across the business divisions and regions.

The baseline scenario was updated with the latest macroeconomic forecasts as of 30 June 2023. The assumptions on a calendar-year basis are included in the table below and imply a broadly unchanged economic outlook for 2023, the Eurozone and Switzerland, and more optimistic projections for the US. Compared with the baseline used in the first quarter of 2023, the house price forecast for the US and the Eurozone in 2023 is less pessimistic, although it is slightly more pessimistic for Switzerland.

At the beginning of the second quarter of 2023, UBS AG replaced the global crisis scenario applied at year-end 2022 and at the end of the first quarter of 2023 with the mild debt crisis scenario. Recent economic, market and political developments suggest that the scenario suite should be rebalanced by reintroducing a mild downside scenario. The mild debt crisis scenario covers similar risks, but the assumptions are milder than the global crisis scenario. Therefore, the scenario is less severe. It assumes that political, solvency and liquidity concerns cause a sell-off of sovereign debt in emerging markets and the peripheral Eurozone. The global economy and financial markets are negatively affected, and central banks are assumed to ease their monetary policy.

The stagflationary geopolitical crisis scenario and the asset price inflation scenario were updated based on the latest market data, but the assumptions remain broadly unchanged. Refer to the table below for the scenarios and weights applied.

UBS AG kept scenario weights in line with those applied in the first quarter of 2023, with a 15% weight assigned to the mild debt crisis scenario instead of the global crisis scenario, which it replaced.

## Note 7 Expected credit loss measurement (continued)

### Post-model adjustments

Total stage 1 and 2 allowances and provisions amounted to USD 551m as of 30 June 2023 and included post-model adjustments (PMA) of USD 131m (31 March 2023: USD 128m), as uncertainty levels remain high, including the geopolitical situation.

### Comparison of shock factors

| Key parameters   | Baseline |       |       |
|--|----------|-------|-------|
|  | 2022     | 2023  | 2024  |
| <b>Real GDP growth (annual percentage change)</b>      |          |       |       |
| US   | 2.1      | 1.4   | 0.1   |
| Eurozone   | 3.5      | 0.8   | 1.0   |
| Switzerland  | 2.1      | 0.9   | 1.3   |
| <b>Unemployment rate (% , annual average)</b>          |          |       |       |
| US   | 3.6      | 3.7   | 5.1   |
| Eurozone   | 6.7      | 6.7   | 6.9   |
| Switzerland  | 2.2      | 2.2   | 2.5   |
| <b>Fixed income: 10-year government bonds (% , Q4)</b> |          |       |       |
| USD  | 3.9      | 3.7   | 3.6   |
| EUR  | 2.6      | 2.3   | 2.2   |
| CHF  | 1.6      | 1.0   | 0.9   |
| <b>Real estate (annual percentage change, Q4)</b>      |          |       |       |
| US   | 7.4      | (1.9) | 2.1   |
| Eurozone   | 2.8      | (1.2) | 1.8   |
| Switzerland  | 3.9      | (0.5) | (1.0) |

### Economic scenarios and weights applied

| ECL scenario                            | Assigned weights in % |         |         |
|---|-----------------------|---------|---------|
|   | 30.6.23               | 31.3.23 | 30.6.22 |
| Asset price inflation                   | 0.0                   | 0.0     | 0.0     |
| Baseline                                | 60.0                  | 60.0    | 55.0    |
| Severe Russia–Ukraine conflict scenario | –                     | –       | 25.0    |
| Mild debt crisis                        | 15.0                  | –       | –       |
| Stagflationary geopolitical crisis      | 25.0                  | 25.0    | –       |
| Global crisis                           | –                     | 15.0    | 20.0    |



## Note 7 Expected credit loss measurement (continued)

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

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

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

| USD m   | 30.6.23                      |                |               |              |                |              |              |              |
|---|------------------------------|----------------|---------------|--------------|----------------|--------------|--------------|--------------|
|   | 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  | 159,425                      | 159,393        | 32            | 0            | (10)           | 0            | (10)         | 0            |
| Loans and advances to banks <sup>2</sup>                                    | 21,395                       | 21,239         | 157           | 0            | (6)            | (5)          | (1)          | 0            |
| Receivables from securities financing transactions                          | 61,977                       | 61,977         | 0             | 0            | (1)            | (1)          | 0            | 0            |
| Cash collateral receivables on derivative instruments                       | 35,068                       | 35,068         | 0             | 0            | 0              | 0            | 0            | 0            |
| Loans and advances to customers   | 397,596                      | 378,647        | 17,204        | 1,746        | (859)          | (182)        | (173)        | (504)        |
| <i>of which: Private clients with mortgages</i>                             | 163,560                      | 153,443        | 9,358         | 758          | (154)          | (44)         | (87)         | (23)         |
| <i>of which: Real estate financing</i>                                      | 50,054                       | 45,959         | 4,088         | 7            | (44)           | (21)         | (23)         | 0            |
| <i>of which: Large corporate clients</i>                                    | 13,444                       | 11,792         | 1,292         | 359          | (179)          | (37)         | (29)         | (113)        |
| <i>of which: SME clients</i>  | 12,482                       | 10,776         | 1,293         | 413          | (256)          | (32)         | (21)         | (203)        |
| <i>of which: Lombard</i>  | 124,511                      | 124,469        | 0             | 42           | (26)           | (9)          | 0            | (17)         |
| <i>of which: Credit cards</i>   | 1,939                        | 1,502          | 403           | 34           | (39)           | (8)          | (11)         | (21)         |
| <i>of which: Commodity trade finance</i>                                    | 2,193                        | 2,179          | 0             | 15           | (110)          | (7)          | 0            | (104)        |
| Other financial assets measured at amortized cost                           | 52,180                       | 51,650         | 377           | 153          | (84)           | (16)         | (7)          | (62)         |
| <i>of which: Loans to financial advisors</i>                                | 2,588                        | 2,287          | 174           | 126          | (55)           | (6)          | (2)          | (47)         |
| <b>Total financial assets measured at amortized cost</b>                    | <b>727,642</b>               | <b>707,974</b> | <b>17,770</b> | <b>1,898</b> | <b>(961)</b>   | <b>(205)</b> | <b>(190)</b> | <b>(566)</b> |
| Financial assets measured at fair value through other comprehensive income  | 2,217                        | 2,217          | 0             | 0            | 0              | 0            | 0            | 0            |
| <b>Total on-balance sheet financial assets in scope of ECL requirements</b> | <b>729,859</b>               | <b>710,191</b> | <b>17,770</b> | <b>1,898</b> | <b>(961)</b>   | <b>(205)</b> | <b>(190)</b> | <b>(566)</b> |
| Off-balance sheet (in scope of ECL)   | Total exposure               |                |               |              | ECL provisions |              |              |              |
|   | Total                        | Stage 1        | Stage 2       | Stage 3      | Total          | Stage 1      | Stage 2      | Stage 3      |
| Guarantees  | 23,469                       | 22,430         | 921           | 118          | (37)           | (12)         | (7)          | (17)         |
| <i>of which: Large corporate clients</i>                                    | 3,367                        | 2,598          | 690           | 79           | (5)            | (2)          | (2)          | 0            |
| <i>of which: SME clients</i>  | 1,423                        | 1,218          | 167           | 38           | (11)           | (1)          | (1)          | (9)          |
| <i>of which: Financial intermediaries and hedge funds</i>                   | 12,874                       | 12,859         | 15            | 0            | (11)           | (8)          | (3)          | 0            |
| <i>of which: Lombard</i>  | 3,019                        | 3,019          | 0             | 1            | (1)            | 0            | 0            | (1)          |
| <i>of which: Commodity trade finance</i>                                    | 2,008                        | 2,008          | 0             | 0            | (1)            | (1)          | 0            | 0            |
| Irrevocable loan commitments  | 40,074                       | 37,920         | 2,076         | 78           | (93)           | (54)         | (38)         | (2)          |
| <i>of which: Large corporate clients</i>                                    | 23,220                       | 21,436         | 1,731         | 52           | (76)           | (44)         | (31)         | (2)          |
| Forward starting reverse repurchase and securities borrowing agreements     | 4,972                        | 4,972          | 0             | 0            | 0              | 0            | 0            | 0            |
| Unconditionally revocable loan commitments                                  | 44,716                       | 42,915         | 1,739         | 63           | (43)           | (34)         | (9)          | 0            |
| <i>of which: Real estate financing</i>                                      | 8,929                        | 8,671          | 258           | 0            | (6)            | (6)          | 0            | 0            |
| <i>of which: Large corporate clients</i>                                    | 4,566                        | 4,401          | 158           | 7            | (6)            | (3)          | (3)          | 0            |
| <i>of which: SME clients</i>  | 4,963                        | 4,743          | 179           | 40           | (19)           | (16)         | (3)          | 0            |
| <i>of which: Lombard</i>  | 8,671                        | 8,670          | 0             | 1            | 0              | 0            | 0            | 0            |
| <i>of which: Credit cards</i>   | 9,762                        | 9,274          | 484           | 4            | (7)            | (6)          | (2)          | 0            |
| <i>of which: Commodity trade finance</i>                                    | 534                          | 534            | 0             | 0            | 0              | 0            | 0            | 0            |
| Irrevocable committed prolongation of existing loans                        | 3,811                        | 3,802          | 7             | 2            | (3)            | (2)          | 0            | 0            |
| <b>Total off-balance sheet financial instruments and other credit lines</b> | <b>117,043</b>               | <b>112,039</b> | <b>4,743</b>  | <b>261</b>   | <b>(175)</b>   | <b>(102)</b> | <b>(54)</b>  | <b>(19)</b>  |
| <b>Total allowances and provisions</b>                                      |                              |                |               |              | <b>(1,136)</b> | <b>(307)</b> | <b>(244)</b> | <b>(585)</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 7.8bn against Credit Suisse AG.

## Note 7 Expected credit loss measurement (continued)

| USD m   | 31.3.23                      |                |               |              | 31.3.23        |              |              |              |
|---|------------------------------|----------------|---------------|--------------|----------------|--------------|--------------|--------------|
|   | Carrying amount <sup>1</sup> |                |               |              | ECL allowances |              |              |              |
|   | Total                        | Stage 1        | Stage 2       | Stage 3      | Total          | Stage 1      | Stage 2      | Stage 3      |
| <b>Financial instruments measured at amortized cost</b>                           |                              |                |               |              |                |              |              |              |
| Cash and balances at central banks  | 144,183                      | 144,144        | 39            | 0            | (12)           | 0            | (12)         | 0            |
| Loans and advances to banks   | 14,773                       | 14,728         | 45            | 0            | (6)            | (5)          | 0            | 0            |
| Receivables from securities financing transactions                                | 60,010                       | 60,010         | 0             | 0            | (2)            | (2)          | 0            | 0            |
| Cash collateral receivables on derivative instruments                             | 32,726                       | 32,726         | 0             | 0            | 0              | 0            | 0            | 0            |
| Loans and advances to customers   | 395,429                      | 377,266        | 16,573        | 1,591        | (804)          | (152)        | (180)        | (472)        |
| <i>of which: Private clients with mortgages</i>                                   | 159,409                      | 149,701        | 8,999         | 709          | (171)          | (43)         | (103)        | (25)         |
| <i>of which: Real estate financing</i>  | 48,672                       | 45,159         | 3,504         | 8            | (42)           | (18)         | (24)         | 0            |
| <i>of which: Large corporate clients</i>  | 12,943                       | 11,216         | 1,408         | 320          | (139)          | (20)         | (16)         | (102)        |
| <i>of which: SME clients</i>  | 13,610                       | 11,781         | 1,437         | 392          | (243)          | (29)         | (25)         | (189)        |
| <i>of which: Lombard</i>  | 128,960                      | 128,903        | 0             | 57           | (26)           | (9)          | 0            | (17)         |
| <i>of which: Credit cards</i>   | 1,831                        | 1,418          | 381           | 32           | (37)           | (8)          | (10)         | (20)         |
| <i>of which: Commodity trade finance</i>  | 3,053                        | 3,022          | 20            | 10           | (96)           | (5)          | 0            | (91)         |
| Other financial assets measured at amortized cost                                 | 49,289                       | 48,771         | 372           | 146          | (84)           | (17)         | (6)          | (61)         |
| <i>of which: Loans to financial advisors</i>                                      | 2,571                        | 2,323          | 121           | 127          | (54)           | (6)          | (2)          | (46)         |
| <b>Total financial assets measured at amortized cost</b>                          | <b>696,411</b>               | <b>677,646</b> | <b>17,028</b> | <b>1,737</b> | <b>(908)</b>   | <b>(176)</b> | <b>(198)</b> | <b>(534)</b> |
| <b>Financial assets measured at fair value through other comprehensive income</b> | <b>2,241</b>                 | <b>2,241</b>   | <b>0</b>      | <b>0</b>     | <b>0</b>       | <b>0</b>     | <b>0</b>     | <b>0</b>     |
| <b>Total on-balance sheet financial assets in scope of ECL requirements</b>       | <b>698,652</b>               | <b>679,887</b> | <b>17,028</b> | <b>1,737</b> | <b>(908)</b>   | <b>(176)</b> | <b>(198)</b> | <b>(534)</b> |
|   |                              | Total exposure |               |              | ECL provisions |              |              |              |
| <b>Off-balance sheet (in scope of ECL)</b>  |                              |                |               |              |                |              |              |              |
| Guarantees  | 22,670                       | 21,670         | 887           | 113          | (54)           | (13)         | (8)          | (33)         |
| <i>of which: Large corporate clients</i>  | 3,476                        | 2,733          | 668           | 75           | (19)           | (2)          | (3)          | (14)         |
| <i>of which: SME clients</i>  | 1,368                        | 1,197          | 133           | 38           | (11)           | (1)          | (1)          | (9)          |
| <i>of which: Financial intermediaries and hedge funds</i>                         | 13,076                       | 13,037         | 38            | 0            | (11)           | (8)          | (4)          | 0            |
| <i>of which: Lombard</i>  | 2,171                        | 2,170          | 0             | 1            | (1)            | 0            | 0            | (1)          |
| <i>of which: Commodity trade finance</i>  | 1,815                        | 1,815          | 0             | 0            | (1)            | (1)          | 0            | 0            |
| Irrevocable loan commitments  | 39,775                       | 37,261         | 2,400         | 114          | (113)          | (57)         | (56)         | 0            |
| <i>of which: Large corporate clients</i>  | 23,294                       | 21,263         | 1,948         | 83           | (95)           | (47)         | (49)         | 0            |
| Forward starting reverse repurchase and securities borrowing agreements           | 4,748                        | 4,748          | 0             | 0            | 0              | 0            | 0            | 0            |
| Unconditionally revocable loan commitments  | 41,970                       | 40,206         | 1,724         | 40           | (44)           | (36)         | (8)          | 0            |
| <i>of which: Real estate financing</i>  | 8,226                        | 8,037          | 188           | 0            | (6)            | (6)          | 0            | 0            |
| <i>of which: Large corporate clients</i>  | 4,496                        | 4,284          | 205           | 7            | (5)            | (3)          | (2)          | 0            |
| <i>of which: SME clients</i>  | 4,898                        | 4,656          | 214           | 28           | (21)           | (18)         | (3)          | 0            |
| <i>of which: Lombard</i>  | 8,166                        | 8,165          | 0             | 1            | 0              | 0            | 0            | 0            |
| <i>of which: Credit cards</i>   | 9,567                        | 9,078          | 486           | 3            | (7)            | (5)          | (2)          | 0            |
| <i>of which: Commodity trade finance</i>  | 370                          | 370            | 0             | 0            | 0              | 0            | 0            | 0            |
| Irrevocable committed prolongation of existing loans                              | 4,161                        | 4,126          | 33            | 2            | (3)            | (3)          | 0            | 0            |
| <b>Total off-balance sheet financial instruments and other credit lines</b>       | <b>113,323</b>               | <b>108,010</b> | <b>5,044</b>  | <b>269</b>   | <b>(214)</b>   | <b>(108)</b> | <b>(72)</b>  | <b>(33)</b>  |
| <b>Total allowances and provisions</b>  |                              |                |               |              | <b>(1,121)</b> | <b>(284)</b> | <b>(271)</b> | <b>(567)</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.

## Note 7 Expected credit loss measurement (continued)

| USD m   | 31.12.22                     |                |               |              |                |              |              |              |
|---|------------------------------|----------------|---------------|--------------|----------------|--------------|--------------|--------------|
|   | Carrying amount <sup>1</sup> |                |               |              | ECL allowances |              |              |              |
|   | Total                        | Stage 1        | Stage 2       | Stage 3      | Total          | Stage 1      | Stage 2      | Stage 3      |
| <b>Financial instruments measured at amortized cost</b>                                       |                              |                |               |              |                |              |              |              |
| Cash and balances at central banks  | 169,445                      | 169,402        | 44            | 0            | (12)           | 0            | (12)         | 0            |
| Loans and advances to banks   | 14,671                       | 14,670         | 1             | 0            | (6)            | (5)          | (1)          | 0            |
| Receivables from securities financing transactions  | 67,814                       | 67,814         | 0             | 0            | (2)            | (2)          | 0            | 0            |
| Cash collateral receivables on derivative instruments   | 35,033                       | 35,033         | 0             | 0            | 0              | 0            | 0            | 0            |
| Loans and advances to customers   | 390,027                      | 372,903        | 15,587        | 1,538        | (783)          | (129)        | (180)        | (474)        |
| <i>of which: Private clients with mortgages</i>   | 156,930                      | 147,651        | 8,579         | 699          | (161)          | (27)         | (107)        | (28)         |
| <i>of which: Real estate financing</i>  | 46,470                       | 43,112         | 3,349         | 9            | (41)           | (17)         | (23)         | 0            |
| <i>of which: Large corporate clients</i>  | 12,226                       | 10,733         | 1,189         | 303          | (130)          | (24)         | (14)         | (92)         |
| <i>of which: SME clients</i>  | 13,903                       | 12,211         | 1,342         | 351          | (251)          | (26)         | (22)         | (203)        |
| <i>of which: Lombard</i>  | 132,287                      | 132,196        | 0             | 91           | (26)           | (9)          | 0            | (17)         |
| <i>of which: Credit cards</i>   | 1,834                        | 1,420          | 382           | 31           | (36)           | (7)          | (10)         | (19)         |
| <i>of which: Commodity trade finance</i>  | 3,272                        | 3,261          | 0             | 11           | (96)           | (6)          | 0            | (90)         |
| Other financial assets measured at amortized cost <sup>2</sup>                                | 53,389                       | 52,829         | 413           | 147          | (86)           | (17)         | (6)          | (63)         |
| <i>of which: Loans to financial advisors</i>  | 2,611                        | 2,357          | 128           | 126          | (59)           | (7)          | (2)          | (51)         |
| <b>Total financial assets measured at amortized cost</b>                                      | <b>730,379</b>               | <b>712,651</b> | <b>16,044</b> | <b>1,685</b> | <b>(890)</b>   | <b>(154)</b> | <b>(199)</b> | <b>(537)</b> |
| <b>Financial assets measured at fair value through other comprehensive income<sup>2</sup></b> | <b>2,239</b>                 | <b>2,239</b>   | <b>0</b>      | <b>0</b>     | <b>0</b>       | <b>0</b>     | <b>0</b>     | <b>0</b>     |
| <b>Total on-balance sheet financial assets in scope of ECL requirements</b>                   | <b>732,618</b>               | <b>714,889</b> | <b>16,044</b> | <b>1,685</b> | <b>(890)</b>   | <b>(154)</b> | <b>(199)</b> | <b>(537)</b> |
|   | Total exposure               |                |               |              | ECL provisions |              |              |              |
| <b>Off-balance sheet (in scope of ECL)</b>  | Total                        | Stage 1        | Stage 2       | Stage 3      | Total          | Stage 1      | Stage 2      | Stage 3      |
| Guarantees  | 22,167                       | 19,805         | 2,254         | 108          | (48)           | (13)         | (9)          | (26)         |
| <i>of which: Large corporate clients</i>  | 3,663                        | 2,883          | 721           | 58           | (26)           | (2)          | (3)          | (21)         |
| <i>of which: SME clients</i>  | 1,337                        | 1,124          | 164           | 49           | (5)            | (1)          | (1)          | (3)          |
| <i>of which: Financial intermediaries and hedge funds</i>                                     | 11,833                       | 10,513         | 1,320         | 0            | (12)           | (8)          | (4)          | 0            |
| <i>of which: Lombard</i>  | 2,376                        | 2,376          | 0             | 1            | (1)            | 0            | 0            | (1)          |
| <i>of which: Commodity trade finance</i>  | 2,121                        | 2,121          | 0             | 0            | (1)            | (1)          | 0            | 0            |
| Irrevocable loan commitments  | 39,996                       | 37,531         | 2,341         | 124          | (111)          | (59)         | (52)         | 0            |
| <i>of which: Large corporate clients</i>  | 23,611                       | 21,488         | 2,024         | 99           | (93)           | (49)         | (45)         | 0            |
| Forward starting reverse repurchase and securities borrowing agreements                       | 3,801                        | 3,801          | 0             | 0            | 0              | 0            | 0            | 0            |
| Unconditionally revocable loan commitments  | 43,677                       | 41,809         | 1,833         | 36           | (40)           | (32)         | (8)          | 0            |
| <i>of which: Real estate financing</i>  | 8,711                        | 8,528          | 183           | 0            | (6)            | (6)          | 0            | 0            |
| <i>of which: Large corporate clients</i>  | 4,578                        | 4,304          | 268           | 5            | (4)            | (1)          | (2)          | 0            |
| <i>of which: SME clients</i>  | 4,723                        | 4,442          | 256           | 26           | (19)           | (16)         | (3)          | 0            |
| <i>of which: Lombard</i>  | 7,855                        | 7,854          | 0             | 1            | 0              | 0            | 0            | 0            |
| <i>of which: Credit cards</i>   | 9,390                        | 8,900          | 487           | 3            | (7)            | (5)          | (2)          | 0            |
| <i>of which: Commodity trade finance</i>  | 327                          | 327            | 0             | 0            | 0              | 0            | 0            | 0            |
| Irrevocable committed prolongation of existing loans  | 4,696                        | 4,600          | 94            | 2            | (2)            | (2)          | 0            | 0            |
| <b>Total off-balance sheet financial instruments and other credit lines</b>                   | <b>114,337</b>               | <b>107,545</b> | <b>6,522</b>  | <b>270</b>   | <b>(201)</b>   | <b>(106)</b> | <b>(69)</b>  | <b>(26)</b>  |
| <b>Total allowances and provisions</b>  |                              |                |               |              | <b>(1,091)</b> | <b>(260)</b> | <b>(267)</b> | <b>(564)</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> Effective 1 April 2022, a portfolio of assets previously classified as Financial assets measured at fair value through other comprehensive income was reclassified to Other financial assets measured at amortized cost. Refer to Note 10a for more information.

## Note 7 Expected credit loss measurement (continued)

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

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

| <b>Coverage ratios for core loan portfolio</b> |                                      |                |                |                | <b>30.6.23</b>            |                |                |                      |                |
|--|--------------------------------------|----------------|----------------|----------------|---------------------------|----------------|----------------|----------------------|----------------|
| <b>On-balance sheet</b>                        | <b>Gross carrying amount (USD m)</b> |                |                |                | <b>ECL coverage (bps)</b> |                |                |                      |                |
|  | <b>Total</b>                         | <b>Stage 1</b> | <b>Stage 2</b> | <b>Stage 3</b> | <b>Total</b>              | <b>Stage 1</b> | <b>Stage 2</b> | <b>Stage 1&amp;2</b> | <b>Stage 3</b> |
| Private clients with mortgages                 | 163,714                              | 153,488        | 9,445          | 781            | 9                         | 3              | 92             | 8                    | 298            |
| Real estate financing                          | 50,098                               | 45,980         | 4,111          | 7              | 9                         | 5              | 55             | 9                    | 26             |
| <b>Total real estate lending</b>               | <b>213,812</b>                       | <b>199,468</b> | <b>13,556</b>  | <b>788</b>     | <b>9</b>                  | <b>3</b>       | <b>80</b>      | <b>8</b>             | <b>296</b>     |
| Large corporate clients                        | 13,622                               | 11,829         | 1,320          | 472            | 131                       | 31             | 217            | 50                   | 2,391          |
| SME clients                                    | 12,737                               | 10,808         | 1,313          | 616            | 201                       | 29             | 157            | 43                   | 3,298          |
| <b>Total corporate lending</b>                 | <b>26,360</b>                        | <b>22,637</b>  | <b>2,634</b>   | <b>1,089</b>   | <b>165</b>                | <b>30</b>      | <b>187</b>     | <b>47</b>            | <b>2,904</b>   |
| Lombard  | 124,537                              | 124,478        | 0              | 59             | 2                         | 1              | 0              | 1                    | 2,873          |
| Credit cards                                   | 1,978                                | 1,510          | 413            | 55             | 199                       | 53             | 255            | 97                   | 3,821          |
| Commodity trade finance                        | 2,304                                | 2,185          | 0              | 118            | 479                       | 30             | 351            | 30                   | 8,770          |
| Other loans and advances to customers          | 29,466                               | 28,550         | 773            | 142            | 17                        | 9              | 47             | 10                   | 1,642          |
| Loans to financial advisors                    | 2,643                                | 2,293          | 177            | 173            | 208                       | 24             | 140            | 33                   | 2,707          |
| <b>Total other lending</b>                     | <b>160,927</b>                       | <b>159,017</b> | <b>1,363</b>   | <b>547</b>     | <b>18</b>                 | <b>3</b>       | <b>122</b>     | <b>4</b>             | <b>3,872</b>   |
| <b>Total<sup>1</sup></b>                       | <b>401,098</b>                       | <b>381,122</b> | <b>17,553</b>  | <b>2,423</b>   | <b>23</b>                 | <b>5</b>       | <b>100</b>     | <b>9</b>             | <b>2,275</b>   |

| <b>Off-balance sheet</b>                           | <b>Gross exposure (USD m)</b> |                |                |                | <b>ECL coverage (bps)</b> |                |                |                      |                |
|--|-------------------------------|----------------|----------------|----------------|---------------------------|----------------|----------------|----------------------|----------------|
|  | <b>Total</b>                  | <b>Stage 1</b> | <b>Stage 2</b> | <b>Stage 3</b> | <b>Total</b>              | <b>Stage 1</b> | <b>Stage 2</b> | <b>Stage 1&amp;2</b> | <b>Stage 3</b> |
| Private clients with mortgages                     | 6,406                         | 6,072          | 324            | 11             | 6                         | 5              | 22             | 6                    | 60             |
| Real estate financing                              | 9,757                         | 9,477          | 280            | 0              | 6                         | 8              | 0              | 6                    | 0              |
| <b>Total real estate lending</b>                   | <b>16,163</b>                 | <b>15,549</b>  | <b>603</b>     | <b>11</b>      | <b>6</b>                  | <b>7</b>       | <b>0</b>       | <b>6</b>             | <b>60</b>      |
| Large corporate clients                            | 31,238                        | 28,520         | 2,580          | 138            | 28                        | 17             | 141            | 28                   | 132            |
| SME clients  | 7,309                         | 6,814          | 400            | 95             | 53                        | 28             | 257            | 41                   | 994            |
| <b>Total corporate lending</b>                     | <b>38,547</b>                 | <b>35,334</b>  | <b>2,980</b>   | <b>233</b>     | <b>33</b>                 | <b>19</b>      | <b>156</b>     | <b>30</b>            | <b>482</b>     |
| Lombard  | 13,912                        | 13,910         | 0              | 1              | 1                         | 1              | 0              | 1                    | 0              |
| Credit cards                                       | 9,762                         | 9,274          | 484            | 4              | 7                         | 6              | 37             | 8                    | 0              |
| Commodity trade finance                            | 2,555                         | 2,555          | 0              | 0              | 2                         | 2              | 0              | 2                    | 0              |
| Financial intermediaries and hedge funds           | 18,519                        | 18,139         | 380            | 0              | 7                         | 5              | 90             | 7                    | 0              |
| Other off-balance sheet commitments                | 12,613                        | 12,306         | 296            | 11             | 14                        | 6              | 95             | 8                    | 0              |
| <b>Total other lending</b>                         | <b>57,361</b>                 | <b>56,184</b>  | <b>1,160</b>   | <b>17</b>      | <b>7</b>                  | <b>4</b>       | <b>69</b>      | <b>5</b>             | <b>0</b>       |
| <b>Total<sup>2</sup></b>                           | <b>112,071</b>                | <b>107,067</b> | <b>4,743</b>   | <b>261</b>     | <b>16</b>                 | <b>10</b>      | <b>114</b>     | <b>14</b>            | <b>737</b>     |
| <b>Total on- and off-balance sheet<sup>3</sup></b> | <b>513,169</b>                | <b>488,189</b> | <b>22,296</b>  | <b>2,684</b>   | <b>21</b>                 | <b>6</b>       | <b>103</b>     | <b>10</b>            | <b>2,125</b>   |

<sup>1</sup> Includes Loans and advances to customers and Loans to financial advisors which are presented on the balance sheet line Other 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 7 Expected credit loss measurement (continued)

| Coverage ratios for core loan portfolio |                               |                |               |              | 31.3.23            |          |            |           |              |
|---|-------------------------------|----------------|---------------|--------------|--------------------|----------|------------|-----------|--------------|
| 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          | 159,580                       | 149,744        | 9,102         | 734          | 11                 | 3        | 113        | 9         | 344          |
| Real estate financing                   | 48,714                        | 45,177         | 3,529         | 8            | 9                  | 4        | 69         | 9         | 22           |
| Total real estate lending               | 208,294                       | 194,921        | 12,631        | 742          | 10                 | 3        | 101        | 9         | 341          |
| Large corporate clients                 | 13,082                        | 11,236         | 1,424         | 422          | 106                | 18       | 115        | 29        | 2,424        |
| SME clients                             | 13,853                        | 11,811         | 1,461         | 581          | 175                | 25       | 168        | 41        | 3,253        |
| Total corporate lending                 | 26,936                        | 23,047         | 2,886         | 1,003        | 142                | 22       | 142        | 35        | 2,904        |
| Lombard                                 | 128,985                       | 128,912        | 0             | 74           | 2                  | 1        | 0          | 1         | 2,286        |
| Credit cards                            | 1,868                         | 1,426          | 391           | 52           | 201                | 56       | 255        | 99        | 3,793        |
| Commodity trade finance                 | 3,149                         | 3,028          | 20            | 101          | 305                | 18       | 11         | 17        | 9,001        |
| Other loans and advances to customers   | 27,002                        | 26,085         | 825           | 92           | 18                 | 7        | 24         | 8         | 3,117        |
| Loans to financial advisors             | 2,626                         | 2,329          | 123           | 174          | 206                | 26       | 145        | 32        | 2,659        |
| Total other lending                     | 163,630                       | 161,778        | 1,360         | 492          | 16                 | 3        | 101        | 4         | 4,109        |
| <b>Total<sup>1</sup></b>                | <b>398,859</b>                | <b>379,746</b> | <b>16,876</b> | <b>2,237</b> | <b>22</b>          | <b>4</b> | <b>108</b> | <b>9</b>  | <b>2,319</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                     | 6,377                  | 6,163          | 212           | 3            | 6                  | 5         | 28         | 6         | 340          |
| Real estate financing                              | 9,298                  | 9,101          | 197           | 0            | 7                  | 8         | 0          | 7         | 0            |
| Total real estate lending                          | 15,675                 | 15,263         | 409           | 3            | 6                  | 7         | 0          | 6         | 340          |
| Large corporate clients                            | 31,375                 | 28,390         | 2,821         | 165          | 38                 | 18        | 190        | 34        | 830          |
| SME clients  | 7,674                  | 7,124          | 470           | 80           | 55                 | 30        | 245        | 44        | 1,114        |
| Total corporate lending                            | 39,049                 | 35,514         | 3,290         | 245          | 41                 | 21        | 198        | 36        | 923          |
| Lombard  | 12,456                 | 12,455         | 0             | 1            | 1                  | 1         | 0          | 1         | 0            |
| Credit cards                                       | 9,567                  | 9,078          | 486           | 3            | 8                  | 6         | 36         | 8         | 0            |
| Commodity trade finance                            | 2,187                  | 2,187          | 0             | 0            | 4                  | 4         | 0          | 4         | 0            |
| Financial intermediaries and hedge funds           | 18,159                 | 17,680         | 479           | 0            | 7                  | 5         | 80         | 7         | 0            |
| Other off-balance sheet commitments                | 11,483                 | 11,086         | 380           | 17           | 18                 | 7         | 66         | 9         | 0            |
| Total other lending                                | 53,852                 | 52,485         | 1,345         | 22           | 8                  | 5         | 60         | 6         | 0            |
| <b>Total<sup>2</sup></b>                           | <b>108,576</b>         | <b>103,263</b> | <b>5,044</b>  | <b>269</b>   | <b>20</b>          | <b>10</b> | <b>143</b> | <b>17</b> | <b>1,232</b> |
| <b>Total on- and off-balance sheet<sup>3</sup></b> | <b>507,435</b>         | <b>483,009</b> | <b>21,920</b> | <b>2,506</b> | <b>21</b>          | <b>6</b>  | <b>116</b> | <b>10</b> | <b>2,202</b> |

<sup>1</sup> Includes Loans and advances to customers and Loans to financial advisors which are presented on the balance sheet line Other 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 |                               |                |               |              | 31.12.22           |          |            |           |              |
|---|-------------------------------|----------------|---------------|--------------|--------------------|----------|------------|-----------|--------------|
| 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          | 157,091                       | 147,678        | 8,686         | 727          | 10                 | 2        | 123        | 9         | 381          |
| Real estate financing                   | 46,511                        | 43,129         | 3,372         | 9            | 9                  | 4        | 70         | 9         | 232          |
| Total real estate lending               | 203,602                       | 190,807        | 12,059        | 736          | 10                 | 2        | 108        | 9         | 379          |
| Large corporate clients                 | 12,356                        | 10,757         | 1,204         | 395          | 105                | 22       | 120        | 32        | 2,325        |
| SME clients                             | 14,154                        | 12,237         | 1,364         | 553          | 177                | 22       | 161        | 36        | 3,664        |
| Total corporate lending                 | 26,510                        | 22,994         | 2,567         | 949          | 144                | 22       | 142        | 34        | 3,106        |
| Lombard                                 | 132,313                       | 132,205        | 0             | 108          | 2                  | 1        | 0          | 1         | 1,580        |
| Credit cards                            | 1,869                         | 1,427          | 393           | 50           | 190                | 46       | 256        | 91        | 3,779        |
| Commodity trade finance                 | 3,367                         | 3,266          | 0             | 101          | 285                | 18       | 0          | 18        | 8,901        |
| Other loans and advances to customers   | 23,149                        | 22,333         | 748           | 68           | 18                 | 6        | 38         | 7         | 3,769        |
| Loans to financial advisors             | 2,670                         | 2,364          | 130           | 176          | 221                | 28       | 124        | 33        | 2,870        |
| Total other lending                     | 163,368                       | 161,595        | 1,270         | 503          | 16                 | 3        | 114        | 3         | 4,016        |
| <b>Total<sup>1</sup></b>                | <b>393,480</b>                | <b>375,396</b> | <b>15,896</b> | <b>2,188</b> | <b>21</b>          | <b>4</b> | <b>114</b> | <b>8</b>  | <b>2,398</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                     | 6,535                  | 6,296          | 236           | 3            | 5                  | 4         | 18         | 4         | 1,183        |
| Real estate financing                              | 10,054                 | 9,779          | 275           | 0            | 6                  | 7         | 0          | 6         | 0            |
| Total real estate lending                          | 16,589                 | 16,075         | 511           | 3            | 6                  | 6         | 2          | 6         | 1,288        |
| Large corporate clients                            | 32,126                 | 28,950         | 3,013         | 163          | 38                 | 18        | 165        | 32        | 1,263        |
| SME clients  | 7,122                  | 6,525          | 499           | 98           | 47                 | 30        | 214        | 43        | 304          |
| Total corporate lending                            | 39,247                 | 35,475         | 3,513         | 260          | 40                 | 20        | 172        | 34        | 903          |
| Lombard  | 12,919                 | 12,918         | 0             | 1            | 2                  | 1         | 0          | 1         | 0            |
| Credit cards                                       | 9,390                  | 8,900          | 487           | 3            | 7                  | 5         | 36         | 7         | 0            |
| Commodity trade finance                            | 2,459                  | 2,459          | 0             | 0            | 3                  | 3         | 0          | 3         | 0            |
| Financial intermediaries and hedge funds           | 18,128                 | 16,464         | 1,664         | 0            | 7                  | 6         | 25         | 7         | 0            |
| Other off-balance sheet commitments                | 11,803                 | 11,454         | 346           | 3            | 11                 | 8         | 68         | 9         | 0            |
| Total other lending                                | 54,700                 | 52,195         | 2,498         | 7            | 6                  | 5         | 33         | 6         | 0            |
| <b>Total<sup>2</sup></b>                           | <b>110,537</b>         | <b>103,745</b> | <b>6,522</b>  | <b>270</b>   | <b>18</b>          | <b>10</b> | <b>106</b> | <b>16</b> | <b>980</b>   |
| <b>Total on- and off-balance sheet<sup>3</sup></b> | <b>504,016</b>         | <b>479,140</b> | <b>22,418</b> | <b>2,458</b> | <b>21</b>          | <b>5</b>  | <b>112</b> | <b>10</b> | <b>2,242</b> |

<sup>1</sup> Includes Loans and advances to customers and Loans to financial advisors which are presented on the balance sheet line Other 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 8 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 six months of 2023, 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  | 30.6.23        |                |              |                | 31.3.23        |                |              |                | 31.12.22       |                |              |                |
|--|----------------|----------------|--------------|----------------|----------------|----------------|--------------|----------------|----------------|----------------|--------------|----------------|
|  | 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  | 104,834        | 13,871         | 1,527        | 120,232        | 104,793        | 12,118         | 1,099        | 118,009        | 96,263         | 10,284         | 1,488        | 108,034        |
| of which: Equity instruments   | 90,318         | 453            | 130          | 90,901         | 87,722         | 295            | 177          | 88,193         | 83,095         | 789            | 126          | 84,010         |
| of which: Government bills / bonds   | 7,500          | 2,119          | 12           | 9,631          | 8,902          | 1,534          | 23           | 10,460         | 5,496          | 950            | 18           | 6,464          |
| of which: Investment fund units  | 6,123          | 726            | 10           | 6,859          | 7,187          | 536            | 10           | 7,733          | 6,673          | 596            | 61           | 7,330          |
| of which: Corporate and municipal bonds  | 889            | 9,531          | 438          | 10,859         | 977            | 7,702          | 442          | 9,121          | 976            | 6,509          | 541          | 8,026          |
| of which: Loans  | 0              | 941            | 821          | 1,763          | 0              | 1,812          | 329          | 2,141          | 0              | 1,179          | 628          | 1,807          |
| of which: Asset-backed securities  | 4              | 101            | 115          | 220            | 4              | 239            | 118          | 360            | 22             | 261            | 114          | 397            |
| Derivative financial instruments   | 1,042          | 121,686        | 1,318        | 124,046        | 879            | 112,066        | 1,309        | 114,253        | 769            | 147,876        | 1,464        | 150,109        |
| of which: Foreign exchange   | 551            | 58,332         | 5            | 58,889         | 515            | 51,733         | 3            | 52,251         | 575            | 84,882         | 2            | 85,459         |
| of which: Interest rate  | 0              | 38,982         | 492          | 39,474         | 0              | 36,339         | 398          | 36,737         | 0              | 39,345         | 460          | 39,805         |
| of which: Equity / index   | 0              | 21,944         | 433          | 22,378         | 1              | 21,180         | 578          | 21,759         | 1              | 21,542         | 653          | 22,195         |
| of which: Credit   | 0              | 1,001          | 361          | 1,362          | 0              | 944            | 309          | 1,253          | 0              | 719            | 318          | 1,038          |
| of which: Commodities  | 0              | 1,371          | 24           | 1,394          | 0              | 1,780          | 20           | 1,800          | 0              | 1,334          | 30           | 1,365          |
| Brokerage receivables  | 0              | 21,218         | 0            | 21,218         | 0              | 21,025         | 0            | 21,025         | 0              | 17,576         | 0            | 17,576         |
| Financial assets at fair value not held for trading  | 31,296         | 28,577         | 3,841        | 63,714         | 32,279         | 30,398         | 3,834        | 66,511         | 26,572         | 29,110         | 3,725        | 59,408         |
| of which: Financial assets for unit-linked investment contracts  | 14,740         | 164            | 0            | 14,904         | 14,004         | 97             | 0            | 14,101         | 13,071         | 1              | 0            | 13,072         |
| of which: Corporate and municipal bonds  | 61             | 11,730         | 236          | 12,026         | 86             | 13,601         | 241          | 13,928         | 35             | 14,101         | 230          | 14,366         |
| of which: Government bills / bonds   | 16,144         | 3,976          | 0            | 20,120         | 17,824         | 3,140          | 0            | 20,965         | 13,103         | 3,638          | 0            | 16,741         |
| of which: Loans  | 0              | 3,766          | 819          | 4,585          | 0              | 3,706          | 810          | 4,516          | 0              | 3,602          | 736          | 4,337          |
| of which: Securities financing transactions  | 0              | 8,751          | 105          | 8,856          | 0              | 9,670          | 108          | 9,779          | 0              | 7,590          | 114          | 7,704          |
| of which: Auction rate securities  | 0              | 0              | 1,321        | 1,321          | 0              | 0              | 1,321        | 1,321          | 0              | 0              | 1,326        | 1,326          |
| of which: Investment fund units  | 321            | 190            | 210          | 720            | 295            | 183            | 288          | 766            | 307            | 178            | 190          | 675            |
| of which: Equity instruments   | 29             | 0              | 990          | 1,020          | 70             | 0              | 879          | 949            | 57             | 0              | 792          | 849            |
| <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             | 2,152          | 0            | 2,217          | 60             | 2,181          | 0            | 2,241          | 57             | 2,182          | 0            | 2,239          |
| of which: Commercial paper and certificates of deposit   | 0              | 1,926          | 0            | 1,926          | 0              | 1,921          | 0            | 1,921          | 0              | 1,878          | 0            | 1,878          |
| of which: Corporate and municipal bonds  | 65             | 217            | 0            | 282            | 60             | 233            | 0            | 293            | 57             | 278            | 0            | 335            |
| <b>Non-financial assets measured at fair value on a recurring basis</b>                                |                |                |              |                |                |                |              |                |                |                |              |                |
| Precious metals and other physical commodities   | 4,426          | 0              | 0            | 4,426          | 4,506          | 0              | 0            | 4,506          | 4,471          | 0              | 0            | 4,471          |
| <b>Non-financial assets measured at fair value on a non-recurring basis</b>                            |                |                |              |                |                |                |              |                |                |                |              |                |
| Other non-financial assets <sup>2</sup>  | 0              | 0              | 16           | 16             | 0              | 0              | 18           | 18             | 0              | 0              | 21           | 21             |
| <b>Total assets measured at fair value</b>   | <b>141,663</b> | <b>187,505</b> | <b>6,701</b> | <b>335,870</b> | <b>142,516</b> | <b>177,787</b> | <b>6,260</b> | <b>326,563</b> | <b>128,132</b> | <b>207,028</b> | <b>6,698</b> | <b>341,858</b> |

## Note 8 Fair value measurement (continued)

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

| USD m   | 30.6.23       |                |               |                | 31.3.23       |                |               |                | 31.12.22      |                |               |                |
|---|---------------|----------------|---------------|----------------|---------------|----------------|---------------|----------------|---------------|----------------|---------------|----------------|
|   | 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                        | 29,147        | 6,330          | 139           | 35,616         | 28,332        | 5,941          | 101           | 34,374         | 23,578        | 5,823          | 114           | 29,515         |
| of which: Equity instruments  | 20,572        | 303            | 73            | 20,947         | 19,411        | 370            | 58            | 19,839         | 16,521        | 352            | 78            | 16,951         |
| of which: Corporate and municipal bonds                                     | 31            | 5,217          | 61            | 5,308          | 33            | 4,610          | 38            | 4,681          | 36            | 4,643          | 27            | 4,707          |
| of which: Government bills / bonds  | 7,487         | 737            | 0             | 8,224          | 7,919         | 728            | 0             | 8,647          | 5,880         | 706            | 1             | 6,587          |
| of which: Investment fund units   | 1,057         | 45             | 3             | 1,106          | 969           | 204            | 3             | 1,176          | 1,141         | 84             | 3             | 1,229          |
| Derivative financial instruments  | 974           | 124,250        | 2,144         | 127,367        | 967           | 113,051        | 2,095         | 116,113        | 640           | 152,582        | 1,684         | 154,906        |
| of which: Foreign exchange  | 565           | 59,112         | 40            | 59,718         | 529           | 52,706         | 33            | 53,267         | 587           | 87,897         | 24            | 88,508         |
| of which: Interest rate   | 0             | 37,861         | 133           | 37,994         | 0             | 34,317         | 360           | 34,677         | 0             | 37,429         | 116           | 37,545         |
| of which: Equity / index  | 0             | 24,398         | 1,665         | 26,064         | 1             | 23,207         | 1,365         | 24,573         | 0             | 24,963         | 1,184         | 26,148         |
| of which: Credit  | 0             | 1,267          | 260           | 1,527          | 0             | 1,057          | 286           | 1,343          | 0             | 920            | 279           | 1,199          |
| of which: Commodities   | 0             | 1,511          | 30            | 1,541          | 0             | 1,592          | 33            | 1,625          | 0             | 1,309          | 52            | 1,361          |
| <b>Financial liabilities designated at fair value on a recurring basis</b>  |               |                |               |                |               |                |               |                |               |                |               |                |
| Brokerage payables designated at fair value                                 | 0             | 43,357         | 0             | 43,357         | 0             | 43,911         | 0             | 43,911         | 0             | 45,085         | 0             | 45,085         |
| Debt issued designated at fair value  | 0             | 68,909         | 9,832         | 78,741         | 0             | 65,845         | 9,130         | 74,974         | 0             | 62,603         | 9,240         | 71,842         |
| Other financial liabilities designated at fair value                        | 0             | 29,204         | 2,221         | 31,425         | 0             | 26,083         | 1,935         | 28,018         | 0             | 30,055         | 1,978         | 32,033         |
| of which: Financial liabilities related to unit-linked investment contracts | 0             | 15,055         | 0             | 15,055         | 0             | 14,243         | 0             | 14,243         | 0             | 13,221         | 0             | 13,221         |
| of which: Securities financing transactions                                 | 0             | 11,344         | 0             | 11,344         | 0             | 9,707          | 0             | 9,707          | 0             | 15,333         | 0             | 15,333         |
| of which: Funding from UBS Group AG   | 0             | 979            | 1,320         | 2,299          | 0             | 903            | 1,356         | 2,259          | 0             | 508            | 1,287         | 1,796          |
| of which: Over-the-counter debt instruments and others                      | 0             | 1,826          | 901           | 2,727          | 0             | 1,230          | 579           | 1,809          | 0             | 993            | 691           | 1,684          |
| <b>Total liabilities measured at fair value</b>                             | <b>30,121</b> | <b>272,049</b> | <b>14,336</b> | <b>316,506</b> | <b>29,299</b> | <b>254,831</b> | <b>13,260</b> | <b>297,391</b> | <b>24,219</b> | <b>296,148</b> | <b>13,015</b> | <b>333,382</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 |            |
|--|-----------------------|------------|------------|--------------|------------|
|  | 30.6.23               | 31.3.23    | 30.6.22    | 30.6.23      | 30.6.22    |
| Reserve balance at the beginning of the period     | 399                   | 422        | 425        | 422          | 418        |
| Profit / (loss) deferred on new transactions       | 71                    | 91         | 86         | 162          | 161        |
| (Profit) / loss recognized in the income statement | (75)                  | (113)      | (58)       | (188)        | (127)      |
| Foreign currency translation                       | (1)                   | 0          | (1)        | (1)          | (1)        |
| <b>Reserve balance at the end of the period</b>    | <b>396</b>            | <b>399</b> | <b>451</b> | <b>396</b>   | <b>451</b> |

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        |              |              |
|---|--------------|--------------|--------------|
|   | 30.6.23      | 31.3.23      | 31.12.22     |
| <b>Own credit adjustments on financial liabilities designated at fair value</b> | <b>405</b>   | <b>624</b>   | <b>556</b>   |
| of which: debt issued designated at fair value                                  | 115          | 276          | 289          |
| of which: other financial liabilities designated at fair value                  | 290          | 347          | 266          |
| Credit valuation adjustments <sup>1</sup>                                       | (34)         | (33)         | (33)         |
| Funding valuation adjustments   | (102)        | (108)        | (50)         |
| Debit valuation adjustments   | 4            | 6            | 4            |
| <b>Other valuation adjustments</b>  | <b>(726)</b> | <b>(801)</b> | <b>(839)</b> |
| of which: liquidity   | (275)        | (299)        | (311)        |
| of which: model uncertainty   | (451)        | (502)        | (529)        |

<sup>1</sup> Amount does not include reserves against defaulted counterparties.

## Note 8 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 June 2023 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 Annual Report 2022.

#### 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 |              |                               |          |       |                               | unit <sup>1</sup> |
|--|------------|------------|-------------|------------|--|---|-----------------|--------------|-------------------------------|----------|-------|-------------------------------|-------------------|
|  | Assets     |            | Liabilities |            |  |   | 30.6.23         |              |                               | 31.12.22 |       |                               |                   |
|  | 30.6.23    | 31.12.22   | 30.6.23     | 31.12.22   |  |   | low             | high         | weighted average <sup>2</sup> | low      | high  | weighted average <sup>2</sup> |                   |
| <b>Financial assets and liabilities at fair value held for trading and Financial assets at fair value not held for trading</b> |            |            |             |            |  |   |                 |              |                               |          |       |                               |                   |
| <i>Corporate and municipal bonds</i>   | <i>0.7</i> | <i>0.8</i> | <i>0.1</i>  | <i>0.0</i> | Relative value to market comparable        | Bond price equivalent                                 | <b>4</b>        | <b>99</b>    | <b>73</b>                     | 14       | 112   | 85                            | points            |
|  |            |            |             |            | Discounted expected cash flows             | Discount margin                                       | <b>391</b>      | <b>391</b>   |                               | 412      | 412   |                               | basis points      |
| <i>Traded loans, loans measured at fair value, loan commitments and guarantees</i>   | <i>1.8</i> | <i>1.7</i> | <i>0.0</i>  | <i>0.0</i> | Relative value to market comparable        | Loan price equivalent                                 | <b>34</b>       | <b>100</b>   | <b>98</b>                     | 30       | 100   | 97                            | points            |
|  |            |            |             |            | Discounted expected cash flows             | Credit spread   | <b>200</b>      | <b>275</b>   | <b>249</b>                    | 200      | 200   | 200                           | basis points      |
|  |            |            |             |            | Market comparable and securitization model | Credit spread   | <b>165</b>      | <b>1,544</b> | <b>349</b>                    | 145      | 1,350 | 322                           | basis points      |
| <i>Auction rate securities</i>   | <i>1.3</i> | <i>1.3</i> |             |            | Discounted expected cash flows             | Credit spread   | <b>115</b>      | <b>209</b>   | <b>156</b>                    | 115      | 196   | 144                           | basis points      |
| <i>Investment fund units<sup>3</sup></i>   | <i>0.2</i> | <i>0.3</i> | <i>0.0</i>  | <i>0.0</i> | Relative value to market comparable        | Net asset value                                       |                 |              |                               |          |       |                               |                   |
| <i>Equity instruments<sup>3</sup></i>  | <i>1.1</i> | <i>0.9</i> | <i>0.1</i>  | <i>0.1</i> | Relative value to market comparable        | Price   |                 |              |                               |          |       |                               |                   |
| <b>Debt issued designated at fair value<sup>4</sup></b>  |            |            | <b>9.8</b>  | <b>9.2</b> |  |   |                 |              |                               |          |       |                               |                   |
| <b>Other financial liabilities designated at fair value</b>  |            |            | <b>2.2</b>  | <b>2.0</b> | Discounted expected cash flows             | Funding spread  | <b>25</b>       | <b>175</b>   |                               | 23       | 175   |                               | basis points      |
| <b>Derivative financial instruments</b>  |            |            |             |            |  |   |                 |              |                               |          |       |                               |                   |
| <i>Interest rate</i>   | <i>0.5</i> | <i>0.5</i> | <i>0.1</i>  | <i>0.1</i> | Option model                               | Volatility of interest rates                          | <b>69</b>       | <b>129</b>   |                               | 75       | 143   |                               | basis points      |
|  |            |            |             |            | Discounted expected cash flows             | Credit spreads  | <b>9</b>        | <b>538</b>   |                               | 9        | 565   |                               | basis points      |
| <i>Credit</i>  | <i>0.4</i> | <i>0.3</i> | <i>0.3</i>  | <i>0.3</i> |  | Bond price equivalent                                 | <b>3</b>        | <b>281</b>   |                               | 3        | 277   |                               | points            |
|  |            |            |             |            |  | Equity dividend yields                                | <b>0</b>        | <b>9</b>     |                               | 0        | 20    |                               | %                 |
| <i>Equity / index</i>  | <i>0.4</i> | <i>0.7</i> | <i>1.7</i>  | <i>1.2</i> | Option model                               | Volatility of equity stocks, equity and other indices | <b>4</b>        | <b>138</b>   |                               | 4        | 120   |                               | %                 |
|  |            |            |             |            |  | Equity-to-FX correlation                              | <b>(40)</b>     | <b>84</b>    |                               | (29)     | 84    |                               | %                 |
|  |            |            |             |            |  | Equity-to-equity correlation                          | <b>(25)</b>     | <b>99</b>    |                               | (25)     | 100   |                               | %                 |

<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 AG 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 are presented in the respective derivative financial instruments lines in this table.



## Note 8 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>

| USD m   | 30.6.23           |                     | 31.3.23           |                     | 31.12.22          |                     |
|---|-------------------|---------------------|-------------------|---------------------|-------------------|---------------------|
|   | Favorable changes | Unfavorable changes | Favorable changes | Unfavorable changes | Favorable changes | Unfavorable changes |
| Traded loans, loans measured at fair value, loan commitments and guarantees | 12                | (6)                 | 12                | (13)                | 19                | (12)                |
| Securities financing transactions   | 27                | (18)                | 27                | (29)                | 33                | (37)                |
| Auction rate securities   | 44                | (44)                | 45                | (45)                | 46                | (46)                |
| Asset-backed securities   | 29                | (28)                | 29                | (27)                | 27                | (27)                |
| Equity instruments  | 193               | (169)               | 188               | (164)               | 183               | (161)               |
| Interest rate derivatives, net  | 5                 | (18)                | 20                | (13)                | 18                | (12)                |
| Credit derivatives, net   | 4                 | (3)                 | 3                 | (5)                 | 3                 | (4)                 |
| Foreign exchange derivatives, net   | 6                 | (6)                 | 4                 | (5)                 | 10                | (5)                 |
| Equity / index derivatives, net   | 350               | (318)               | 371               | (338)               | 361               | (330)               |
| Other   | 60                | (56)                | 93                | (105)               | 39                | (62)                |
| <b>Total</b>  | <b>730</b>        | <b>(666)</b>        | <b>791</b>        | <b>(744)</b>        | <b>738</b>        | <b>(696)</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 at the beginning of the year.

## Note 8 Fair value measurement (continued)

| Movements of Level 3 instruments                            |  |  |   |           |       |           |             |                        |                          |                              |                                  |
|---|--|--|---|-----------|-------|-----------|-------------|------------------------|--------------------------|------------------------------|----------------------------------|
| <i>USD bn</i>   | Balance at the beginning of the period | Net gains / losses included in comprehensive income <sup>1</sup> | <i>of which: related to instruments held at the end of the period</i> | Purchases | Sales | Issuances | Settlements | Transfers into Level 3 | Transfers out of Level 3 | Foreign currency translation | Balance at the end of the period |
| <b>For the six months ended 30 June 2023<sup>2</sup></b>    |  |  |   |           |       |           |             |                        |                          |                              |                                  |
| <b>Financial assets at fair value held for trading</b>      |  |  |   |           |       |           |             |                        |                          |                              |                                  |
|   | 1.5                                    | 0.0  | (0.0)   | 0.2       | (0.7) | 0.7       | 0.0         | 0.1                    | (0.3)                    | 0.0                          | 1.5                              |
| <i>of which: Investment fund units</i>                      | 0.1                                    | (0.0)  | (0.0)   | 0.0       | (0.0) | 0.0       | 0.0         | 0.0                    | (0.0)                    | 0.0                          | 0.0                              |
| <i>of which: Corporate and municipal bonds</i>              | 0.5                                    | (0.0)  | (0.0)   | 0.1       | (0.2) | 0.0       | 0.0         | 0.0                    | (0.0)                    | 0.0                          | 0.4                              |
| <i>of which: Loans</i>                                      | 0.6                                    | 0.0  | 0.0   | 0.0       | (0.3) | 0.7       | 0.0         | 0.0                    | (0.2)                    | 0.0                          | 0.8                              |
| <b>Derivative financial instruments – assets</b>            |  |  |   |           |       |           |             |                        |                          |                              |                                  |
|   | 1.5                                    | (0.2)  | (0.2)   | 0.0       | 0.0   | 0.4       | (0.2)       | 0.1                    | (0.2)                    | 0.0                          | 1.3                              |
| <i>of which: Interest rate</i>                              | 0.5                                    | 0.0  | (0.0)   | 0.0       | 0.0   | 0.1       | (0.0)       | 0.0                    | (0.0)                    | (0.0)                        | 0.5                              |
| <i>of which: Equity / index</i>                             | 0.7                                    | (0.2)  | (0.1)   | 0.0       | 0.0   | 0.3       | (0.2)       | 0.0                    | (0.2)                    | (0.0)                        | 0.4                              |
| <i>of which: Credit</i>                                     | 0.3                                    | (0.1)  | (0.1)   | 0.0       | 0.0   | 0.1       | (0.0)       | 0.0                    | (0.0)                    | 0.0                          | 0.4                              |
| <b>Financial assets at fair value not held for trading</b>  |  |  |   |           |       |           |             |                        |                          |                              |                                  |
|   | 3.7                                    | 0.0  | 0.0   | 0.5       | (0.4) | 0.0       | 0.0         | 0.1                    | (0.1)                    | 0.0                          | 3.8                              |
| <i>of which: Loans</i>                                      | 0.7                                    | 0.0  | 0.0   | 0.2       | (0.0) | 0.0       | 0.0         | 0.0                    | (0.1)                    | (0.0)                        | 0.8                              |
| <i>of which: Auction rate securities</i>                    | 1.3                                    | 0.0  | 0.0   | 0.0       | (0.0) | 0.0       | 0.0         | 0.0                    | 0.0                      | 0.0                          | 1.3                              |
| <i>of which: Equity instruments</i>                         | 0.8                                    | 0.0  | 0.0   | 0.2       | (0.1) | 0.0       | 0.0         | 0.0                    | 0.0                      | 0.0                          | 1.0                              |
| <b>Derivative financial instruments – liabilities</b>       |  |  |   |           |       |           |             |                        |                          |                              |                                  |
|   | 1.7                                    | 0.2  | 0.2   | 0.0       | 0.0   | 0.7       | (0.3)       | 0.1                    | (0.3)                    | 0.0                          | 2.1                              |
| <i>of which: Interest rate</i>                              | 0.1                                    | (0.0)  | 0.0   | 0.0       | 0.0   | 0.1       | (0.1)       | 0.0                    | 0.0                      | 0.0                          | 0.1                              |
| <i>of which: Equity / index</i>                             | 1.2                                    | 0.2  | 0.2   | 0.0       | 0.0   | 0.5       | (0.2)       | 0.0                    | (0.1)                    | 0.0                          | 1.7                              |
| <i>of which: Credit</i>                                     | 0.3                                    | (0.0)  | (0.0)   | 0.0       | 0.0   | 0.1       | 0.0         | 0.1                    | (0.2)                    | (0.0)                        | 0.3                              |
| <b>Debt issued designated at fair value</b>                 |  |  |   |           |       |           |             |                        |                          |                              |                                  |
|   | 9.2                                    | 0.5  | 0.4   | 0.0       | 0.0   | 2.3       | (2.0)       | 0.6                    | (0.8)                    | (0.0)                        | 9.8                              |
| <b>Other financial liabilities designated at fair value</b> |  |  |   |           |       |           |             |                        |                          |                              |                                  |
|   | 2.0                                    | 0.1  | 0.1   | 0.0       | 0.0   | 0.2       | (0.0)       | 0.0                    | (0.0)                    | (0.0)                        | 2.2                              |
| <b>For the six months ended 30 June 2022</b>                |  |  |   |           |       |           |             |                        |                          |                              |                                  |
| <b>Financial assets at fair value held for trading</b>      |  |  |   |           |       |           |             |                        |                          |                              |                                  |
|   | 2.3                                    | (0.1)  | (0.2)   | 0.3       | (1.3) | 1.0       | 0.0         | 0.1                    | (0.3)                    | (0.0)                        | 1.9                              |
| <i>of which: Investment fund units</i>                      | 0.0                                    | (0.0)  | (0.0)   | 0.0       | (0.0) | 0.0       | 0.0         | 0.0                    | (0.0)                    | (0.0)                        | 0.0                              |
| <i>of which: Corporate and municipal bonds</i>              | 0.6                                    | (0.0)  | (0.0)   | 0.2       | (0.1) | 0.0       | 0.0         | 0.0                    | (0.0)                    | (0.0)                        | 0.7                              |
| <i>of which: Loans</i>                                      | 1.4                                    | (0.1)  | (0.1)   | 0.0       | (1.2) | 1.0       | 0.0         | 0.0                    | (0.2)                    | (0.0)                        | 1.0                              |
| <b>Derivative financial instruments – assets</b>            |  |  |   |           |       |           |             |                        |                          |                              |                                  |
|   | 1.1                                    | 0.5  | 0.6   | 0.0       | 0.0   | 0.5       | (0.4)       | 0.2                    | (0.2)                    | (0.0)                        | 1.8                              |
| <i>of which: Interest rate</i>                              | 0.5                                    | 0.1  | 0.1   | 0.0       | 0.0   | 0.0       | (0.1)       | 0.1                    | (0.1)                    | (0.0)                        | 0.4                              |
| <i>of which: Equity / index</i>                             | 0.4                                    | 0.3  | 0.3   | 0.0       | 0.0   | 0.2       | (0.2)       | 0.0                    | (0.0)                    | (0.0)                        | 0.7                              |
| <i>of which: Credit</i>                                     | 0.2                                    | 0.1  | 0.1   | 0.0       | 0.0   | 0.2       | (0.0)       | 0.1                    | 0.0                      | 0.0                          | 0.6                              |
| <b>Financial assets at fair value not held for trading</b>  |  |  |   |           |       |           |             |                        |                          |                              |                                  |
|   | 4.2                                    | 0.1  | 0.1   | 0.6       | (0.6) | 0.0       | (0.0)       | 0.0                    | (0.1)                    | (0.1)                        | 4.2                              |
| <i>of which: Loans</i>                                      | 0.9                                    | (0.0)  | (0.0)   | 0.5       | (0.2) | 0.0       | 0.0         | 0.0                    | (0.1)                    | (0.0)                        | 1.0                              |
| <i>of which: Auction rate securities</i>                    | 1.6                                    | 0.1  | 0.1   | 0.0       | 0.0   | 0.0       | 0.0         | 0.0                    | 0.0                      | 0.0                          | 1.6                              |
| <i>of which: Equity instruments</i>                         | 0.7                                    | 0.0  | 0.0   | 0.0       | (0.1) | 0.0       | 0.0         | 0.0                    | 0.0                      | (0.0)                        | 0.7                              |
| <b>Derivative financial instruments – liabilities</b>       |  |  |   |           |       |           |             |                        |                          |                              |                                  |
|   | 2.2                                    | (0.6)  | (0.6)   | 0.0       | 0.0   | 0.9       | (0.8)       | 0.1                    | (0.1)                    | (0.1)                        | 1.7                              |
| <i>of which: Interest rate</i>                              | 0.3                                    | (0.2)  | (0.2)   | 0.0       | 0.0   | 0.1       | (0.0)       | 0.0                    | 0.0                      | (0.0)                        | 0.1                              |
| <i>of which: Equity / index</i>                             | 1.5                                    | (0.3)  | (0.3)   | 0.0       | 0.0   | 0.6       | (0.7)       | 0.0                    | (0.1)                    | (0.0)                        | 1.1                              |
| <i>of which: Credit</i>                                     | 0.3                                    | (0.1)  | (0.1)   | 0.0       | 0.0   | 0.1       | 0.0         | 0.1                    | (0.0)                    | (0.0)                        | 0.4                              |
| <b>Debt issued designated at fair value</b>                 |  |  |   |           |       |           |             |                        |                          |                              |                                  |
|   | 11.9                                   | (1.9)  | (1.6)   | 0.0       | 0.0   | 4.2       | (2.7)       | 0.7                    | (1.3)                    | (0.4)                        | 10.5                             |
| <b>Other financial liabilities designated at fair value</b> |  |  |   |           |       |           |             |                        |                          |                              |                                  |
|   | 3.2                                    | (0.7)  | (0.7)   | 0.0       | 0.0   | 0.2       | (0.1)       | 0.0                    | (0.2)                    | (0.0)                        | 2.4                              |

<sup>1</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>2</sup> Total Level 3 assets as of 30 June 2023 were USD 6.7bn (31 December 2022: USD 6.7bn). Total Level 3 liabilities as of 30 June 2023 were USD 14.3bn (31 December 2022: USD 13.0bn).

## Note 8 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 Annual Report 2022.

#### Financial instruments not measured at fair value

| <i>USD bn</i>   | 30.6.23         |            | 31.3.23         |            | 31.12.22        |            |
|---|-----------------|------------|-----------------|------------|-----------------|------------|
|   | Carrying amount | Fair value | Carrying amount | Fair value | Carrying amount | Fair value |
| <b>Assets</b>   |                 |            |                 |            |                 |            |
| Cash and balances at central banks  | 159.4           | 159.4      | 144.2           | 144.2      | 169.4           | 169.4      |
| Loans and advances to banks   | 21.4            | 21.4       | 14.8            | 14.8       | 14.7            | 14.6       |
| Receivables from securities financing transactions measured at amortized cost | 62.0            | 62.0       | 60.0            | 60.0       | 67.8            | 67.8       |
| Cash collateral receivables on derivative instruments                         | 35.1            | 35.1       | 32.7            | 32.6       | 35.0            | 35.0       |
| Loans and advances to customers   | 397.6           | 385.1      | 395.4           | 383.8      | 390.0           | 377.7      |
| Other financial assets measured at amortized cost                             | 52.2            | 51.8       | 49.3            | 49.0       | 53.4            | 51.0       |
| <b>Liabilities</b>  |                 |            |                 |            |                 |            |
| Amounts due to banks  | 16.3            | 16.3       | 13.6            | 13.6       | 11.6            | 11.6       |
| Payables from securities financing transactions measured at amortized cost    | 12.3            | 12.3       | 9.9             | 9.9        | 4.2             | 4.2        |
| Cash collateral payables on derivative instruments                            | 31.4            | 31.4       | 32.2            | 32.2       | 36.4            | 36.4       |
| Customer deposits   | 521.7           | 521.4      | 507.8           | 507.2      | 527.2           | 526.9      |
| Funding from UBS Group AG measured at amortized cost                          | 61.4            | 60.3       | 63.1            | 61.2       | 56.1            | 55.7       |
| Debt issued measured at amortized cost  | 62.6            | 62.0       | 54.7            | 54.0       | 59.5            | 58.9       |
| Other financial liabilities measured at amortized cost <sup>1</sup>           | 8.6             | 8.6        | 7.5             | 7.5        | 7.2             | 7.2        |

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

## Note 9 Derivative instruments

### a) Derivative instruments

|   | Derivative<br>financial<br>assets | Derivative<br>financial<br>liabilities | Notional values<br>related to derivative<br>financial assets and<br>liabilities <sup>1</sup> | Other<br>notional<br>values <sup>2</sup> |
|---|-----------------------------------|--|--|--|
| <i>As of 30.6.23, USD bn</i>  |                                   |  |  |  |
| <b>Derivative financial instruments</b>   |                                   |  |  |  |
| Interest rate   | 39.5                              | 38.0                                   | 2,356  | 15,180                                   |
| Credit derivatives  | 1.4                               | 1.5                                    | 90   |  |
| Foreign exchange  | 58.9                              | 59.7                                   | 6,636  | 78                                       |
| Equity / index  | 22.4                              | 26.1                                   | 1,001  | 77                                       |
| Commodities   | 1.4                               | 1.5                                    | 141  | 16                                       |
| Other <sup>3</sup>  | 0.5                               | 0.5                                    | 121  |  |
| <b>Total derivative financial instruments, based on IFRS netting<sup>4</sup></b>                | <b>124.0</b>                      | <b>127.4</b>                           | <b>10,345</b>  | <b>15,351</b>                            |
| Further netting potential not recognized on the balance sheet <sup>5</sup>                      | (114.0)                           | (116.0)                                |  |  |
| <i>of which: netting of recognized financial liabilities / assets</i>                           | <i>(92.8)</i>                     | <i>(92.8)</i>                          |  |  |
| <i>of which: netting with collateral received / pledged</i>                                     | <i>(21.2)</i>                     | <i>(23.2)</i>                          |  |  |
| <b>Total derivative financial instruments, after consideration of further netting potential</b> | <b>10.1</b>                       | <b>11.4</b>                            |  |  |

|   |               |               |               |               |
|---|---------------|---------------|---------------|---------------|
| <i>As of 31.3.23, USD bn</i>  |               |               |               |               |
| <b>Derivative financial instruments</b>   |               |               |               |               |
| Interest rate   | 36.7          | 34.7          | 2,345         | 13,842        |
| Credit derivatives  | 1.3           | 1.3           | 86            |               |
| Foreign exchange  | 52.3          | 53.3          | 6,610         | 56            |
| Equity / index  | 21.8          | 24.6          | 932           | 76            |
| Commodities   | 1.8           | 1.6           | 146           | 19            |
| Other <sup>3</sup>  | 0.4           | 0.6           | 106           |               |
| <b>Total derivative financial instruments, based on IFRS netting<sup>4</sup></b>                | <b>114.3</b>  | <b>116.1</b>  | <b>10,224</b> | <b>13,993</b> |
| Further netting potential not recognized on the balance sheet <sup>5</sup>                      | (105.4)       | (104.3)       |               |               |
| <i>of which: netting of recognized financial liabilities / assets</i>                           | <i>(84.9)</i> | <i>(84.9)</i> |               |               |
| <i>of which: netting with collateral received / pledged</i>                                     | <i>(20.5)</i> | <i>(19.4)</i> |               |               |
| <b>Total derivative financial instruments, after consideration of further netting potential</b> | <b>8.8</b>    | <b>11.8</b>   |               |               |

|   |                |                |              |               |
|---|----------------|----------------|--------------|---------------|
| <i>As of 31.12.22, USD bn</i>   |                |                |              |               |
| <b>Derivative financial instruments</b>   |                |                |              |               |
| Interest rate   | 39.8           | 37.5           | 2,080        | 11,255        |
| Credit derivatives  | 1.0            | 1.2            | 74           |               |
| Foreign exchange  | 85.5           | 88.5           | 6,080        | 40            |
| Equity / index  | 22.2           | 26.1           | 886          | 63            |
| Commodities   | 1.4            | 1.4            | 132          | 18            |
| Other <sup>3</sup>  | 0.2            | 0.1            | 50           |               |
| <b>Total derivative financial instruments, based on IFRS netting<sup>4</sup></b>                | <b>150.1</b>   | <b>154.9</b>   | <b>9,302</b> | <b>11,376</b> |
| Further netting potential not recognized on the balance sheet <sup>5</sup>                      | (139.4)        | (137.1)        |              |               |
| <i>of which: netting of recognized financial liabilities / assets</i>                           | <i>(110.9)</i> | <i>(110.9)</i> |              |               |
| <i>of which: netting with collateral received / pledged</i>                                     | <i>(28.5)</i>  | <i>(26.2)</i>  |              |               |
| <b>Total derivative financial instruments, after consideration of further netting potential</b> | <b>10.7</b>    | <b>17.8</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. 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 mainly 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 AG has the unconditional and legally enforceable right to offset the recognized amounts, both in the normal course of business and in the event of default, bankruptcy or insolvency of UBS AG or its counterparties, and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. <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 Annual Report 2022 for more information.

## Note 9 Derivative instruments (continued)

### b) Cash collateral on derivative instruments

| <i>USD bn</i>  | Receivables<br>30.6.23 | Payables<br>30.6.23 | Receivables<br>31.3.23 | Payables<br>31.3.23 | Receivables<br>31.12.22 | Payables<br>31.12.22 |
|--|------------------------|---------------------|------------------------|---------------------|-------------------------|----------------------|
| Cash collateral on derivative instruments, based on IFRS netting <sup>1</sup>                      | 35.1                   | 31.4                | 32.7                   | 32.2                | 35.0                    | 36.4                 |
| Further netting potential not recognized on the balance sheet <sup>2</sup>                         | (22.9)                 | (18.8)              | (18.6)                 | (17.3)              | (22.9)                  | (21.9)               |
| <i>of which: netting of recognized financial liabilities / assets</i>                              | <i>(20.3)</i>          | <i>(16.1)</i>       | <i>(15.6)</i>          | <i>(14.3)</i>       | <i>(20.9)</i>           | <i>(20.0)</i>        |
| <i>of which: netting with collateral received / pledged</i>  | <i>(2.6)</i>           | <i>(2.6)</i>        | <i>(3.0)</i>           | <i>(3.0)</i>        | <i>(1.9)</i>            | <i>(1.9)</i>         |
| <b>Cash collateral on derivative instruments, after consideration of further netting potential</b> | <b>12.1</b>            | <b>12.7</b>         | <b>14.1</b>            | <b>14.9</b>         | <b>12.1</b>             | <b>14.5</b>          |

<sup>1</sup> Financial assets and liabilities are presented net on the balance sheet if UBS AG has the unconditional and legally enforceable right to offset the recognized amounts, both in the normal course of business and in the event of default, bankruptcy or insolvency of UBS AG or its counterparties, and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. <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 Annual Report 2022 for more information.

## Note 10 Other assets and liabilities

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

| <i>USD m</i>   | 30.6.23       | 31.3.23       | 31.12.22      |
|--|---------------|---------------|---------------|
| Debt securities  | 41,521        | 40,646        | 44,594        |
| Loans to financial advisors                                    | 2,588         | 2,571         | 2,611         |
| Fee- and commission-related receivables                        | 1,822         | 1,922         | 1,803         |
| Finance lease receivables                                      | 1,376         | 1,344         | 1,314         |
| Settlement and clearing accounts                               | 395           | 542           | 1,174         |
| Accrued interest income  | 1,430         | 1,340         | 1,276         |
| Other  | 3,048         | 924           | 618           |
| <b>Total other financial assets measured at amortized cost</b> | <b>52,180</b> | <b>49,289</b> | <b>53,389</b> |

### b) Other non-financial assets

| <i>USD m</i>  | 30.6.23      | 31.3.23       | 31.12.22     |
|---|--------------|---------------|--------------|
| Precious metals and other physical commodities  | 4,426        | 4,506         | 4,471        |
| Deposits and collateral provided in connection with litigation, regulatory and similar matters <sup>1</sup> | 2,250        | 2,235         | 2,205        |
| Prepaid expenses  | 1,019        | 848           | 709          |
| VAT, withholding tax and other tax receivables  | 707          | 1,830         | 1,405        |
| Properties and other non-current assets held for sale   | 111          | 279           | 279          |
| Other   | 741          | 670           | 583          |
| <b>Total other non-financial assets</b>   | <b>9,254</b> | <b>10,367</b> | <b>9,652</b> |

<sup>1</sup> Refer to Note 15 for more information.

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

| <i>USD m</i>  | 30.6.23       | 31.3.23       | 31.12.22      |
|---|---------------|---------------|---------------|
| Other accrued expenses  | 1,543         | 1,613         | 1,564         |
| Accrued interest expenses   | 2,577         | 1,954         | 2,008         |
| Settlement and clearing accounts                                    | 1,499         | 1,533         | 1,060         |
| Lease liabilities   | 3,105         | 3,174         | 3,211         |
| Other   | 2,948         | 2,422         | 2,549         |
| <b>Total other financial liabilities measured at amortized cost</b> | <b>11,673</b> | <b>10,695</b> | <b>10,391</b> |

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

| <i>USD m</i>  | 30.6.23       | 31.3.23       | 31.12.22      |
|---|---------------|---------------|---------------|
| Financial liabilities related to unit-linked investment contracts | 15,055        | 14,243        | 13,221        |
| Securities financing transactions                                 | 11,344        | 9,707         | 15,333        |
| Over-the-counter debt instruments and other                       | 2,727         | 1,809         | 1,684         |
| Funding from UBS Group AG   | 2,299         | 2,259         | 1,796         |
| <b>Total other financial liabilities designated at fair value</b> | <b>31,425</b> | <b>28,018</b> | <b>32,033</b> |

## Note 10 Other assets and liabilities (continued)

### e) Other non-financial liabilities

| USD m  | 30.6.23      | 31.3.23      | 31.12.22     |
|--|--------------|--------------|--------------|
| Compensation-related liabilities               | 3,248        | 2,628        | 4,424        |
| <i>of which: net defined benefit liability</i> | 455          | 463          | 449          |
| Current tax liabilities                        | 991          | 952          | 1,044        |
| Deferred tax liabilities                       | 212          | 261          | 233          |
| VAT, withholding tax and other tax payables    | 514          | 481          | 472          |
| Deferred income                                | 280          | 288          | 233          |
| Other  | 86           | 62           | 84           |
| <b>Total other non-financial liabilities</b>   | <b>5,330</b> | <b>4,673</b> | <b>6,489</b> |

## Note 11 Funding from UBS Group AG measured at amortized cost

| USD m  | 30.6.23       | 31.3.23       | 31.12.22      |
|--|---------------|---------------|---------------|
| Senior unsecured debt that contributes to total loss-absorbing capacity (TLAC)                 | 48,546        | 47,172        | 42,073        |
| Senior unsecured debt other than TLAC  | 1,180         | 3,606         | 236           |
| Subordinated debt  | 11,719        | 12,315        | 13,838        |
| <i>of which: eligible as high-trigger loss-absorbing additional tier 1 capital instruments</i> | 10,528        | 11,118        | 10,654        |
| <i>of which: eligible as low-trigger loss-absorbing additional tier 1 capital instruments</i>  | 1,189         | 1,198         | 1,187         |
| <b>Total funding from UBS Group AG measured at amortized cost<sup>1</sup></b>                  | <b>61,445</b> | <b>63,093</b> | <b>56,147</b> |

<sup>1</sup> UBS AG has also recognized funding from UBS Group AG that is designated at fair value. Refer to Note 10d for more information.

## Note 12 Debt issued designated at fair value

| USD m  | 30.6.23       | 31.3.23       | 31.12.22      |
|--|---------------|---------------|---------------|
| <b>Issued debt instruments</b>   |               |               |               |
| Equity-linked <sup>1</sup>   | 45,475        | 44,721        | 41,901        |
| Rates-linked   | 15,945        | 15,797        | 16,276        |
| Credit-linked  | 4,230         | 2,815         | 2,170         |
| Fixed-rate   | 8,378         | 6,673         | 6,538         |
| Commodity-linked   | 3,979         | 4,311         | 4,294         |
| Other  | 734           | 656           | 663           |
| <b>Total debt issued designated at fair value</b>  | <b>78,741</b> | <b>74,974</b> | <b>71,842</b> |
| <i>of which: issued by UBS AG with original maturity greater than one year<sup>2</sup></i> | <i>64,047</i> | <i>60,268</i> | <i>57,750</i> |

<sup>1</sup> Includes investment fund unit-linked instruments issued. <sup>2</sup> Based on original contractual maturity without considering any early redemption features. As of 30 June 2023, 100% of the balance was unsecured (31 March 2023: 100%; 31 December 2022: 100%).

## Note 13 Debt issued measured at amortized cost

| USD m  | 30.6.23       | 31.3.23       | 31.12.22      |
|--|---------------|---------------|---------------|
| <b>Short-term debt<sup>1</sup></b>   | <b>35,590</b> | <b>27,412</b> | <b>29,676</b> |
| Senior unsecured debt  | 14,920        | 15,472        | 17,892        |
| <i>of which: issued by UBS AG with original maturity greater than one year</i>     | <i>14,918</i> | <i>15,472</i> | <i>17,892</i> |
| Subordinated debt  | 2,976         | 2,975         | 2,968         |
| <i>of which: eligible as low-trigger loss-absorbing tier 2 capital instruments</i> | <i>0</i>      | <i>2,438</i>  | <i>2,422</i>  |
| <i>of which: eligible as non-Basel III-compliant tier 2 capital instruments</i>    | <i>539</i>    | <i>538</i>    | <i>536</i>    |
| Debt issued through the Swiss central mortgage institutions                        | 9,076         | 8,873         | 8,962         |
| <b>Long-term debt<sup>2</sup></b>  | <b>26,971</b> | <b>27,320</b> | <b>29,823</b> |
| <b>Total debt issued measured at amortized cost<sup>3</sup></b>                    | <b>62,561</b> | <b>54,733</b> | <b>59,499</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.

## Note 14 Interest rate benchmark reform

During 2023, UBS AG has largely completed the transition of the remaining USD London Interbank Offered Rate (LIBOR) contracts. The transition of the largest remaining non-derivative exposure, the US mortgage portfolio of approximately USD 9bn as of 31 December 2022, had been substantially completed as of 30 June 2023, with these contracts automatically converting to term Secured Overnight Financing Rate (SOFR) from their next interest rate reset date following the cessation of the respective USD LIBOR rates, i.e., 30 June 2023. Corporate loans in the Investment Bank have now either been transitioned to alternative rates or are temporarily utilizing the last available USD LIBOR fixing to complete transition, with a small residual amount relying on synthetic LIBOR rates.

In August 2022, to facilitate the transition of derivatives linked to the USD LIBOR Swap Rate, UBS AG adhered to the June 2022 Benchmark Module of the ISDA 2021 Fallbacks Protocol on the USD LIBOR Swap Rate. The majority of these contracts had transitioned as of 30 June 2023, with a small number of contracts transitioned in July 2023. The transition of USD LIBOR-cleared derivatives has been effected through industry-wide central clearing counterparty conversion events that occurred primarily in April and May 2023. As of 30 June 2023 the transition of these USD LIBOR-linked derivatives has been materially accomplished.

UBS AG has approximately USD 3bn equivalent of Japanese yen- and US dollar-denominated funding from UBS Group AG that, per current contractual terms, if not called on their respective call dates, would reset based directly on JPY LIBOR and USD LIBOR. In addition, several contracts providing funding from UBS Group AG reference rates indirectly derived from IBORs, if they are not called on their respective call dates. These contracts have robust IBOR fallback language and the confirmation of interest rate calculation mechanics will be communicated in advance of any rate resets.

## Note 15 Provisions and contingent liabilities

### a) Provisions

The table below presents an overview of total provisions.

|   |                |         |          |
|---|----------------|---------|----------|
| <i>USD m</i>  | <b>30.6.23</b> | 31.3.23 | 31.12.22 |
| Provisions other than provisions for expected credit losses | <b>3,641</b>   | 3,673   | 2,982    |
| Provisions for expected credit losses <sup>1</sup>          | <b>175</b>     | 214     | 201      |
| <b>Total provisions</b>                                     | <b>3,817</b>   | 3,886   | 3,183    |

<sup>1</sup> Refer to Note 7c for more information.

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

| <i>USD m</i>  | Litigation,<br>regulatory and<br>similar matters <sup>1</sup> | Other <sup>2</sup> | Total        |
|---|---|--------------------|--------------|
| <b>Balance as of 31 December 2022</b>                         | 2,586   | 396                | <b>2,982</b> |
| <b>Balance as of 31 March 2023</b>                            | 3,306   | 366                | <b>3,673</b> |
| Increase in provisions recognized in the income statement     | 56  | 12                 | <b>68</b>    |
| Release of provisions recognized in the income statement      | (1)   | (3)                | <b>(4)</b>   |
| Provisions used in conformity with designated purpose         | (83)  | (33)               | <b>(116)</b> |
| Foreign currency translation and other movements <sup>3</sup> | 10  | 11                 | <b>21</b>    |
| <b>Balance as of 30 June 2023</b>                             | <b>3,289</b>  | <b>353</b>         | <b>3,641</b> |

<sup>1</sup> Consists of provisions for losses resulting from legal, liability and compliance risks. <sup>2</sup> Mainly includes restructuring provisions and provisions related to real estate, employee benefits and operational risks. <sup>3</sup> Other movements include capitalized reinstatement costs and unwinding of discount.

Information about provisions and contingent liabilities in respect of litigation, regulatory and similar matters, as a class, is included in Note 15b. There are no material contingent liabilities associated with the other classes of provisions.

## Note 15 Provisions and contingent liabilities (continued)

### 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.

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

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

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



## Note 15 Provisions and contingent liabilities (continued)

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

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

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

| <i>USD m</i>  | Global Wealth Management | Personal & Corporate Banking | Asset Management | Investment Bank | Group Functions | Total        |
|---|--------------------------|------------------------------|------------------|-----------------|-----------------|--------------|
| <b>Balance as of 31 December 2022</b>                     | 1,182                    | 159                          | 8                | 308             | 928             | <b>2,586</b> |
| <b>Balance as of 31 March 2023</b>                        | 1,193                    | 161                          | 8                | 351             | 1,594           | <b>3,306</b> |
| Increase in provisions recognized in the income statement | 35                       | 0                            | 1                | 20              | 0               | <b>56</b>    |
| Release of provisions recognized in the income statement  | (1)                      | 0                            | 0                | 0               | 0               | <b>(1)</b>   |
| Provisions used in conformity with designated purpose     | (37)                     | 0                            | (1)              | (45)            | 0               | <b>(83)</b>  |
| Foreign currency translation / unwind of discount         | 7                        | 1                            | 0                | 1               | 1               | <b>10</b>    |
| <b>Balance as of 30 June 2023</b>                         | <b>1,196</b>             | <b>162</b>                   | <b>8</b>         | <b>327</b>      | <b>1,595</b>    | <b>3,289</b> |

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

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

Tax and regulatory authorities in a number of countries have made inquiries, served requests for information or examined employees located in their respective jurisdictions relating to the cross-border wealth management services provided by UBS and other financial institutions.

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 French 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 AG has filed an appeal with the French Supreme Court. A hearing in the Supreme Court is currently scheduled for 27 September 2023. The fine and confiscation imposed by the Court of Appeal are suspended during the appeal. The civil damages award has been paid to the French state (EUR 99m of which was deducted from the bail), subject to the result of UBS's appeal.

Our balance sheet at 30 June 2023 reflected provisions with respect to this matter in an amount of EUR 1.1bn (USD 1.2bn). The wide range of possible outcomes in this case contributes to a high degree of estimation uncertainty and the provision reflects our best estimate of possible financial implications, although actual penalties and civil damages could exceed (or may be less than) the provision amount.

## Note 15 Provisions and contingent liabilities (continued)

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

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

In 2018, the DOJ filed a civil complaint in the District Court for the Eastern District of New York. The complaint seeks unspecified civil monetary penalties under the Financial Institutions Reform, Recovery and Enforcement Act of 1989 related to UBS's issuance, underwriting and sale of 40 RMBS transactions in 2006 and 2007. UBS moved to dismiss the civil complaint in 2019. Later in 2019, the district court denied UBS's motion to dismiss. In August 2023, UBS reached a settlement with the DOJ, under which UBS paid USD 1.435bn to resolve all civil claims by the DOJ.

Our balance sheet at 30 June 2023 reflected a provision with respect to matters described in this item 2 in an amount that UBS believed to be appropriate under the applicable accounting standard.

### 3. Madoff

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

In 2009 and 2010, the liquidators of the two Luxembourg funds filed claims against UBS entities, non-UBS entities and certain individuals, including current and former UBS employees, seeking amounts totaling approximately EUR 2.1bn, 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 except those for the recovery of approximately USD 125m of payments alleged to be fraudulent conveyances and preference payments. In 2016, the bankruptcy court dismissed these claims against the UBS entities. In 2019, the Court of Appeals reversed the dismissal of the BMIS Trustee's remaining claims, and the US Supreme Court subsequently denied a petition seeking review of the Court of Appeals' decision. The case has been remanded to the Bankruptcy Court for further proceedings.

## Note 15 Provisions and contingent liabilities (continued)

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

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

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

In 2015, a putative class action was filed in federal court against UBS and numerous other banks on behalf of persons and businesses in the US who directly purchased foreign currency from the defendants and alleged co-conspirators for their own end use. In 2022, the court denied plaintiffs' motion for class certification. In March 2023, the court granted defendants' summary judgment motion, dismissing the case. Plaintiffs have appealed.

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

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

## Note 15 Provisions and contingent liabilities (continued)

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*USD LIBOR class and individual actions in the US:* In 2013 and 2015, the district court in the USD LIBOR actions dismissed, in whole or in part, certain plaintiffs' antitrust claims, federal racketeering claims, Commodity Exchange Act claims, and state common law claims, and again dismissed the antitrust claims in 2016 following an appeal. In 2021, the Second Circuit affirmed the district court's dismissal in part and reversed in part and remanded to the district court for further proceedings. The Second Circuit, among other things, held that there was personal jurisdiction over UBS and other foreign defendants. Separately, in 2018, the Second Circuit reversed in part the district court's 2015 decision dismissing certain individual plaintiffs' claims and certain of these actions are now proceeding. In 2018, the district court denied plaintiffs' motions for class certification in the USD class actions for claims pending against UBS, and plaintiffs sought permission to appeal that ruling to the Second Circuit. The Second Circuit denied the petition to appeal. In 2020, an individual action was filed in the Northern District of California against UBS and numerous other banks alleging that the defendants conspired to fix the interest rate used as the basis for loans to consumers by jointly setting the USD LIBOR rate and monopolized the market for LIBOR-based consumer loans and credit cards. In September 2022, the court granted defendants' motion to dismiss the complaint in its entirety, while allowing plaintiffs the opportunity to file an amended complaint. Plaintiffs filed an amended complaint in October 2022, and defendants have moved to dismiss the amended complaint.

*Other benchmark class actions in the US:*

*Yen LIBOR / Euroyen TIBOR* – In 2017, the court dismissed one Yen LIBOR / Euroyen TIBOR action in its entirety on standing grounds. In 2020, the appeals court reversed the dismissal and, subsequently, plaintiffs in that action filed an amended complaint focused on Yen LIBOR. In 2022, the court granted UBS's motion for reconsideration and dismissed the case against UBS. The dismissal of the case against UBS could be appealed following the disposition of the case against the remaining defendant in the district court.

*CHF LIBOR* – In 2017, the court dismissed the CHF LIBOR action on standing grounds and failure to state a claim. Plaintiffs filed an amended complaint, and the court granted a renewed motion to dismiss in 2019. Plaintiffs appealed. In 2021, the Second Circuit granted the parties' joint motion to vacate the dismissal and remand the case for further proceedings. Plaintiffs filed a third amended complaint in November 2022 and defendants moved to dismiss the amended complaint in January 2023.

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

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

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

## Note 15 Provisions and contingent liabilities (continued)

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

With respect to additional matters and jurisdictions not encompassed by the settlements and orders referred to above, our balance sheet at 30 June 2023 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.

### 5. Swiss retrocessions

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

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

Our balance sheet at 30 June 2023 reflected a provision with respect to matters described in this item 5 in an amount that UBS believes to be appropriate under the applicable accounting standard. The ultimate exposure will depend on client requests and the resolution thereof, factors that are difficult to predict and assess. Hence, as in the case of other matters for which we have established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that we have recognized.

## Note 16 Supplemental guarantor information required under SEC regulations

### Joint liability of UBS Switzerland AG

In 2015, the Personal & Corporate Banking and Wealth Management businesses booked in Switzerland were transferred from UBS AG to UBS Switzerland AG through an asset transfer in accordance with the Swiss Merger Act. Under the terms of the asset transfer agreement, UBS Switzerland AG assumed joint liability for contractual obligations of UBS AG existing on the asset transfer date, including the full and unconditional guarantee of certain registered debt securities issued by UBS AG. To reflect this joint liability, UBS Switzerland AG is presented in a separate column as a subsidiary co-guarantor.

The joint liability of UBS Switzerland AG for contractual obligations of UBS AG decreased in the first half of 2023 by USD 0.8bn to USD 3.5bn as of 30 June 2023. The decrease substantially relates to a combination of contractual maturities, early extinguishments, fair value movements and foreign currency effects.

### Supplemental guarantor information

The following tables provide supplemental guarantor information that is required under SEC regulations.

#### Supplemental guarantor consolidated income statement

| <i>USD m</i>  | UBS AG<br>(standalone) <sup>1</sup> | UBS<br>Switzerland AG<br>(standalone) <sup>1</sup> | Other<br>subsidiaries <sup>2</sup> | Elimination<br>entries | UBS AG<br>(consolidated) |
|---|-------------------------------------|--|------------------------------------|------------------------|--------------------------|
| For the six months ended 30 June 2023   |                                     |  |                                    |                        |                          |
| Interest income from financial instruments measured at amortized cost and fair value through other comprehensive income | 4,911                               | 3,248  | 4,399                              | (2,260)                | 10,298                   |
| Interest expense from financial instruments measured at amortized cost  | (6,508)                             | (1,085)  | (3,543)                            | 2,675                  | (8,461)                  |
| Net interest income from financial instruments measured at fair value through profit or loss and other                  | 461                                 | 343  | 460                                | (407)                  | 856                      |
| Net interest income   | (1,136)                             | 2,506  | 1,316                              | 8                      | 2,694                    |
| Other net income from financial instruments measured at fair value through profit or loss                               | 3,605                               | 505  | 533                                | 366                    | 5,009                    |
| Fee and commission income   | 1,384                               | 2,557  | 6,457                              | (314)                  | 10,083                   |
| Fee and commission expense  | (345)                               | (233)  | (601)                              | 314                    | (866)                    |
| Net fee and commission income   | 1,038                               | 2,324  | 5,855                              | 0                      | 9,217                    |
| Other income  | 2,166                               | 118  | 527                                | (2,418)                | 392                      |
| <b>Total revenues</b>   | <b>5,673</b>                        | <b>5,453</b>                                       | <b>8,231</b>                       | <b>(2,045)</b>         | <b>17,313</b>            |
| Credit loss expense / (release)   | 1                                   | 21   | 29                                 | 3                      | 54                       |
| Personnel expenses  | 1,670                               | 1,092  | 4,983                              | 0                      | 7,745                    |
| General and administrative expenses   | 1,834                               | 1,735  | 3,216                              | (1,360)                | 5,425                    |
| Depreciation, amortization and impairment of non-financial assets   | 427                                 | 198  | 605                                | (54)                   | 1,176                    |
| <b>Operating expenses</b>   | <b>3,931</b>                        | <b>3,025</b>                                       | <b>8,804</b>                       | <b>(1,414)</b>         | <b>14,346</b>            |
| <b>Operating profit / (loss) before tax</b>   | <b>1,741</b>                        | <b>2,407</b>                                       | <b>(602)</b>                       | <b>(634)</b>           | <b>2,912</b>             |
| Tax expense / (benefit)   | 50                                  | 436  | 241                                | 48                     | 776                      |
| Net profit / (loss)   | 1,691                               | 1,971  | (843)                              | (683)                  | 2,136                    |
| Net profit / (loss) attributable to non-controlling interests   | 0                                   | 0  | 12                                 | 0                      | 12                       |
| <b>Net profit / (loss) attributable to shareholders</b>   | <b>1,691</b>                        | <b>1,971</b>                                       | <b>(855)</b>                       | <b>(683)</b>           | <b>2,124</b>             |

<sup>1</sup> Amounts presented for UBS AG standalone and UBS Switzerland AG standalone represent IFRS standalone information. Refer to the UBS AG standalone and UBS Switzerland AG standalone financial statements under "Complementary financial information" at [ubs.com/investors](https://ubs.com/investors) for information prepared in accordance with Swiss GAAP. <sup>2</sup> The "Other subsidiaries" column includes consolidated information for the UBS Americas Holding LLC, UBS Europe SE and UBS Asset Management AG significant sub-groups, as well as standalone information for other subsidiaries.

## Note 16 Supplemental guarantor information required under SEC regulations (continued)

### Supplemental guarantor consolidated statement of comprehensive income

| <i>USD m</i>  | UBS AG<br>(standalone) <sup>1</sup> | UBS<br>Switzerland AG<br>(standalone) <sup>1</sup> | Other<br>subsidiaries <sup>2</sup> | Elimination<br>entries | UBS AG<br>(consolidated) |
|---|-------------------------------------|--|------------------------------------|------------------------|--------------------------|
| For the six months ended 30 June 2023   |                                     |  |                                    |                        |                          |
| <b>Comprehensive income attributable to shareholders</b>  |                                     |  |                                    |                        |                          |
| Net profit / (loss)   | 1,691                               | 1,971  | (855)                              | (683)                  | 2,124                    |
| <b>Other comprehensive income</b>   |                                     |  |                                    |                        |                          |
| <b>Other comprehensive income that may be reclassified to the income statement</b>                        |                                     |  |                                    |                        |                          |
| Foreign currency translation, net of tax  | 10                                  | 470  | 63                                 | (297)                  | 246                      |
| Financial assets measured at fair value through other comprehensive income, net of tax                    | 1                                   |  | 1                                  |                        | 1                        |
| Cash flow hedges, net of tax  | 40                                  | 108  | (79)                               | (5)                    | 64                       |
| Cost of hedging, net of tax   | 6                                   |  | (1)                                |                        | 6                        |
| <b>Total other comprehensive income that may be reclassified to the income statement, net of tax</b>      | <b>57</b>                           | <b>578</b>   | <b>(16)</b>                        | <b>(302)</b>           | <b>317</b>               |
| <b>Other comprehensive income that will not be reclassified to the income statement</b>                   |                                     |  |                                    |                        |                          |
| Defined benefit plans, net of tax   | 3                                   | (18)   | 2                                  |                        | (12)                     |
| Own credit on financial liabilities designated at fair value, net of tax                                  | (100)                               |  |                                    |                        | (100)                    |
| <b>Total other comprehensive income that will not be reclassified to the income statement, net of tax</b> | <b>(96)</b>                         | <b>(18)</b>  | <b>2</b>                           |                        | <b>(112)</b>             |
| <b>Total other comprehensive income</b>   | <b>(39)</b>                         | <b>560</b>   | <b>(14)</b>                        | <b>(302)</b>           | <b>206</b>               |
| <b>Total comprehensive income attributable to shareholders</b>  | <b>1,652</b>                        | <b>2,531</b>                                       | <b>(870)</b>                       | <b>(985)</b>           | <b>2,329</b>             |
| Total comprehensive income attributable to non-controlling interests                                      |                                     |  | 14                                 |                        | 14                       |
| <b>Total comprehensive income</b>   | <b>1,652</b>                        | <b>2,531</b>                                       | <b>(856)</b>                       | <b>(985)</b>           | <b>2,343</b>             |

<sup>1</sup> Amounts presented for UBS AG standalone and UBS Switzerland AG standalone represent IFRS standalone information. Refer to the UBS AG standalone and UBS Switzerland AG standalone financial statements, available under "Complementary financial information" at [ubs.com/investors](https://ubs.com/investors), for information prepared in accordance with Swiss GAAP. <sup>2</sup> The "Other subsidiaries" column includes consolidated information for the UBS Americas Holding LLC, UBS Europe SE and UBS Asset Management AG significant sub-groups, as well as standalone information for other subsidiaries.

## Note 16 Supplemental guarantor information required under SEC regulations (continued)

### Supplemental guarantor consolidated balance sheet

| <i>USD m</i>  | UBS                                 |   | Other<br>subsidiaries <sup>2</sup> | Elimination<br>entries | UBS AG<br>(consolidated) |
|---|-------------------------------------|---|------------------------------------|------------------------|--------------------------|
| As of 30 June 2023  | UBS AG<br>(standalone) <sup>1</sup> | Switzerland AG<br>(standalone) <sup>1</sup> |                                    |                        |                          |
| <b>Assets</b>   |                                     |   |                                    |                        |                          |
| Cash and balances at central banks  | 41,403                              | 84,668                                      | 33,354                             |                        | 159,425                  |
| Amounts due from banks  | 58,247                              | 6,891                                       | 16,479                             | (60,222)               | 21,395                   |
| Receivables from securities financing transactions measured at amortized cost                 | 48,438                              | 827   | 39,088                             | (26,375)               | 61,977                   |
| Cash collateral receivables on derivative instruments   | 36,017                              | 1,832                                       | 10,757                             | (13,538)               | 35,068                   |
| Loans and advances to customers   | 91,603                              | 239,061                                     | 97,024                             | (30,091)               | 397,596                  |
| Other financial assets measured at amortized cost   | 23,165                              | 8,674                                       | 23,093                             | (2,753)                | 52,180                   |
| <b>Total financial assets measured at amortized cost</b>                                      | <b>298,872</b>                      | <b>341,954</b>                              | <b>219,795</b>                     | <b>(132,979)</b>       | <b>727,642</b>           |
| Financial assets at fair value held for trading   | 106,625                             | 124   | 15,466                             | (1,982)                | 120,232                  |
| <i>of which: assets pledged as collateral that may be sold or repledged by counterparties</i> | <i>45,553</i>                       | <i>1</i>                                    | <i>7,170</i>                       | <i>(13,156)</i>        | <i>39,568</i>            |
| Derivative financial instruments  | 122,172                             | 4,810                                       | 30,912                             | (33,849)               | 124,046                  |
| Brokerage receivables   | 11,314                              |   | 9,905                              | 0                      | 21,218                   |
| Financial assets at fair value not held for trading   | 53,343                              | 4,255                                       | 30,637                             | (24,522)               | 63,714                   |
| <b>Total financial assets measured at fair value through profit or loss</b>                   | <b>293,455</b>                      | <b>9,189</b>                                | <b>86,919</b>                      | <b>(60,353)</b>        | <b>329,210</b>           |
| <b>Financial assets measured at fair value through other comprehensive income</b>             | <b>1,935</b>                        |   | <b>282</b>                         |                        | <b>2,217</b>             |
| Investments in subsidiaries and associates  | 50,969                              | 34  | 0                                  | (49,894)               | 1,109                    |
| Property, equipment and software  | 5,904                               | 1,707                                       | 3,847                              | (265)                  | 11,193                   |
| Goodwill and intangible assets  | 212                                 |   | 6,064                              | 5                      | 6,281                    |
| Deferred tax assets   | 1,752                               | 263   | 7,479                              | (83)                   | 9,411                    |
| Other non-financial assets  | 6,354                               | 1,697                                       | 1,193                              | 10                     | 9,254                    |
| <b>Total assets</b>   | <b>659,454</b>                      | <b>354,843</b>                              | <b>325,579</b>                     | <b>(243,558)</b>       | <b>1,096,318</b>         |
| <b>Liabilities</b>  |                                     |   |                                    |                        |                          |
| Amounts due to banks  | 45,557                              | 42,309                                      | 60,365                             | (131,941)              | 16,290                   |
| Payables from securities financing transactions measured at amortized cost                    | 21,049                              | 439   | 17,170                             | (26,338)               | 12,320                   |
| Cash collateral payables on derivative instruments  | 32,431                              | 1,361                                       | 11,108                             | (13,456)               | 31,445                   |
| Customer deposits   | 97,967                              | 276,512                                     | 119,750                            | 27,428                 | 521,657                  |
| Funding from UBS Group AG measured at amortized cost  | 61,445                              |   |                                    |                        | 61,445                   |
| Debt issued measured at amortized cost  | 53,535                              | 9,083                                       | 1                                  | (57)                   | 62,561                   |
| Other financial liabilities measured at amortized cost  | 5,598                               | 3,076                                       | 6,118                              | (3,119)                | 11,673                   |
| <b>Total financial liabilities measured at amortized cost</b>                                 | <b>317,581</b>                      | <b>332,780</b>                              | <b>214,513</b>                     | <b>(147,482)</b>       | <b>717,392</b>           |
| Financial liabilities at fair value held for trading  | 30,727                              | 351   | 6,321                              | (1,784)                | 35,616                   |
| Derivative financial instruments  | 125,014                             | 5,316                                       | 30,850                             | (33,813)               | 127,367                  |
| Brokerage payables designated at fair value   | 29,158                              |   | 14,204                             | (4)                    | 43,357                   |
| Debt issued designated at fair value  | 78,084                              |   | 783                                | (127)                  | 78,741                   |
| Other financial liabilities designated at fair value  | 20,073                              |   | 22,163                             | (10,811)               | 31,425                   |
| <b>Total financial liabilities measured at fair value through profit or loss</b>              | <b>283,056</b>                      | <b>5,667</b>                                | <b>74,321</b>                      | <b>(46,539)</b>        | <b>316,506</b>           |
| Provisions  | 1,889                               | 215   | 1,713                              | (1)                    | 3,817                    |
| Other non-financial liabilities   | 1,205                               | 1,098                                       | 2,943                              | 84                     | 5,330                    |
| <b>Total liabilities</b>  | <b>603,731</b>                      | <b>339,760</b>                              | <b>293,491</b>                     | <b>(193,938)</b>       | <b>1,043,044</b>         |
| <b>Equity attributable to shareholders</b>  | <b>55,723</b>                       | <b>15,083</b>                               | <b>31,736</b>                      | <b>(49,620)</b>        | <b>52,922</b>            |
| Equity attributable to non-controlling interests  |                                     |   | 352                                |                        | 352                      |
| <b>Total equity</b>   | <b>55,723</b>                       | <b>15,083</b>                               | <b>32,088</b>                      | <b>(49,620)</b>        | <b>53,274</b>            |
| <b>Total liabilities and equity</b>   | <b>659,454</b>                      | <b>354,843</b>                              | <b>325,579</b>                     | <b>(243,558)</b>       | <b>1,096,318</b>         |

<sup>1</sup> Amounts presented for UBS AG standalone and UBS Switzerland AG standalone represent IFRS standalone information. Refer to the UBS AG standalone and UBS Switzerland AG standalone financial statements, available under "Complementary financial information" at [ubs.com/investors](https://ubs.com/investors), for information prepared in accordance with Swiss GAAP. <sup>2</sup> The "Other subsidiaries" column includes consolidated information for the UBS Americas Holding LLC, UBS Europe SE and UBS Asset Management AG significant sub-groups, as well as standalone information for other subsidiaries.



## Note 16 Supplemental guarantor information required under SEC regulations (continued)

### Supplemental guarantor consolidated statement of cash flows

USD m

For the six months ended 30 June 2023

|   | UBS AG <sup>1</sup> | UBS<br>Switzerland AG <sup>1</sup> | Other<br>subsidiaries <sup>1</sup> | UBS AG<br>(consolidated) |
|---|---------------------|------------------------------------|------------------------------------|--------------------------|
| <b>Net cash flow from / (used in) operating activities</b>  | (17,054)            | 699                                | (2,755)                            | (19,110)                 |
| <b>Cash flow from / (used in) investing activities</b>  |                     |                                    |                                    |                          |
| Disposal of subsidiaries, associates and intangible assets <sup>2</sup>                               | 35                  |                                    |                                    | 35                       |
| Purchase of property, equipment and software  | (220)               | (142)                              | (307)                              | (669)                    |
| Purchase of financial assets measured at fair value through other comprehensive income                | (2,392)             |                                    | (52)                               | (2,444)                  |
| Disposal and redemption of financial assets measured at fair value through other comprehensive income | 2,408               |                                    | 60                                 | 2,468                    |
| Purchase of debt securities measured at amortized cost  | (5,005)             | (1,059)                            | (1,477)                            | (7,541)                  |
| Disposal and redemption of debt securities measured at amortized cost                                 | 1,141               | 1,421                              | 2,097                              | 4,659                    |
| <b>Net cash flow from / (used in) investing activities</b>  | (4,033)             | 220                                | 321                                | (3,492)                  |
| <b>Cash flow from / (used in) financing activities</b>  |                     |                                    |                                    |                          |
| Net issuance (repayment) of short-term debt measured at amortized cost                                | 5,519               | 4                                  | 32                                 | 5,555                    |
| Distributions paid on UBS AG shares   | (6,000)             |                                    |                                    | (6,000)                  |
| Issuance of debt designated at fair value and long-term debt measured at amortized cost <sup>3</sup>  | 50,162              | 479                                | 500                                | 51,141                   |
| Repayment of debt designated at fair value and long-term debt measured at amortized cost <sup>3</sup> | (43,322)            | (645)                              | (124)                              | (44,091)                 |
| Net cash flows from other financing activities  | (124)               | 0                                  | (118)                              | (242)                    |
| Net activity related to group internal capital transactions and dividends                             | 5,128               | (2,944)                            | (2,185)                            | 0                        |
| <b>Net cash flow from / (used in) financing activities</b>  | 11,363              | (3,106)                            | (1,895)                            | 6,362                    |
| <b>Total cash flow</b>  |                     |                                    |                                    |                          |
| <b>Cash and cash equivalents at the beginning of the year</b>   | 63,608              | 86,232                             | 45,359                             | 195,200                  |
| Net cash flow from / (used in) operating, investing and financing activities                          | (9,724)             | (2,187)                            | (4,329)                            | (16,239)                 |
| Effects of exchange rate differences on cash and cash equivalents                                     | (472)               | 2,470                              | 2                                  | 1,999                    |
| <b>Cash and cash equivalents at the end of the period<sup>4</sup></b>                                 | 53,412              | 86,515                             | 41,032                             | 180,959                  |

<sup>1</sup> Cash flows generally represent a third-party view from a UBS AG consolidated perspective, except for Net activity related to group internal capital transactions and dividends. <sup>2</sup> Includes dividends received from associates. <sup>3</sup> Includes funding from UBS Group AG to UBS AG. <sup>4</sup> Consists of balances with an original maturity of three months or less. USD 3,073m were restricted.

## Note 16 Supplemental guarantor information required under SEC regulations (continued)

### Supplemental guarantor consolidated income statement

| <i>USD m</i>  | UBS AG<br>(standalone) <sup>1</sup> | UBS<br>Switzerland AG<br>(standalone) <sup>1</sup> | Other<br>subsidiaries <sup>2</sup> | Elimination<br>entries | UBS AG<br>(consolidated) |
|---|-------------------------------------|--|------------------------------------|------------------------|--------------------------|
| For the six months ended 30 June 2022   |                                     |  |                                    |                        |                          |
| Interest income from financial instruments measured at amortized cost and fair value through other comprehensive income | 1,506                               | 1,775  | 1,638                              | (393)                  | 4,526                    |
| Interest expense from financial instruments measured at amortized cost  | (1,629)                             | (238)  | (643)                              | 597                    | (1,912)                  |
| Net interest income from financial instruments measured at fair value through profit or loss and other                  | 557                                 | 238  | 136                                | (165)                  | 766                      |
| Net interest income   | 434                                 | 1,775  | 1,132                              | 39                     | 3,380                    |
| Other net income from financial instruments measured at fair value through profit or loss                               | 2,373                               | 469  | 468                                | 535                    | 3,845                    |
| Fee and commission income   | 1,634                               | 2,606  | 7,230                              | (366)                  | 11,103                   |
| Fee and commission expense  | (373)                               | (247)  | (678)                              | 363                    | (934)                    |
| Net fee and commission income   | 1,261                               | 2,359  | 6,552                              | (3)                    | 10,169                   |
| Other income  | 3,653                               | 104  | 1,944                              | (4,567)                | 1,135                    |
| <b>Total revenues</b>   | <b>7,721</b>                        | <b>4,708</b>                                       | <b>10,095</b>                      | <b>(3,995)</b>         | <b>18,529</b>            |
| Credit loss expense / (release)   | (31)                                | 58   | (4)                                | 2                      | 25                       |
| Personnel expenses  | 1,782                               | 1,031  | 5,183                              | 0                      | 7,996                    |
| General and administrative expenses   | 1,642                               | 1,688  | 2,596                              | (1,330)                | 4,597                    |
| Depreciation, amortization and impairment of non-financial assets   | 432                                 | 158  | 366                                | (55)                   | 900                      |
| <b>Operating expenses</b>   | <b>3,856</b>                        | <b>2,877</b>                                       | <b>8,145</b>                       | <b>(1,385)</b>         | <b>13,492</b>            |
| <b>Operating profit / (loss) before tax</b>   | <b>3,896</b>                        | <b>1,774</b>                                       | <b>1,954</b>                       | <b>(2,612)</b>         | <b>5,012</b>             |
| Tax expense / (benefit)   | (18)                                | 322  | 557                                | 165                    | 1,026                    |
| Net profit / (loss)   | 3,914                               | 1,452  | 1,397                              | (2,777)                | 3,986                    |
| Net profit / (loss) attributable to non-controlling interests   | 0                                   | 0  | 18                                 | 0                      | 18                       |
| <b>Net profit / (loss) attributable to shareholders</b>   | <b>3,914</b>                        | <b>1,452</b>                                       | <b>1,379</b>                       | <b>(2,777)</b>         | <b>3,968</b>             |

<sup>1</sup> Amounts presented for UBS AG standalone and UBS Switzerland AG standalone represent IFRS standalone information. Refer to the UBS AG standalone and UBS Switzerland AG standalone financial statements under "Complementary financial information" at [ubs.com/investors](https://ubs.com/investors) for information prepared in accordance with Swiss GAAP. <sup>2</sup> The "Other subsidiaries" column includes consolidated information for the UBS Americas Holding LLC, UBS Europe SE and UBS Asset Management AG significant sub-groups, as well as standalone information for other subsidiaries.

## Note 16 Supplemental guarantor information required under SEC regulations (continued)

### Supplemental guarantor consolidated statement of comprehensive income

| <i>USD m</i>  | UBS                                 |   |                                    |                        |                          |
|---|-------------------------------------|---|------------------------------------|------------------------|--------------------------|
| For the six months ended 30 June 2022   | UBS AG<br>(standalone) <sup>1</sup> | Switzerland AG<br>(standalone) <sup>1</sup> | Other<br>subsidiaries <sup>2</sup> | Elimination<br>entries | UBS AG<br>(consolidated) |
| <b>Comprehensive income attributable to shareholders</b>  |                                     |   |                                    |                        |                          |
| Net profit / (loss)   | 3,914                               | 1,452                                       | 1,379                              | (2,777)                | 3,968                    |
| <b>Other comprehensive income</b>   |                                     |   |                                    |                        |                          |
| <b>Other comprehensive income that may be reclassified to the income statement</b>                        |                                     |   |                                    |                        |                          |
| Foreign currency translation, net of tax  | (107)                               | (688)                                       | (647)                              | 641                    | (801)                    |
| Financial assets measured at fair value through other comprehensive income, net of tax <sup>3</sup>       | (6)                                 |   | 10                                 | 0                      | 3                        |
| Cash flow hedges, net of tax  | (1,970)                             | (889)                                       | (492)                              | (3)                    | (3,355)                  |
| Cost of hedging, net of tax   | 98                                  |   |                                    |                        | 98                       |
| <b>Total other comprehensive income that may be reclassified to the income statement, net of tax</b>      | <b>(1,986)</b>                      | <b>(1,576)</b>                              | <b>(1,130)</b>                     | <b>637</b>             | <b>(4,055)</b>           |
| <b>Other comprehensive income that will not be reclassified to the income statement</b>                   |                                     |   |                                    |                        |                          |
| Defined benefit plans, net of tax   | 266                                 | (94)  | 57                                 | 0                      | 229                      |
| Own credit on financial liabilities designated at fair value, net of tax                                  | 693                                 |   |                                    |                        | 693                      |
| <b>Total other comprehensive income that will not be reclassified to the income statement, net of tax</b> | <b>960</b>                          | <b>(94)</b>                                 | <b>57</b>                          | <b>0</b>               | <b>922</b>               |
| <b>Total other comprehensive income</b>   | <b>(1,027)</b>                      | <b>(1,671)</b>                              | <b>(1,073)</b>                     | <b>637</b>             | <b>(3,133)</b>           |
| <b>Total comprehensive income attributable to shareholders</b>  | <b>2,888</b>                        | <b>(219)</b>                                | <b>307</b>                         | <b>(2,140)</b>         | <b>835</b>               |
| Total comprehensive income attributable to non-controlling interests                                      |                                     |   | 9                                  |                        | 9                        |
| <b>Total comprehensive income</b>   | <b>2,888</b>                        | <b>(219)</b>                                | <b>316</b>                         | <b>(2,140)</b>         | <b>844</b>               |

<sup>1</sup> Amounts presented for UBS AG standalone and UBS Switzerland AG standalone represent IFRS standalone information. Refer to the UBS AG standalone and UBS Switzerland AG standalone financial statements, available under "Complementary financial information" at [ubs.com/investors](https://ubs.com/investors), for information prepared in accordance with Swiss GAAP. <sup>2</sup> The "Other subsidiaries" column includes consolidated information for the UBS Americas Holding LLC, UBS Europe SE and UBS Asset Management AG significant sub-groups, as well as standalone information for other subsidiaries. <sup>3</sup> Effective 1 April 2022, a portfolio of assets previously classified as Financial assets measured at fair value through other comprehensive income was reclassified to Other financial assets measured at amortized cost. Refer to Note 10a for more information.

## Note 16 Supplemental guarantor information required under SEC regulations (continued)

### Supplemental guarantor consolidated balance sheet

| <i>USD m</i>  | UBS                                 |   |                                    |                        |                          |
|---|-------------------------------------|---|------------------------------------|------------------------|--------------------------|
| As of 31 December 2022  | UBS AG<br>(standalone) <sup>1</sup> | Switzerland AG<br>(standalone) <sup>1</sup> | Other<br>subsidiaries <sup>2</sup> | Elimination<br>entries | UBS AG<br>(consolidated) |
| <b>Assets</b>   |                                     |   |                                    |                        |                          |
| Cash and balances at central banks  | 48,689                              | 84,465                                      | 36,291                             | 0                      | 169,445                  |
| Amounts due from banks  | 39,691                              | 6,357                                       | 19,063                             | (50,441)               | 14,671                   |
| Receivables from securities financing transactions measured at amortized cost                 | 51,493                              | 903   | 34,110                             | (18,691)               | 67,814                   |
| Cash collateral receivables on derivative instruments   | 35,594                              | 1,221                                       | 10,074                             | (11,856)               | 35,033                   |
| Loans and advances to customers   | 90,168                              | 229,861                                     | 101,231                            | (31,233)               | 390,027                  |
| Other financial assets measured at amortized cost   | 24,005                              | 9,532                                       | 21,880                             | (2,029)                | 53,389                   |
| <b>Total financial assets measured at amortized cost</b>                                      | <b>289,641</b>                      | <b>332,339</b>                              | <b>222,649</b>                     | <b>(114,250)</b>       | <b>730,379</b>           |
| Financial assets at fair value held for trading   | 95,810                              | 173   | 13,899                             | (1,848)                | 108,034                  |
| <i>of which: assets pledged as collateral that may be sold or repledged by counterparties</i> | <i>41,056</i>                       | <i>0</i>                                    | <i>5,578</i>                       | <i>(9,892)</i>         | <i>36,742</i>            |
| Derivative financial instruments  | 149,447                             | 5,925                                       | 35,106                             | (40,368)               | 150,109                  |
| Brokerage receivables   | 9,763                               | 0   | 7,814                              | 0                      | 17,576                   |
| Financial assets at fair value not held for trading   | 45,302                              | 4,354                                       | 26,843                             | (17,091)               | 59,408                   |
| <b>Total financial assets measured at fair value through profit or loss</b>                   | <b>300,321</b>                      | <b>10,453</b>                               | <b>83,661</b>                      | <b>(59,308)</b>        | <b>335,127</b>           |
| <b>Financial assets measured at fair value through other comprehensive income</b>             |                                     |   |                                    |                        |                          |
| Investments in subsidiaries and associates  | 54,323                              | 33  | 0                                  | (53,255)               | 1,101                    |
| Property, equipment and software  | 5,852                               | 1,654                                       | 4,077                              | (267)                  | 11,316                   |
| Goodwill and intangible assets  | 213                                 | 0   | 6,050                              | 5                      | 6,267                    |
| Deferred tax assets   | 1,624                               | 276   | 7,470                              | (16)                   | 9,354                    |
| Other non-financial assets  | 6,930                               | 1,768                                       | 951                                | 4                      | 9,652                    |
| <b>Total assets</b>   | <b>660,856</b>                      | <b>346,522</b>                              | <b>325,144</b>                     | <b>(227,087)</b>       | <b>1,105,436</b>         |
| <b>Liabilities</b>  |                                     |   |                                    |                        |                          |
| Amounts due to banks  | 41,395                              | 37,123                                      | 51,555                             | (118,477)              | 11,596                   |
| Payables from securities financing transactions measured at amortized cost                    | 9,425                               | 247   | 13,303                             | (18,774)               | 4,202                    |
| Cash collateral payables on derivative instruments  | 35,528                              | 1,518                                       | 11,191                             | (11,800)               | 36,436                   |
| Customer deposits   | 98,628                              | 273,316                                     | 132,619                            | 22,608                 | 527,171                  |
| Funding from UBS Group AG measured at amortized cost  | 56,147                              | 0   | 0                                  | 0                      | 56,147                   |
| Debt issued measured at amortized cost  | 50,706                              | 8,965                                       | 1                                  | (173)                  | 59,499                   |
| Other financial liabilities measured at amortized cost  | 4,903                               | 2,221                                       | 5,554                              | (2,287)                | 10,391                   |
| <b>Total financial liabilities measured at amortized cost</b>                                 | <b>296,733</b>                      | <b>323,391</b>                              | <b>214,222</b>                     | <b>(128,903)</b>       | <b>705,442</b>           |
| Financial liabilities at fair value held for trading  | 25,059                              | 183   | 5,843                              | (1,570)                | 29,515                   |
| Derivative financial instruments  | 153,778                             | 6,177                                       | 35,314                             | (40,363)               | 154,906                  |
| Brokerage payables designated at fair value   | 32,346                              | 0   | 12,746                             | (7)                    | 45,085                   |
| Debt issued designated at fair value  | 71,444                              | 0   | 508                                | (110)                  | 71,842                   |
| Other financial liabilities designated at fair value  | 17,888                              | 0   | 17,074                             | (2,928)                | 32,033                   |
| <b>Total financial liabilities measured at fair value through profit or loss</b>              | <b>300,514</b>                      | <b>6,360</b>                                | <b>71,484</b>                      | <b>(44,977)</b>        | <b>333,382</b>           |
| Provisions  | 1,904                               | 239   | 1,041                              | (2)                    | 3,183                    |
| Other non-financial liabilities   | 1,630                               | 1,019                                       | 3,742                              | 98                     | 6,489                    |
| <b>Total liabilities</b>  | <b>600,782</b>                      | <b>331,009</b>                              | <b>290,490</b>                     | <b>(173,785)</b>       | <b>1,048,496</b>         |
| <b>Equity attributable to shareholders</b>  |                                     |   |                                    |                        |                          |
| Equity attributable to non-controlling interests  | 60,075                              | 15,513                                      | 34,313                             | (53,303)               | 56,598                   |
| <b>Total equity</b>   | <b>60,075</b>                       | <b>15,513</b>                               | <b>34,655</b>                      | <b>(53,303)</b>        | <b>56,940</b>            |
| <b>Total liabilities and equity</b>   | <b>660,856</b>                      | <b>346,522</b>                              | <b>325,144</b>                     | <b>(227,087)</b>       | <b>1,105,436</b>         |

<sup>1</sup> Amounts presented for UBS AG standalone and UBS Switzerland AG standalone represent IFRS standalone information. Refer to the UBS AG standalone and UBS Switzerland AG standalone financial statements, available under "Complementary financial information" at [ubs.com/investors](https://ubs.com/investors), for information prepared in accordance with Swiss GAAP. <sup>2</sup> The "Other subsidiaries" column includes consolidated information for the UBS Americas Holding LLC, UBS Europe SE and UBS Asset Management AG significant sub-groups, as well as standalone information for other subsidiaries.

## Note 16 Supplemental guarantor information required under SEC regulations (continued)

### Supplemental guarantor consolidated statement of cash flows

| <i>USD m</i>  |                     |                                    |                                    |                          |
|---|---------------------|------------------------------------|------------------------------------|--------------------------|
| For the six months ended 30 June 2022   | UBS AG <sup>1</sup> | UBS<br>Switzerland AG <sup>1</sup> | Other<br>subsidiaries <sup>1</sup> | UBS AG<br>(consolidated) |
| <b>Net cash flow from / (used in) operating activities</b>  | 13,625              | 6,134                              | (3,121)                            | 16,639                   |
| <b>Cash flow from / (used in) investing activities</b>  |                     |                                    |                                    |                          |
| Disposal of subsidiaries, associates and intangible assets <sup>2</sup>                               | 31                  |                                    | 880                                | 911                      |
| Purchase of property, equipment and software  | (276)               | (145)                              | (275)                              | (695)                    |
| Disposal of property, equipment and software  | 3                   | 0                                  | 0                                  | 3                        |
| Purchase of financial assets measured at fair value through other comprehensive income                | (2,275)             |                                    | (547)                              | (2,821)                  |
| Disposal and redemption of financial assets measured at fair value through other comprehensive income | 1,498               |                                    | 794                                | 2,291                    |
| Purchase of debt securities measured at amortized cost  | (5,879)             | (622)                              | (1,666)                            | (8,167)                  |
| Disposal and redemption of debt securities measured at amortized cost                                 | 2,160               | 313                                | 1,440                              | 3,914                    |
| <b>Net cash flow from / (used in) investing activities</b>  | <b>(4,738)</b>      | <b>(454)</b>                       | <b>627</b>                         | <b>(4,565)</b>           |
| <b>Cash flow from / (used in) financing activities</b>  |                     |                                    |                                    |                          |
| Net issuance (repayment) of short-term debt measured at amortized cost                                | (10,421)            | (3)                                | (16)                               | (10,440)                 |
| Distributions paid on UBS AG shares   | (4,200)             |                                    |                                    | (4,200)                  |
| Issuance of debt designated at fair value and long-term debt measured at amortized cost <sup>3</sup>  | 48,258              | 550                                | 48                                 | 48,856                   |
| Repayment of debt designated at fair value and long-term debt measured at amortized cost <sup>3</sup> | (35,671)            | (385)                              | (253)                              | (36,309)                 |
| Net cash flows from other financing activities  | (130)               |                                    | (211)                              | (341)                    |
| Net activity related to group internal capital transactions and dividends                             | 4,092               | (2,088)                            | (2,004)                            | 0                        |
| <b>Net cash flow from / (used in) financing activities</b>  | <b>1,929</b>        | <b>(1,926)</b>                     | <b>(2,436)</b>                     | <b>(2,433)</b>           |
| <b>Total cash flow</b>  |                     |                                    |                                    |                          |
| <b>Cash and cash equivalents at the beginning of the year</b>   | 57,895              | 92,799                             | 57,061                             | 207,755                  |
| Net cash flow from / (used in) operating, investing and financing activities                          | 10,816              | 3,755                              | (4,930)                            | 9,642                    |
| Effects of exchange rate differences on cash and cash equivalents                                     | (3,671)             | (4,342)                            | (1,635)                            | (9,648)                  |
| <b>Cash and cash equivalents at the end of the period<sup>4</sup></b>                                 | <b>65,040</b>       | <b>92,212</b>                      | <b>50,496</b>                      | <b>207,748</b>           |

<sup>1</sup> Cash flows generally represent a third-party view from a UBS AG consolidated perspective, except for Net activity related to group internal capital transactions and dividends. <sup>2</sup> Includes cash proceeds from the sale of UBS AG's shareholding in its Japanese real estate joint venture, Mitsubishi Corp.-UBS Realty Inc., and dividends received from associates. <sup>3</sup> Includes funding from UBS Group AG to UBS AG. <sup>4</sup> Consists of balances with an original maturity of three months or less. USD 4,434m were restricted.

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